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Panama: why an open registry?

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WORLD MARITIME UNIVERSITY
Malmö, SWEDEN

PANAMA: WHY AN OPEN REGISTRY?

by

SABINA GONZALEZ SOLIS
PANAMA

A paper submitted to the Faculty of the World Maritime University in partial satisfaction of the requirements for the award of a

MASTER OF SCIENCE DEGREE
in
GENERAL MARITIME ADMINISTRATION

The contents of this paper reflect my personal views and are not necessarily endorsed by the University.

Signature:

Date : 14 October 1987

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"To my family who encouraged me to undertake such a step for my intellectual and moral enrichment".

"To my dear Janina who has lovingly helped me with her own sacrifice".
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Despite some claimed disadvantages of the open registry system, it can be considered as a useful factor in the international maritime transport operation. In fact, it enables the development of free competition and consequently the reduction of freight rates with positive impact for the development of the trade and for the consumers of goods.

At the same time from the point of view of a developing country, it represents an important economical, social and financial factor providing employment, earning of foreign currency and the development of shore-based maritime activities of the country. Furthermore, it can be considered as a special kind of joint venture between developed and developing countries, as each of them contributes with the factors of production which they are endowed with: developing countries with their lower operational costs, low-wage crew sources, etc., and developed countries with their capital and managerial skills.

However, to achieve this objectives open registry systems must be efficiently managed and coordinated for the interest of both, the shipping industry and the country concerned.
This means that the Maritime Administration has an important role to play in order to maintain and develop open registry activities in the context of the minimum international standards applicable.

In such a context, this is our concern in the improvement of the Panamanian Merchant Marine Administration, and our interest in studying the main elements introduced by the United Nations Convention on Conditions for Registration of Ships adopted in 1986, in order to find out whether it is convenient or not for the development of Panama's maritime activities, as to follow its provisions and to ratify it.

Our research does not comprise, however, the analysis of the Panamanian Maritime Administration as a whole, due to the fact that there are many important aspects, i.e. port activities, education and training, etc., which are under the competence of other Ministries and autonomous entities, namely: the National Port Authority, the Ministry of Education, Forces of Defence, etc.

Therefore, we limited our study to the administrative aspects of the Panamanian Open Registration which is under the scope of the Directorate General of Consular and Maritime Affairs; as a very important part of the Maritime Administration.

Nevertheless, by taking into consideration what we actually have in our Merchant Marine Administration we do not intend to formulate judgement on our past and
present performance, but rather to bring the attention of those who are involved in the decision making process as well as those who are interested in the development of our country. Therefore, there is a need for becoming more and more concerned with the problems affecting not only our maritime activities, but also the Administration as a whole, in order to be able to contribute according to our possibilities to the solutions of these problems.

For organizational purposes the research has been divided into four Chapters as follows:

In the first Chapter we briefly introduce the subject of open registration features and its impact at international level.

Chapter II deals with a detailed analysis of the UNCTAD Convention itself and the historical reasons which constitute the background of the Convention, particularly analysing the difference in philosophy between the first approach made in 1982 by the Inter-Governmental Preparatory Group convened by the UNCTAD Shipping Committee and what remained in the Convention adopted by the Conference of Plenipotentiaries in its fourth meeting held in 1986.

Chapter III deals with the evolution of the Panamanian Registry from its origins in 1925, the successive steps meanwhile undertaken, the present situation and future concern.
Finally in Chapter IV we attempt to provide suggestions based on our personal perspective developed during the course and through the views expressed by visiting professors as well as in our field trips in various European countries.
In studying the main lineaments of the Panamanian Merchant Marine Administration, being of the type of free registration, it is necessary to bear in mind that much have been elaborated on the problematic of "flags of convenience" systems.

Despite the fact that it was not the aim of this dissertation to continue the discussion on the flag of convenience controversy, it is not possible however, to enter into considerations around our subject matter without making some comments on the main aspects raised against and in favor of the system and the recently adopted Convention on conditions for Registration of Ships; since we are attempting to arrive at the conclusion that we have to make use of the advantages of the system. However, it is necessary to strengthen the Administration structure in order to eliminate the negative aspects derived from the abuses in which some unscrupulous users of the system have incurred, and which have been the main causes of the deterioration of the image of the system.

It is important to point out that the aggressive and severe criticism brought up during the last decades on the "flag of convenience" matter has been considered by many currents of thought as a campaign mounted by those who traditionally controlled the shipping trade and who
have lost their capacity as such, due to the increase of competition that open registry fleets represent in the maritime business.

As a matter of fact the position adopted by Viscount Simon, President of the Chamber of Shipping of the United Kingdom in 1957 (1), has been quoted many times where considered that:

"...Those nations who suffer from the competition of these bogus flags should band themselves together in a club, the principle rule of which expressed in non technical language, should be that non nation in the club will allow ships built or owned in that country to be registered in or sold to any country outside of the club."

Whatever the hidden purposes, however, the theories expressed against the system acquired such proportions that it became a strong movement with the intended aim to eliminate the free registration system. This have originated many controversies and will continue being the topic for further discussions at the highest levels of the international maritime activities.

Within the context of these views, we agree even though, that certainly there are serious inconveniencies involved in the operation of the free registration system which have given place for manipulations, using the coverage of the flag as an umbrella for indiscriminate purposes and particular benefits. On this matter as in other fields of activity the adverse elements have not been, however, created or introduced by the countries who give free
registration facilities, but are the result of certain circumstances derived from the proper activity.

"Since laws started to be made, the ingenuity of the law-makers wishing to outlaw a practice has always been exceeded by the ingenuity of law-breakers in finding, or having found for them ways round or through the law". (2)

Besides that, regarding the existence of the "flag of convenience" itself, we follow with interest the view of Metaxas (3) who pointed out that:

"...we may regard the continue existence of flag of convenience and open registries as the result of three sets of sources acting separately or together. There are, first, the repulsive forces of certain registries. High wage rates, excessive manning scales, over-strict tax laws, insistence on the use of national built ships at prices above world levels for example, repeal national shipowners unless they are protected or aided by subsidies, cargo preference or other ways. Then there are the inhibitory forces. These include defect in national maritime legislation, difficulties with foreign exchange transfers, rigid nationality rules for the manning of the ships, any of which may cause the expansion minded shipowner to look for an alternative flag. Then there are the attractive forces of particular flags which include the freedom from the enforcement of reasonable working and safety standards, socially security provisions and so on". (stress added)

Despite the above valid criterion which seems to justify the existence of "flags of convenience" we do not
advocate however, for the justification in any way of the "imperfections of the system" -as denominated by Metaxas- which gives room to a sort of manipulating behavior on the part of some of its users.

We should not generalize, nevertheless, this misconduct as the rule being applicable in the whole context of an open registry operation since there are on the other hand very important positive aspects derived from the system.

On this aspect it is also of particular interest the opinion of Stanley Sturme (4) who explained that:

"In talking of open registry tonnage there is a very natural tendency to attach a single label to denote and to heap contumely upon all the owners of such tonnage. This practice, however, is one of which can only lead to error and, eventually, to the frustration efforts to do something about the undesirable features or open registries".

"Much open registry tonnage is owned by national and multi-national steel, oil, and mining companies. Such organizations are attracted to the registries of Liberia and Panama, but not for example to that of Cyprus, and may account for up to one-half of the total open registry tonnage. With them at the top of the heap, are the 'serious' shipowners including old-established companies in traditional Maritime Countries in addition to more recent arrivals in the industry, which operate bulk carriers, cargo liners and cruise ships under convenient but not necessary open flags".

"On the bottom of the heap are the people 'on the
make', the 'fly-by-night' owners, the excessively greedy. Many of their ships bear the evidence of the complete lack of concern on the part of the owners for the maintenance of any standards, by no means all of the ships are in this conditions. Nor, as the 'Amoco Cadiz' and 'Beteleguese' cases showed, are all defective ships owned by crooked and unscrupulous fringe in the shipping industry". (Stress added)

In addition, Metaxas's point of view (5) stated that: "... Since there are sub-standards vessels in both the open and the traditionally maritime fleets, the suppression of open registries would hardly be an effective answer to the overall problem of safety and pollution prevention. A much realistic approach would be the expedited ratification of IMCO safety and pollution prevention conventions and the expansion of responsible port state controls over sub-standards vessels regardless of the flag. Sub-standards social conditions on open registry vessels alike can be upgraded in much the same manner, by ratification of appropriate ILO conventions, and by effective port state action. At the same time, the flag states must continue their efforts to improve the open registry shipping". (Stress added)

By quoting these views we are trying to bring the attention to the fact that these negative aspects are of the type that must be corrected through the improvement of the Administration in each state (in its way of achieving the goal of acquiring a
Maritime Safety Administration). We consider that the inconveniences mentioned are to a great extent born from deficiencies within the Administration itself, more than a result of operating a specific system of registration, namely "flag of convenience", "open registry" or whatever its denomination. Moreover, deficiencies regarding administration in general, can be found in most of the developing countries and not only in those offering free registration facilities.

Therefore, in that context and to the extent that as many people as possible and each one of them were not only aware but concerned with these imperfections and able to prepare suggestions and take actions, we could find ourselves playing a very important role towards the improvement of our countries' Administrations.

Taking into account that parallelism with the arguments raised against "flag of convenience", there are equally valid favorable arguments and furthermore, many other advantages derived from the open registration have been found. Consequently, we do not believe that the elimination of the system is the most suitable solution for developing countries if we make a balance of the disadvantages such action should bring about. We do believe that in many aspects it is, indeed, less costly for the countries to correct the deficiencies, and to obtain at the same time the benefits of the system.

Thence, we can analyse arguments of this nature:

.- A flag of convenience system impedes the creation and operation of a national fleet in developing countries, and
A flag of convenience system reduces labour-supply opportunities for seafarers from developing countries.

The above have been contradicted with considerations supporting the view that many of the developing countries have no resources of capital to be invested in such a high intensive capital activity as shipping is. Therefore, elimination of "flag of convenience" fleets does not imply that the capital invested in ships registered in that countries will be subsequently invested in other developing countries under a traditional system of registration. Even more probable is that this capital will go back to the countries of origin which are basically developed countries. Moreover, it is likely that not all of this capital will continue invested in the maritime field since conditions for operating shipping activities in developed countries will only permit to continue, those who can afford the high costs involved.

On the other hand the labour supply source derived from a free registration system will not be absorbed by other countries which have to face their own problems regarding employment of its seafarers.

Another important point to be considered is, that certainly open registry fleets represent a competition in the world transport and it has been stated that this factor has influenced the level of freight rates. Therefore, it seems to be clear that reducing competition by phasing out "flags of convenience" will result in less participation in the trade and consequently an increase in freight rates.
Besides that, regarding problems of standards and rates of accidents often argued, it has given room for unended discussions which refer parallelly to the control that States should exercise on the basis of the "genuine link concept" and the consequent problematic of reaching agreement for the definition of the constitutive elements of such a concept.

Due to the transcendental position of the European Economic Community (EEC) which plays a great role in the maritime trade, we have considered of particular interest its point of view on this matter:

...The transference of flag constitutes a mean of which shipowners from the Community (EEC), make use each time more frequently, with the aim to maintain their competitiveness in the maritime transport market conserving at the same time the economic control of its activity. 

... Those who defend the progressive suppression of the free registration system consequently ask for the establishment of an economic genuine link between the flag State and the vessel, i.e. the economic control of the exploration related with the capital, labour supply and the management which must be realized by nationals of the State of registration. Developing countries should benefit from such type of measure since the high levels of costs in developed countries could impede the latter to repatriate its vessels. 

... Taking into account the previous observations the Commission considers that such evolution contradicts the maritime and commercial interests of the Community. Even being defendable, however, it is improbable to reach the general consensus
required for this elimination and even more, vessels registered in open registry systems could proceed to be transferred to other developing countries. 

The EEC member States, as well as other member States of OECD, oppose the definition of the genuine link advocated by developing countries, considering that it is taken from the provision of the Convention on the High Sea and retransferred to the new Convention on the Law of the Sea which two Member States have not ratified yet and which interferes with the sovereignty rights of the States to define their own criteria for registration of vessels under their flags. They are not convinced that developing countries will obtain the expected economic advantages and also they believe that the adoption of such notion of a genuine link advocated by developing countries threatens to cause serious adverse economic effects for both developed and developing countries. The OECD countries and the Commission considered, however, that it is desirable to increase the transparency of the ownership link and to improve the safety of the ships, as a form or respect to the social regulations. Therefore they defend the strength of the existing administrative link between the vessels and the State whose flag they fly in order to be able to make the owners or the financial managers responsible for the ships, and the improvement of the application and control of the Conventions and other agreements regarding safety and welfare of the seafarers. At the same time they admit that all vessels regardless of
their flag shall be object of a more strict control by the Port States. (Our translation and stress)

In order to emphasize some of these comments we like to bring the attention to the fact that, at present and due to the difficult situation of the world economic activities, the natural tendency in all fields of activities is to reduce costs of operations but not necessarily obtaining an increase in the benefits in many cases.

It is applicable by all means to the maritime field in which many entrepreneurs under traditional systems have been facing difficulties to cope with the high operational costs of shipping in their countries. Many of them consequently, can find a possibility to redress the imbalance in their competitiveness through reduction of costs derived from the operation under an open registry system.

Among other countries, these considerations have been taken into account by Norway, for instance, where an open registry system (The Norwegian International Shipping Register) has been established from 1 of July 1987, with the aim to continue playing its traditional role in the maritime field.

All the above considerations have been made with the purpose to stress our belief in the differentiation between "open" and "closed or traditional" systems of registration -under special characteristics- as a mechanism for developing countries to obtain certain advantages, such as investment of capital, employment of
seafarers, transference of technology, lower freight rates, revenues both indirectly through the use of professionals and services in the country and directly through taxes, dues and other fees, etc., as well as a way of expression of the sovereign right of the states to determine the conditions in which any activity can be developed within its territory.

Under the scope of these considerations, we attempt to study the contents of the Convention on Conditions for Registration of Ships which came into the scene at a crucial point of the discussions intending to come up with a drastic solution; and at the same time to find out to what extent the convention reached or not its purposes.

On the other hand we also attempt to study the elements upon which the Panamanian Merchant Marine is based, with the objective to become more involved in the role that ships registration plays in our country and the great importance to call the attention to the weaknesses of the system and at the same time on the urgent need to improve our Maritime Administration.
FOOTNOTES AND REFERENCES


(2) STURMEY, Stanley. The Open Registry Controversy and The Development Issue. Institute of Shipping Economics, Bremen, 1983. pg. 4

(3) METAXAS, B.N. op. cit. pg. 63

(4) STURMEY, Stanley. op. cit. pg. 19

(5) METAXAS, B.N. op. cit. pg. 46

CHAPTER II
THE UNITED NATIONS CONVENTION ON CONDITIONS FOR REGISTRATION OF SHIPS

A.- HISTORICAL BACKGROUND

The 1986 United Nations Convention on Conditions for Registration of Ships, even though, not satisfying the objectives which originated its creation, is the product of several meetings held by the Ad-Hoc Inter-Governmental Working Group of the UNCTAD. The main initial purpose was to proceed phasing out the so called "flag of convenience" registries advocating reasons basically of economic character and relaying on the "genuine link" principle stated in the Convention on the High Seas, 1958 and transferred to the United Nations Convention on the Law of the Sea, 1982.

Although the above consideration, regarding the movement looking for the elimination of the "flags of convenience", the International Transport Workers Federation attributes to itself the initial steps of that campaign and even when there are other previous actions the ITF mentions as a special factor the Resolution adopted in its meeting of 1948 in Oslo, in which the preparation of an international boycott against Panamanian and Honduran vessels was announced as a means to face up "the unsatisfactory situation which was threatening the working conditions of the seafarers. (1)
The attempts of that boycott were suspended on several occasions and it was not until December 1958 when, for a period of 4 days, it was done, resulting in according ITF—about 300 vessels being detained in different ports.

On the same way the ITF considered as a consequence of its campaign the decrease of tonnage on flags of convenience registered from 1959 to 1962.

Despite the above mentioned, in 1971 an increase of the flag of convenience fleets re-started to be seen, and this brought the intensification of the campaign from ITF, among other things, renewing actions through the International Labour Organization with the consequent adoption of the Convention 147 on Minimum Standards.

The campaign was strengthened or perhaps helped in 1974 with the intervention of the United Nation Conference on Trade and Development into the considerations around the "flags of convenience" phenomenon. Within the scope of activities of UNCTAD it is considered that it was in the Committee on Shipping where the controversy upon the possibility of phasing out the "flags of convenience" was started.

On this matter, in order to follow the steps done for the adoption of the UNCTAD Convention on Conditions for Registration of Ships, we intend to summarize the main aspects of the different meetings held since 1974, taking into consideration for that purpose the Reports of the UNCTAD Secretariat for each session.

Therefore in its Six Period of Sessions (1974) the Committee on Shipping considered the "flag of convenience"
system as an international problem and suggested to look for the necessary steps in order to study the "genuine link" as defined in the conventions in force and its application on international shipping.

The Committee on Shipping suggested furthermore, that investigations were made on "beneficial ownerships" of the flag of convenience fleets, its impact on the development of the national fleets especially in developing countries and the competitiveness of the fleets which do not have free registration system.

The UNCTAD Secretariat then prepared a report on "Economic consequences of the existence or lack of a genuine link between the vessel and flag of registry" which was submitted to the Committee on Shipping on its Eighth Period of Sessions in 1977.

In this meeting the Committee on Shipping suggested to convene an Ad-Hoc Inter-Governmental Working Group to make an analysis of the matters considered in the above mentioned document. [Resolution N. 33 (VIII)].

In 1978 the Ad-Hoc Inter-Governmental Working Group met for the first time announcing as initial statement of the meeting that the equity participation of the countries in the development of world merchant shipping should imply necessary the equity participation in the benefits of ownerships of vessels and not only in participation on the operation of the fleets.

Within the economic character of this consideration and focusing the problem towards the referred "genuine link", the Ad-Hoc Inter-Governmental Working Group arrived to
the conclusion that the open registries fleets have adversely affected the development and competitiveness of the other registries especially those of developing countries.

The group suggested as matters of further consideration, among others:

1. Investigation of the real owners of the fleets of flag of convenience
2. To determine the commercial routes of operation and the countries to which they render services
3. Repercussions of these fleets on the development of the national fleets in particular of the developing countries and at the level of the world freight rates

Furthermore, the group described as determinative of the genuine link the following elements:

1. the contribution of the merchant fleet in the national economy
2. the accountability of the incomes and expenses of the maritime transport, and the effect of sale and acquisition of vessels in the balance of payments
3. the effective ownership of the vessels
4. the employment of nationals in the ships

Under this context concerning the opinions the group broke out into two sides:

a. those who supported the definition of the genuine link in economic terms (Group of 77 excluding Liberia and Panama; Group D and China)
b. Those who considered the genuine link as the exercise of control and jurisdiction on matters
of maritime safety, prevention of pollution, labour aspects and effective measures against illicit acts (Group B, Panama and Liberia).

Despite that division of ideas, the Resolution was submitted to the consideration of the Fifth Conference of UNCTAD held in 1979 in Manila. The Conference requested to proceed with further studies and considerations on the repercussion of the possibility to phase out the open registry fleets and its possible economic and social impact in the economy of developing countries, the effect in the world maritime transport and the extent to which such elimination could lead the simultaneous development of the developing countries fleets.

Likewise it was requested to convene the Inter-Governmental Working Group again, to analyse the studies on the elimination of the open registry fleets. As a result the group met for the second time in 1980. Due to the division of criteria it was not possible to reach any agreement and the subject matter was sent back to the consideration of the Committee on Shipping.

In this new meeting of the Committee on Shipping some of the participants stressed again that flag of convenience had affected the development and competitiveness of the fleets of those countries not having a free registration system including the developing countries.

From the Group of 77 it was recognized, however, that the system provided certain advantages to the developing countries and facilitated employment to a great number of its seafarers, as well as the fact that maritime fraud was not only caused by the free registration system.
Nevertheless, they remarked their interest in finding out a mechanism to ensure the existence of a genuine link between the vessel and the flag of registry and to ensure that such genuine link were defined and applied in a worldwide context.

Then, in its Resolution No. 41 (IX) the Committee on Shipping decided to hold a special session to deal with this matter. This extraordinary meeting took place in 1981 and as a result, it was suggested to convene a Conference of Plenipotentiaries, in order to consider the adoption of an international agreement on conditions for registration of ships. [Res. No.43 (S-III)]

In the same resolution was also recommended to convene an Inter-Governmental Preparatory Group to undertake the draft preparation of a set of basic principles to be adopted for the registration of ships in the national registries, and which should include aspects related with manning, the role of flag countries in the management of shipowning companies and vessels, equity participation in capital and identification and accountability of owners and operators.

Furthermore, the Inter-Governmental Group could have recommended to the Conference of Plenipotentiaries, among other things:

a- Measures to protect the labour-supplying countries especially developing countries possibly affected

b- Any additional measure needed regarding flag state jurisdiction and control of its vessels
As a result, the General Assembly on its meeting in 1982 decided that the Plenipotentiaries Conference should be convened in 1984 (Res. 37/209) while the Inter-Governmental Preparatory Group was having its first meeting in April and after that, in November of the same year.

Even though, it was not possible to unify criteria, the Inter-Governmental Preparatory Group prepared a document which contained alternative phrasing and included proposals on the main topics requested. However, the difference of criteria prevailed to a great extent, upon the question of which could be the constitutive elements of the genuine link and whether the international agreement should be of mandatory or recommendatory character.

In its third session held on November 1983, the Inter-Governmental Preparatory Group discussed the set of principles and considered that there was enough elements to proceed with the Conference. As a result of the work the following documents were ready to be submitted:

a- The report of the Committee on the discussions of the different topics
b- A proposal of the Chairman on manning, management and equity participation
c- A proposal submitted by the USSR on behalf of Group D, consisting in a draft of an international agreement on conditions for registrations of ships
d- Communication from the United Kingdom on behalf of Group B, of the interest to submit a proposal
In this way, a United Nations Conference on Conditions for Registration of Ships was convened to be held on 1984, being necessary the have four periods of sessions to reach the adoption of the agreement.

The first period of sessions was opened in January 1984. In the context of the discussions it is interesting to point out that at the end of the session, a change on the approach on the part of the Sovietic Delegation was noted when pointed out that it was not their present aim to gradually phase out open registries, but however, at that time they were attempting to establish some limitations for such operation.

It was also stated during these period that a consensus was reached on the specification that the future agreement to be adopted should cover ten basic points with the following purposes:

1. to define certain major elements regarding the genuine link and the reinforcement of the control and jurisdiction of the flag State over its vessels,
2. to confirm the principle that the flag State must have an adequate maritime administration,
3. to provide for the duty of the flag State to include in its laws and regulations the necessary provisions for the identification of the companies owning ships under its registry and any person accountable for the ship's operation,
4. to include provisions for the State to obtain all the information regarding the real owners and operators and the relevant technical details of the ships under its registry,
to recognize the principle that the State according with its laws, might grant registration to bareboat chartered vessels during the duration of the charter,

to provide for the establishment of the management or representative office of the shipowning company in the flag State, invested with ability enough to assume responsibilities which should be specified in the agreement,

to recognize that an adequate maritime administration constituted an element of the genuine link, in the same manner as an appropriate ship register and appropriate representation in the flag State, of companies operating ships under the national flag,

to provide for a suitable period of time for the entry into force of the provisions of the agreement to be adopted,

to provide for the procedures to enable the international community to ensure the effective application of the agreement by contracting parties,

to provide for special measures with a view to safeguarding the interest of labour-supplying countries.

Nevertheless, it was pointed out that despite this advance, it was not possible to reach agreement on matters regarding the maximum limit of the scope of application of the future agreement and the genuine link concept.

The second period of sessions was opened in January 1985. During this period the Conference engaged on the elaboration of the agreement aiming to bring up a document
which were able to cope with the different positions of the involved states. At that time the question was to determine whether to follow the procedure of the Law of the Sea Convention, 1982 (laying down a principle but leaving to each country the task to set its own registration conditions and provisions to exercise jurisdiction and control) or to undertake the difficult task of defining the genuine link and to decide the steps to be done in order to ensure the exercise of jurisdiction and control over the ships.

At the end of this period still remained without agreement both, the controversy on the fundamental points, namely manning, ownership and participation on the management; and the character of the agreement to be taken.

The third period of sessions was opened on July 1985. At the end of the discussions an amended text was adopted as the basic document for further development of the Conference. Similarly, a draft resolution was submitted to the President of the Conference requesting authorization of the General Assembly for another period of sessions in order to finalize the work.

Finally on January 1986, the fourth period of sessions was opened and after long debates, it ended with the adoption of the final text comprising the Convention.
B.- BRIEF ANALYSIS OF THE CONVENTION

As it is known, the United Nations Convention on Conditions for Registration of Ships, which has not yet entered into force, requires the ratification of not less than 40 States representing 25% of the world tonnage.

Amongst the 22 articles comprising the Convention it will be interesting to have a look at the most important ones and to make a few comments on some of them.

Firstly, it can be seen that during the different meetings held on the subject matter, it had been announced as the purpose of the agreement, in each state to develop an adequate and competent national administration able to control in effective way, the vessels under their registries and to control and identify the owners or the administrators of those vessels whenever necessary to determine responsibilities.

However Article I of the Convention contains provisions on these matter, as follows:

"For the purpose of ensuring or, as the case may be, strengthening the genuine link between a State and ships flying its flag, and in order to exercise effectively its jurisdiction and control over such ships with regard to identification and accountability of shipowners and operators as well as with regard to administrative, technical, economic and social matters, a flag State shall apply the provisions contained in this Convention."
It is important to stress that, as far as the discussions during the different meetings are concerned, was not possible to reach agreement on the elements conforming the nature of the genuine link, whether on economical or administrative basis.

On this particular, INTERTANKO (2) has made the following comments:

"...Note also that the Convention refers to a genuine link between the flag State and the ship as in the Law of the Sea Convention and that the wider concept of a genuine economic link was not approved".

Following this point of view, we do not coincide with the opinion of Professor Bruno Jenssen (3), Visiting Professor of the World Maritime University, where he considered that:

"For the first time now an International instrument exists which defines the elements of the "genuine link". By that it may fill a major gap in international maritime law".

For us it is, indeed, clear that the convention does not define the nature of the concept, but on the contrary, it only enounces its purposes, upon the supposed existence of the genuine link concept, as it can be noted on the Preamble of the Convention where expresses that:

"Recalling also that according to the 1958 Geneva Convention on the High Seas and the 1982 United Nations Conventions on the Law of the Sea there must exist a genuine link between a ship and a flag State and conscious of the duties of the flag State to exercise effectively its jurisdiction".
and control over ships flying its flag in accordance with the principle of the genuine link..." (Stress added)

To our opinion, consequently, by pointing out, either the purposes of a given concept or the means needed to achieve such purposes, as it is done in article 1 where states that "for the purposes of ensuring or if it is the case, strengthening the genuine link"; it can not be considered that the nature of the concept is defined.

Furthermore such a definition can not be found in Article 2 which contains the definitions for the purpose of the Convention.

Article 3 in concordance with Article 2, determines the scope of application, according to which the Convention is applicable to all ships of 500 GRT or more. In that context "ship" is defined as:

"Any self propelled sea-going vessel used in international seaborne trade for the transportation of goods, passengers or both..."

Nevertheless, was the subject to discussions, to determine whether the scope of application could be defined by excluding military vessels and publicly owned or governmental vessels including scientific laboratory ships and fishing vessels. No agreement was reached on that matter, therefore, as there is no explicit exclusion, it can be understood that some of these categories, e.g. military or governmental owned vessels could be under the scope of the Convention if the other characteristics are applicable, while those dedicated to scientific and fishing activities do not enter into that scope.
It is also implicit from the definition that vessels engaged in coastal and domestic waters trade as well as those which purpose or activity is other than the transportation of passengers, goods or both; are excluded.

**Article 4** is mainly based on the principles comprised in Article 91 and 92 of the United Nations Convention on the Law of the Sea, III, which is not yet in force; and contains provisions regarding the right of the States to sail their vessels on the high seas, as well as provisions establishing that the ships have the nationality of the State whose flag they are entitled to fly. Also establishes that ships shall sail under one flag only and can not enter on the register of two or more States at a time, subject to the provisions regarding bareboat charter. This article also provides for the ships not to change their flags during a voyage or while they are in a port of call, except the case of real transfer of ownership or change of registry.

**Article 5** is likewise, based on the Law of the Sea Convention, Article 94 and makes reference to the fact that each State shall have under its jurisdiction and control an adequate and competent maritime administration which ensures that the vessels comply with the requirements relating to ships registration, safety of ships and persons, prevention of marine pollution, inspection requirements and documentation on board.

Under the scope of the discussions this topic was one of the few, if not the only one, which obtained general acceptance, even though, in this matter it still remains undetermined which are the implications and the steps that the States have to follow in order to be able to
demonstrate or ensure that they have an "adequate and competent" Maritime Administration.

This article also contents provisions for the owners of ships to comply with the principles of registration of ships in accordance with the laws and regulations of the flag State and the provisions of the Convention, and for the State to require all the appropriate information necessary for the identification and accountability concerning ships flying its flag.

Article 6 is similarly oriented, in some way, on the principles of Article 94 of UNCLOS III, and refers to the identification and accountability. It establishes that the State shall keep in its registry all the information, not only about the vessels but also regarding the owner, the operator if it is not the owner or any other person responsible for the administration and operation of the ships. These has the purpose to make easy for those who have legitimate interest identify them.

It is also stated that such information shall be available for those persons as well as for the port authorities.

In this context, the State should ensure that ships under its flag carry documentation including information about the identity of the owner, operator or person accountable for the operation of the ship.

It is established that the log-books should be kept on all ships and retained for a reasonable period after the date of the last entry, and that the information contained in such books be available for those interested in it. However, it is unclear what should be considered as
"a reasonable period".

**Article 8** concording with Article 7 in reference with the ownership of the vessels, establishes that each State shall adopt "appropriate provisions" in order to regulate the participation of the State, as well as its nationals, in the ownership of the vessels under its registry in a way that these provisions lead to the exercise of effective control of the vessels.

**Article 9** also in concordance with Article 7 regarding manning, establishes that the State shall observe the principle that:

"a 'satisfactory part' of the complement consisting of officers and crew of its ships be nationals or lawfully domiciled or residents".

This provision, although not clarifying what should be understood as "satisfactory part", considers however, that for the purposes of the nationality requirement it shall be taken into account:

- the availability of qualified seafarers in the State
- existing bilateral or multilateral agreements or arrangements
- suitable operation of its vessels (from the economic point of view)

Even though, this provision gives room for the possibility of authorization of foreign seafarers to work on board the ships under a national registry.

It is also comprised in this article that the State should not only promote the education and training of its
nationals but also ensure that the manning of its ships and the working conditions fulfill the international rules and standards.

Moreover, with the purpose of protecting the seafarers' rights the State should provide adequate procedures for the settlement of disputes and ensure that nationals and foreign seafarers have equal access to these procedures.

Article 10 which refers to the role of the State in the management of the shipowning companies and vessels, establishes that previous to the registration of a ship the State shall ensure that the shipowning company or a subsidiary is established or has the principal place of business within its territory.

In the event that these requirements are not achieved the State shall ensure that a national or domiciled person is appointed as representative or administrator who has to be available for any legal process or obligations and to will assume the legal and financial responsibilities of the owner.

Furthermore, the States shall ensure that the ships under its registry have an adequate guarantee which leads to the owners to undertake the financial responsibilities derived from its activities.

Article 11 regarding the registration of ships follows the lineaments of Article 94 of UNCLOS III. The general principle of this article consists of the establishment of a detailed register of the ships and its owners or administrators and of ensuring that the previous
registration if any, is deleted or suspended, including the cases of bareboat chartered vessels, where its registration is permitted.

The information required for the purposes of registration comprises, among others, the following details:

- Name of the ship and previous name if any
- Place or port of registry
- Official number and mark of identification of the ship
- International call sign, if assigned
- Name of the builders, place and year of building
- Main technical characteristics of the vessel
- Name, address and nationality of the owner and proportion owned if more than one
- Date of deletion or suspension of the previous registration if it the case
- Information about the bareboat charterer where it is provided for such registration
- Information about mortgages or other similar charges upon the ship

Article 12 refers to the bareboat charter and establishes that the State may grant registration to a bareboat chartered vessel according with its laws, during the time of the charter, in which case the vessel will be under the legislation of this State and not under the former flag State legislation.

Although, Article 11 where provided for the registration of ships, establishes that in the cases of bareboat charter the previous registry shall be suspended, while Article 12 refers to the deletion of the former registry.
Apart from this contradiction, Article 12 also refers to the fact that the former flag State shall be notified of the deletion, where it is supposed to be the latter who has to issue such deletion.

On this particular, and referring to the fact that there are in the Convention different definitions for State of Registration and Flag State, INTERTANKO (4) comments that:

A ship on bareboat charter may have two "States of Registration" but it may fly one flag only, thus, there can be only one flag State. According to paragraph 5 of Article 11, the new flag State should assure itself that the right of the bareboat chartered-in vessel to fly its former flag has been suspended. According with Article 12, the burden of compliance with the provisions of the Convention as a whole in the case of bareboat chartered vessels is intended for the State into which the ship has been bareboat chartered, i.e. the new flag State...

Article 13 makes reference to the joint ventures that the States should promote with the aim of developing the national maritime industry and with the participation of aid and financial institutions at national and international levels.

Article 14 gives place for the introduction of Resolution I, annexed to the Convention regarding
measures for protecting the labour-supplying countries and including the possibility that these countries may concert bilateral agreements with the States of registry for the employment of their nationals in these States.

Nevertheless, the above mentioned measures consist of recommendations for the labour-supplying countries to harmonize their policies on employment conditions for the supply of labour and to regulate the activities of the enrollment agencies in order to avoid abuses when they engage the seafarers in foreign registries.

In the same way, Resolution I recommends that the UNCTAD, the United Nations Development Program, the International Labour Organization and other international bodies, upon request, provide assistance to the labour-supplying countries in order to adopt legislation for registration of ships, education and training of seafarers and to minimize the displacement of labour.

Article 15 introduces Resolution 2, annexed to the Convention, and refers to measures to be taken in order to minimize the adverse economic effects which could derive from the application of the Convention.

Such measures also consist in recommending that the UNCTAD, the UNDP, the IMD, the ILO and other international entities, upon request, provide technical and financial assistance to the countries which may be affected by the convention in order to formulate and implement national legislation for the development of their fleets and for
the education and training of the seafarers.

It is also recommended in the same resolution that the UNDP and the World Bank should provide technical and financial assistance to those countries requesting it for the implementation of their development plans and programmes in order to face the possible adverse effects derived from the application from the Convention.
C. COMPARISON BETWEEN THE ORIGINAL DRAFT AND THE CONVENTION

As it has been previously remarked, it is known that the first attempt of the Convention was to eliminate the "flag of convenience" fleets. Therefore, in order to find out the main changes made throughout the different discussions, it can be interesting to compare the text of the original draft prepared by the Ad-Hoc Inter-Governmental Working Group (See Annex I) with the final approved text comprising the Convention.

In this regard the following considerations can be pointed out:

General Rules:
On this matter it can be noted that the original draft made reference to the establishment of one or several registries of vessels in the States, even though, there are no further references or provisions regarding the way or circumstances in which a given State can set up more than one registry of vessels and the implications of that situation. The approved text does not include this possibility.

Manning:
Regarding the nationality requirement for manning the original draft indicated that "an important percentage" of the "principal officers and crew" shall be nationals; while the approved text refers to "a satisfactory part" of the officers and crew.
In both texts the terms utilized are abstract and give room for discrepancies, as to determine what is "an important percentage" or "a satisfactory part" which may differ from one country to another according to its own legislation and interests.

On the other hand the approved text is even more flexible when it stipulates that this satisfactory part of the officers and crew should be nationals, domiciled or lawfully in permanent residence in the Flag State. This text also contains provisions for the cases in which authorization to seafarers from other countries, may be granted to work on board vessels "according with the laws and regulations of the flag State", which again gives room for different considerations in each state.

The Role of the Flag State in the management of shipowning companies
The original draft suggested stronger requirements for the shipowning companies to open a representative or administration office in the flag State. It was submitted to the choice of the Working Group to fix one or several conditions which the State should ensure:

- To determine the number and nationality of the administrators in that representative office
- To ensure that the director or the real administrator of the company is a national and is domiciled in the Flag State
- To determine the number and nationality of the administrators and ensure that at least one of them is a national or domiciled in the State, or both things.
- To ensure that in the case of not having its
principal place of activities, the company must be represented in the Flag State according to its laws and regulations.

On this matter the approved text states that the shipowning company or a subsidiary company must be established and/or have its principal place of business within the territory of the Flag State and in the absence of this requirement to appoint a national or domiciled person as representative or manager of the company. This implies three options:

1. To establish the shipowning company or its subsidiary in the State
2. To fix the principal place of business in the State
3. To appoint a representative or manager

Equity participation:
In this particular case the original draft referred to "an adequate participation" of the State in the shipowning company without clarifying what can be considered as adequate participation. The approved text is not more precise where establishes that the State shall provide in "its laws and regulations" for the participation in the ownership of the vessels under its registry, which means that it is left to each state to determine the level of participation desired.

Bareboat Charter:
The original text implied -contrario sensu- that the State had to refuse the registration of a bareboat charter ship in a flag of convenience system and should
not allow its vessels to be bareboat chartered in that registry.

Such a limitation making reference to the flag of convenience systems was not accepted, therefore, the approved text only refers to the fact that where it is provided for registering a bareboat chartered ship, this shall be subject to the control and jurisdiction of that State which has the duty to inform the former flag state about such registration and deletion of previous registrations. As it has been mentioned before, it remains unclear whether the simple notification of suspension/deletion is enough or not and which state has in fact, the duty to issue the formal suspension or deletion if needed.

Identification and Accountability:
The original draft proposed that the State should not grant registration to ships owned by companies which issue bearer shares. Nevertheless, during the discussion it was stated that even though, individual shareholders of those companies have limited responsibilities, the company itself may be held accountable for the management of its ships. The provision was not included in the approved text.

Register of Ships:
The provisions on this matter are basically the same in both texts, but with addition of the requirement to obtain information about the proportion of the ship owned by each person if there is more than one owner, requirement which is contained in the approved text.
D.- REMARKS

From the study of the Convention it can be noted that there are two main aspects which were and still are of common interest for all and every State:

- the development of a Maritime Safety Administration. (The other aspects on registry, equity participation, accountability, etc., derive from these main structures)
- The matters concerning manning of the ships which are within the scope of the policy of each State in order to protect their nationals.

However, the provisions for equity participation and the role of the state in the management of shipowning companies upon which the concept of the "genuine link" was relying and which constituted in consequence, the most polemic topics, together with the requirements on manning, they were in fact what remained in more ambiguity since any attempt to determine them in more precise terms might have implied to a great extent the interference in the sphere of sovereignty of the States.

In this order of ideas, the following considerations have been pointed out by Sturme (5):

"It soon became evident that an international convention was not the right means to use to attain the objective sought and that a
convention of the rigour which the crusaders wanted could do more harm than good..."

Another important aspect to comment is that along the text of the Convention the use of "shall" and "should" for the provisions can be noted. It has been analysed that the difference between both terms in the context of the Convention relies on the character of the measure to be taken by the States Parties, whether it is a recommendatory or mandatory provision.

Under this view, we can observe that the following articles regarding: Objectives, Scope of application, General provisions, and Participation by national in the ownership and/or manning of ships are, considered of mandatory character, while articles regarding: Joint ventures, Measures to protect the interests of labour-supplying countries, and Measures to minimize the adverse economic effects, are considered of recommendatory character. On the other hand, articles referring: Identification and accountability, Ownership of ships, Manning of ships, Role of the flag States in respect of the management of shipowning companies and ships, Registration of ships, and Bareboat charter, contain both mandatory and recommendatory measures.

In this sense, we can conclude this approach by commenting that, even having behind the movement the purpose of phasing out the "flag of convenience" fleets, the Convention adopted did not cope with such an objective. Due to the diversification of ideas the convention became reduced to a vague and imprecise
document which does not introduce relevant elements of change in the registration system, but implies, in some way, certain changes on the internal structures of the administration. However, it seems that many countries would not be willing to introduce such changes into their national schemes considering the cost/benefit relation, which result, at the same time, in lack of interest for the ratification of the convention.
FOOTNOTES AND REFERENCES

(1) INTERNATIONAL TRANSPORT WORKERS FEDERATION. IITF Statement on Flag of Convenience Shipping. London 1981. pg. 3 to 6

(2) INTERTANKO. The United Nations Ship Registration Convention -Twelve Months Op. 1987. pg. 6

(3) JENSSEN, Bruno. -Visiting Professor of the World Maritime University.- Registration of Ships and Port State Control as means of Shipping Policy. Handouts delivered during a Seminar on Maritime Policy. World Maritime University, Sweden, August 1987. pg. 18

(4) INTERTANKO. Op. cit. pag. 11

CHAPTER III
THE PANAMERICAN REGISTRY

A.- INTRODUCTION

The importance of the development of the Panamanian Registry as an open system of registration of ships relies not solely in the revenues directly obtained from the system, but to a great extent, in the positive impact that having ships register in the country produces to the development of ancillary industries, maritime services and employment of seafarers.

On the other hand, there are many other reasons which have contributed to make possible the settlement of the Panamanian Registry, namely:

- the strategic geographical location,
- the existence of a Canal,
- adequate and attractive financial conditions through existence of the International Banking and Financial Center,
- the existence of one of the world’s biggest Free Zone,
- the existence of an effective mortgages registry system,
- and last but not the least, the political stability which has so far, existed in the country.
In fact there is a close relationship between the basic conditions for the existence of the Panamanian Registry and the existence of the open registry system itself, as can be shown in the following chart:

Panama has succeeded as an open registry, taking into account the interaction of the aforesaid factors and at the present she has the second largest world's fleet.

Therefore, considering the specific situation of Panama, is within the scope of these views, that the UNCTAD Convention on Conditions for Registration of Ships should be analysed.
As it has been emphasized before, the UNCTAD Convention under study, is a result of a movement originally aiming to phase out "flags of convenience" system, however it does not take into consideration the specificity of the various open registries countries involved and its different interests as well as the benefits for employment and for the trade.

The general approach to achieve the objectives proposed in the Convention is then, vague and imprecise, which can be noted in the use of concepts such as "genuine link", "adequate participation", "satisfactory part" and so on. This obviously, do not lead to a common understanding and practice of the concerned provisions, consequently it is not an effective "solution" as it intended to be.

On the other hand, as its ratification is not compulsory, shipowners could always find a country not party to the convention and willing to offer registration of ships in similar conditions, as has been pointed out by Sturmey (1) where considers that:

"Those which benefit from the present situation are unlikely to become Contracting Parties. A shipowner in a country which has become a Contracting Party is not at all prevented from registering his ship in another country which has not acceded to the Convention".

Having said that, it can be remarked that for a country like Panama, which has created and developed a maritime structure, rendering important maritime services to the international shipping community for mutual benefit; it is not of particular interest to ratify a convention which
does not serve the interests of the country and ultimately, the interests of the promoters of the Convention, considering the remaining possibilities stressed before which could even conduct to the worsening of the operating conditions of open registry systems.

Finally, we should stress that developed countries, such as Norway, have shown similar understanding of these problems, for instance, by creating International Shipping Registers, to attract ships, and to maintain and promote its maritime "milieu".

On this basis, the conditions under which the Panamanian Registry is operating should be analysed aiming to look for the possibilities of improvement of the present situation within the context of the open registry system, as has been pointed along this dissertation.
A. LEGAL BACKGROUND

For the purpose of studying the steps made, from the legal point of view, for the formalization of the National Merchant Fleet structure, we have mainly taken into consideration the National Files of the Panamanian Legislative Assembly, as follows:

**Fiscal Code and Code of Commerce**

Panama started its republican life in 1903 when the independence from the Republic of Colombia was obtained.

Since then, the first activities towards the conformation of a merchant marine are based on the provisions contained in the Fiscal Code and the Code of Commerce, both of which date back to 1916.

The Fiscal Code on the one hand, regarding the registration of vessels, had provisions which allowed those citizens or Panamanian companies acquiring vessels in foreign countries to obtain a provisional registry through the Panamanian consulates abroad, subjected to the formal procedure to obtain the Permanent Patent when the ship arrived to the country.

The Code of Commerce on the other hand, in its Book II, contained dispositions regulating the maritime trade and its related activities, sale and purchase of vessels, documentation required on board, etc. These provisions left open the possibility to register ships owned by companies established under the national law even if these companies
belonged to non-national persons.

In this context, although the provisions in both codes were addressed not to attract foreign investment, but to facilitate the procedure for national persons and companies, the fact of having no requirement or limitations for the registration of the ships and the elasticity of the texts brought up consequences, inadequate uses of the early registry.

Then, in practice it can be noted that the first actions showing the use of the Panamanian registry as a "flag of convenience" may be found in the transference of several vessels from the United States in order to avoid formalities and procedures required in that country and taking the advantage of the lack of regulation in Panama. However this created difficulties regarding crew and labour rights and also because some of these ships became engaged in the smuggling of liquor.

In the middle of 1920, with the aim of formalizing the existence of a national fleet, the Panamanian legislators began working towards the creation of a law which would modify and improve the system through the establishment of a more precise mechanism for the registration of ships.

Following this purpose the National Assembly took the initiative for the organization of the few and spread regulations existing at that time, in order to elaborate a draft of a legal instrument which later became Law 8 of 1925.

This new law established the requirements and procedures...
for the nationalization of the ships under the Panamanian flag, however, it brought together the purpose of attracting foreign investment aiming to increase the fleet.

In this context, Law 8 of 1925 provided for the obligation to fulfill certain documentary requirements for the registration but without limitations regarding nationality of the shipowner. As a result, this law constituted in fact, the formal establishment of an open registry system.

Trying to go a little bit more into details concerning some aspects of the law, it can be mentioned, among other things, that still remained in its provisions the faculty of the consuls abroad to grant a provisional registration, which from that time would have the validity of six months. During this period the owner should proceed to the formalization of the ship’s registration in order to obtain the Permanent Patent of Navigation.

It also provided for the registration, under special conditions, of vessels of foreign registry chartered for a period of two years without the need to waive that registry but provided that the foreign country allowed it.

The flexibility of Law 8 of 1925, produced however, some negative consequences which contributed to increase the adverse image of the "open registry system". Law 8 was at that time, a response to fiscal and economic interests more than to other aspects, without taking into account the possible repercussions which could derive from that situation.
LAW 54, 11 NOVEMBER 1926:
Faced with the situation of the inadequate use of the Panamanian Flag and due to the increasing problems caused by ships involved in the smuggling of liquor, in 1925 the Panamanian Government, as other countries in the area, proceeded to sign together with the United States an agreement in which the latter state was given the right to come on board ships considered suspicious of smuggling within a specified jurisdictional area.

As a consequence of this agreement, it happened in one occasion that problems derived from a German vessel which had transferred to the Panamanian registry was found suspicious. Thence, the Panamanian Government—pressed by the United States to take action against the vessel—faced the circumstance that Law 8 of 1925 did not provide for such a situation. The National Assembly then, adopted Law 54 of 1926.

This legal instrument provided for the faculty of the Panamanian Administration to delete "ex-officio" the registry of ships under its flag in the cases established by the law, including smuggling.

LAW 39, 8 JULY 1976:
Basically, during the 1930s numerous transferences to the Panamanian registry were made, not only coming from the United States but also from European countries. Many of these ships, taking advantages of the easy access to the registry and the facilities provided by the system, became involved in suspicious activities, whereby more elements of disappointment and complaints were produced.
Upon these circumstances the Panamanian Government started actions for the modification and reinforcement of the administration on matters of registry of ships as well as for the procedures of investigation and punishment of some consuls accused of malpractices.

Since then the Government has adopted measures for the improvement of the system, looked at the same time for the cooperation of national and international entities, as for instance, the participation of the International Maritime Organization in the preparation of the national maritime program.

One of the most important regulations adopted under this motivations, is Law 39 of 1976 by means of which the Inspection Service for vessels under Panamanian flag in foreign service and other profitable activities was set out.

Through this Law an annual regular survey was established in order to determine whether the vessel fulfill the safety requirements stipulated in national and international regulations or not. Likewise, these vessels are subject to extraordinary inspections when considered necessary by the Administration.

Besides that, the Executive Decree No. 56 of October 8, was adopted in the same year, implementing the procedure for the inspections established in Law 39 of 1976.

LAW 2, 17 JANUARY 1980:
The structure upon which the Merchant Marine Administration was acting had its basis on Law 8 of 1925, with its gaps
and out-dated characteristics-. As a consequence of that and faced with the notorious growth of the fleet and the urgent necessity to reinforce the system, another law was then adopted, for the restructuration and formalization of the functions of the authority in charge of the administration of the merchant marine affairs, which is in itself, a dependency of the Ministry of Finance and Treasury.

Law 2 of 1980, among other things, formally establishes the Directorate General of Consular and Maritime Affairs, sets out its main functions, and contains general provisions for the registration, duration of the Patent of Navigation (Provisional and Permanent), punishment for the violation of the law, registration of mortgages and other liens, cancellation "ex-officio", etc.
C.- CURRENT PERFORMANCE

The Panamanian Merchant Marine has shown a sustained growth during the last decade (See Annex II) giving place to its ranking as the second world's largest merchant fleet.

However, for the Government's Policy, as has been pointed out in several opportunities, the most important thing for the country is not the growth in tonnage and fiscal revenues, but to achieve an image of respectability, according to the demands of the activity in itself and for the benefit of the international community (2), which implies to look for the improvement on safety, prevention of marine pollution, protection of seafares interests and other related matters.

In the same context, it has also been pointed out that "...progress in the Administration of Panama's Maritime Affairs has been recognized by international organizations..." (3), which can be observed through the analysis of the several measures adopted in order to perform its duties and to exercise the faculties prescribed by the different laws and regulations on the maritime affairs field.

1.- Scope of Law 2 of 1980:
As it has been commented before, the Administration of the Panamanian Merchant Marine is carried out by the Directorate General of Consular and Maritime Affairs (SECNAVES) which is under the Ministry of Finance and Treasury.
The Directorate General has its legal basis on Law 2 of January 17, 1980 which establishes as its main functions among others, the following:

1.- To perform all administrative acts for the registration of vessels under the national merchant marine; authorize changes in the registration and resolve the loss of it due to specified causes

2.- To keep a record of all Patents of Navigation issued

3.- To ensure strict compliance of the legal provisions regarding navigability, safety of life at sea, sanitation, prevention of collisions, load/freeboard lines, training, licensing and safeguard of seamen, prevention of pollution of the marine environment from Panamanian vessels wherever they are and foreign vessels within territorial Panamanian waters, according to national and international rules and regulations as well as the orderly development of the navigation in this waters

4.- To adopt and regulate the matters regarding hiring and qualifications of the seafarers and to issue the corresponding certification needed to work on board vessels under the national registry

5.- To penalize the infringement of the national and international dispositions on this matter.

Under the scope of the provisions of Law 2 of 1980, and despite other previous regulations, the Merchant Marine Administration has been adopting measures and procedures
on matter of registration of ships, inspection and certification of vessels, investigation of casualties, issuance of certificates of competency, implementation of International Conventions ratified by Panama and punishment for the contravention of the national and international dispositions.

REGISTRATION OF VESSELS:
Taking into account the distinction between Provisional and Permanent Patent of Navigation contained in Law 8 of 1925 which was kept in Law 2 of 1980, the procedure for the registration of vessels under the national Merchant Marine can be briefly analyzed under the following terms.

The procedure starts with the application for registry through a legally empowered person and can be submitted either directly to the Directorate General or through the Consulates duly authorizes to act as "privatives" of the merchant marine according with article 24 of Law 2 of 1980 and Law 55 of 1979.

The application shall contain all the information for the identification of the vessel, name, address and nationality of the owner or its representative if it is a company, entity appointed as responsible of the radio accounts, classification society, etc.

Together with the application and evidence of payment of corresponding taxes and any other charges it is required to present the following documentation:

- Power of attorney on behalf of a local lawyer or law firm
- Official certificate of deletion of the previous registration, if any
- Technical and safety certification issued by the classification societies recognized and authorized to act on behalf of the Administration
- Application for Radio License
- Evidence of the ownership of the vessel

Regarding the ownership it is widely accepted in the Administration the presentation of one of the following documents:

- Bill of sale and acceptance, or
- Builder’s certificate and acceptance by the owner
- Title Deed obtained through Juridicial sale

For the registration of private leisure, sports or pleasure yachts it is also required that they have a minimum 20 meters of length or 50 gross tons.

Once the application is received, analyzed and approved the Directorate General proceed to issue the Licence of Radio and the Provisional Patent of Navigation with a validity of six months the first and six months the latter.

Within the six months of validity of the Provisional Patent of Navigation, the Title Deed shall be registered in the Public Registry. With the evidence of this inscription and the Tonnage Certificate it is required to
proceed with the application for the Permanent Patent of Navigation also within the six months.

The Permanent Patent of Navigation has a validity of two years for pleasure yachts and four years for the merchant vessels, being renewable unlimited times, before each period of validity of the current is expired.

The Directorate General has also the faculty to deny or delete any registration due to the causes established by the law or when considers such registration contrary to the interests of the country.

For the purposes of the cancellation "ex-officio", Law 2 of 1980 establishes as causes the following:

- If the vessel is in service of a Nation at war with the Republic of Panama
- If the vessel is registered in another country
- If the vessel is engaged in smuggling, illegal trade or piracy
- In case of serious infringement of the provisions on navigation, safety, sanitation, labour standards or prevention of pollution
- In case of violation of the International Conventions ratified or Resolutions issued by Competent organizations of the United Nations if this sanction is contemplated
- In case that the Patent of Navigation expires without obtaining the renewal in due time
Regarding the application for changes, modifications or deletion of the registry the Administration proceeds to verify if there is any mortgage or lien recorded in the Public Registry in which case it is required previously whether to proceed cancelling the encumbrances or to obtain mortgagee’s acceptance for such operation.

CHARTERED VESSELS

Law 11 of 1973 which, on matter of charter vessels, replaced the provisions contained in Law 8 of 1925, establishes that vessels of foreign registry chartered for a period not longer than two years, may be accepted under a "Special Registration", without the need to waive its former registry, and provided that the country of origin explicitly allows such registration. In this case the interested charter parties must file a certified copy of the corresponding Charter Party document, including the owner’s consent, certificate of registration on the foreign country and certificate granting the consent of the latter. Consequently, a special Patent of Navigation showing the concerned details and any encumbrance appearing on the foreign registry, must be issued to the vessels under this circumstances and they shall be submitted to the same fiscal obligations imposed to the vessels enrolled in the National Merchant Marine.

However, so long as the vessel maintains this special status, its Title Deed may not be recorded in the Public Registry, nor consequently, any ship’s mortgages or other liens may be recorded, in order to avoid transference and to prevent evasion of the legal rights previously acquired.
With regards to any ship's mortgages or other liens entered in the foreign registry the law of that country shall apply.

Likewise, Law 11 of 1973, supplemented by Law 83 of 1973, provides that vessels under Panamanian Registry subjected to Charter Parties for a period of two years, may be recorded in a special foreign registry under the same conditions above mentioned.

MORTGAGES AND LIENS:
Requirements, formalities and procedures in relation with the preliminary and definitive registration of ships mortgages are contained in the Code of Commerce, law 14 of May 27 1980 and Law 43 of November of 1980.

It is permitted to constitute mortgages or other liens upon vessels registered provisionally, however to record such obligation in the Public Registry it is necessary to have previously registered the Title Deed in the Public Registry.

INSPECTION OF SHIPS:
In 1977 the Directorate General of Consular and Maritime Affairs established an inspection system for the vessels under its registry and since then it has been trying to reinforce this programme through several measures including the creation of a Representative Office in New York, and the increase on the number of inspectors and ports of operation.
Law 37 of 1976

Through this law the obligation of an ordinary annual inspection for all the Panamanian vessels engaged in international service was established in order to determine whether they comply with the safety provisions of the national and international regulations or not.

In the same manner it is provided for the faculty of the Administration to proceed with extraordinary surveys where considered justified. Executive Decree No. 56 of 8 October 1976 by which means, Law 36 of 1976 is complemented, exempts of its requirements the following cases:

- Cargo vessels and tug boats less than 500 gross tons not customarily engaged in international voyages
- Vessels without mechanic propulsion
- Pleasure yachts not engaged in profitable activities
- Fishing vessels

Nevertheless, the Administration reserves its faculty of survey this vessels when considers necessary. Besides that, some of this categories have been submitted to especial regulations in order to determine the compliance of the safety requirements.

In 1977, a Representative Office of the Directorate General of Consular and Maritime Affairs was established in New York, mainly with the aim to strengthen the Inspection Program. This office (better Known as SEGUMAR), among other functions, is dealing since then, with technical matters, authorization and coordination of
the inspections in the leading international ports, and hiring qualified surveyors.

SEGUMAR acts as linkage between the Administration and the Classification Societies, among other things, absolving consultations, divulgating the current legislation and keeping a record of the certification issued. Similarly SEGUMAR acts as a linkage between the Directorate General and the Public Registry. (See Chart).

**PUBLIC REGISTRY**
- Registrations of title deed
- Registrations of Mortgages
- Cancellations of Mortgages

**SECNAVES – Panama**
- Co-ordination of Program
- Registration of Vessels
- Deletion Certificates
- Sanctions/Fines/Penalties
- Officer Licencing
- Radio Licences
- Legal Aspects

**SECNAVES – New York**
- Co-ordination – Technical
- Day to Day control of Fleet
- Inspections
- Detentions
- Casualty Investigations
- International Conventions
- Cancellation Recommendations
- Industry Liaison – Class Societies
Aspects relating safety equipment systems, documentation of the ship and certification of seafarers are verified in order to prepare a report. Such a report is sent to the Representative Office which analyses the deficiencies if this is the case. Depending on the extent of the problem, a Letter of Deficiency is sent to the shipowner or his representative. In case of serious deficiencies the detention of the vessel is ordered according to Law 2 of 1980, Article 20, until the situation is corrected.

On this matter, during the last years an increase on number of inspectors and ports of inspections can be noted as follows:

<table>
<thead>
<tr>
<th>year</th>
<th>inspectors</th>
<th>ports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>300</td>
<td>172</td>
</tr>
<tr>
<td>1982</td>
<td>428</td>
<td>312</td>
</tr>
<tr>
<td>1986</td>
<td>556</td>
<td>350</td>
</tr>
</tbody>
</table>

Regarding the number of vessels more than 500 GRT inspected the situation has been the following:

<table>
<thead>
<tr>
<th>Year</th>
<th>Ships</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>1569</td>
</tr>
<tr>
<td>1980</td>
<td>1793</td>
</tr>
<tr>
<td>1981</td>
<td>2101</td>
</tr>
<tr>
<td>1982</td>
<td>2520</td>
</tr>
<tr>
<td>1985</td>
<td>2515</td>
</tr>
<tr>
<td>1986</td>
<td>2727</td>
</tr>
</tbody>
</table>

Source: Directorate General Consular and Maritime Affairs
In order to establish provisions for vessels under 500 gross tons which are out of the scope of International conventions, Decree No. 45 of December, 1981 was adopted.

This Decree contains a Regulation for the inspection of vessels (less than 500 gross tons) in service outside of the jurisdictional waters, with the aim of ensuring that these vessels should be properly built, equipped, maintained, operated and inspected.

In this context, Article 8 of this Decree establishes that the Administration shall effect an annual safety inspection on these vessels.

CASUALTY INVESTIGATION:
One of the most delicately aspects upon which many of the arguments against "flags of convenience" have been based, relates to the marine casualties.

Despite great criticism on this matter, many people coincide in studying this topic from the point of view of the ship itself, its age and characteristics, more than for the flags under they are operating.

Hence, faced with the transcendental impact derived from marine accidents, in 1980 the Panamanian Administration through its Representative Office in New York, started efforts in order to organize a formal procedure for the investigation of casualties occurred to Panamanian vessels engaged in international service. Even though,
it was not until 1982 when SEGUMAR proposed a draft Resolution on this matter.

Therefore, Resolution No.614-129 ALCN of April 29, 1983 whereby a procedure for maritime casualty investigation was adopted. However due to the high rate of accidents the Administration have continued efforts in order to strengthen the system in order to make more efficient the preliminary and final steps of the investigation, efforts which involves the revision of the above mentioned Resolution 614-129 ALCN of 1983.

At the present the Administration is subscribed to the information service of Lloyd's Intelligence who regularly notifies the main details concerning accidents occurred to vessels under the Panamanian registry.

In this context, once the information is received, a file is opened for each case and the preliminary enquiries start. At the same time the owner or operator of the vessel is contacted and requested to provide details about the accident. Likewise, depending on the seriousness of the case, the pertinent Classification Society -accordingly with Resolution 614-232 ALCN of 1980- is also contacted in order to obtain information regarding the structural and safety conditions of the vessel.

With all this collected information, SEGUMAR’s Technical and Legal Departments proceed to analyze the case and to prepare conclusions and recommendations. Such conclusions may consist in the designation of a Special Investigation
Committee for the purpose of further investigations in order to be able to delimitate responsibilities.

As a matter of comments it can be pointed out that during the period of 1980-1985 the Representative Office investigated a total of 1022 casualties out of which 217 were considered as total loss.

It can be also observed that even in a small scale, a decrease in number of casualties have been achieved, according to the following information:

<table>
<thead>
<tr>
<th>year</th>
<th>casualties</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>184</td>
</tr>
<tr>
<td>1982</td>
<td>171</td>
</tr>
<tr>
<td>1983</td>
<td>165</td>
</tr>
<tr>
<td>1984</td>
<td>162</td>
</tr>
<tr>
<td>1985</td>
<td>157</td>
</tr>
</tbody>
</table>

Source: New York Representative Offices.

The main causes in order of importance were grounding, sinking, collision and fire/explosion.

On the other hand, according to information of Lloyd's Register of Shipping, total losses for 1985 reached an amount of 39, which although, implying an increase on tonnage, in terms of number of vessels constitutes a decrease of 10 units in relation with the previous year.
CERTIFICATION

1.- Certification of Ships
In accordance with the faculty conferred by article 2 of Law 2 of 1980, the Directorate General of Consular and Maritime Affairs as the entity responsible to ensure that the vessels comply with requirement of the necessary certificates, consequently adopted Resolution No.614-232 ALCN of April 25, 1980. By means of this Resolution a number of Classification Societies were recognized and authorized to carry out the surveys and to issue the corresponding certificates in relation with SOLAS, MARPOL, LOAD LINES, TONNAGE, COLREG, etc. conventions, on behalf of the Administration. (See Annex III)

Likewise Resolution No. 624-46 ALCN of March 1, 1982 authorized several Classification Societies to survey and to issue certificates regarding some Codes of Safety adopted by the IMO, and Resolution No.614-233 ALCN of August 13, 1982 refers to the surveys and certificates relating the Protocol 1978 of SOLAS 1974.

Besides that, the Administration itself is in charge of the issuance of several certificates, i.e. Certificate of Exemption to International Conventions, Certificates of Safety of Minimum Crew and Certificates of Safety for vessels under 500 GRT (Decree 45/1981).

2.- Certificates of Competency for Seafarers
Law 2 of 1980 whose Article 2 states as a general principle, the faculty of the Directorate General of Consular and Maritime Affairs to determine the rules
and regulations regarding competency of the seafarers and the issuance of the corresponding certificates required to work onboard Panamanian vessels, as well as to decide the suspension or revocation of such certificates and the corresponding penalties in case of violation.

According to this faculty, on the one hand, Resolution No. 614-479 ALCN of October 31, 1980 establishes the requirements to obtain the Seamen's Identity Card. In this matter, for the issuance of such card there are two categories of seamen: Preferential and Ordinary. Preferential seamen is a person holding a position on a vessel, but who is not an officer, and whose position requires academic preparation or expertise. Ordinary seamen is a person for which position no academic preparation or expertise is required. (Article 1).

On the other hand, following the provisions of Law 2 of 1980, Resolution No. 614-29 ALCN of February 21, 1981 contains provisions for the issuance of Seafarer's Certificates of Competency, and also for the renewal and cancellation of the certificates.

On matter of Certificates of Competency, although, Panama has not ratified the STCW Convention 1978, it has been settled that the minimum compulsory requirements for the certification of the Officers will be those contained in that Convention.

The Reglamentation establishes the duty of any officer onboard Panamanian vessels over 200 gross registered tons
to hold a Certificate of Competency issued by the Directorate General of Consular and Maritime Affairs, authorizing them to execute the proper functions of the position described in the document.

Similarly, the certificates can be Reglamentary and Provisional.

The Reglamentary Certificates have a validity of five years and may be granted to those applicants who demonstrate throughout the approval of examination the fulfillment of the requirements needed for the position.

The Provisional certificates have a validity of two years and can be issued in the following cases:

1. - When the applicant demonstrates that he has been performing the position during two of the last three years

2. - When the applicant demonstrates that he has been performing the position during at least three years within the last five years providing that such period includes 12 months of the two years previous to the application.

The certificates issued under this Reglamentation are of the following types:

A.- Deck
   1. - Master
   2. - Chief Mate
   3. - Second Mate
   4. - Third Mate
B. - Engine
1. - Chief Engineer
2. - First Engineer
3. - Second Engineer
4. - Third Engineer

C. - Radio
1. - General Radio-communicator Operator
2. - First-Class Radiotelegraph Operator
3. - Second-Class Radiotelegraph Operator

Likewise, other conditions could be considered, as for instance:
1. - General expertise in the performed activities
2. - Licence or Certification of Competency, other than those provided for, under this Regulation.

There is also room for the possibility to grant in some cases a Temporal Permit while the Certificate of Competence is processed, provided that the position aspired is other than Master, Chief Engineer, First Deck Officer of First Engineer on vessels engaged in passengers transportation, oil or gas tankers, or carriers of dangerous goods.

Without prejudice to the penalization corresponding in any case, the Regulation provides also for the faculty of the Administration to deny or delete the Certificate of Competency due to violation of the national and international rules and regulations regarding navigation, safety of life at sea, and prevention of pollution,
alteration of the respective document, professional incompetency, physical or mental defficience, serious negligence or any other violation considered serious by the Administration.

Within this program, up to the end of 1982 an amount of 32,498 licences were issued, following in each case, the confection of a file in which is recorded the information about each officer, and which is kept in the main offices.

EXAMINATION OF OFFICERS AND SEAMEN

Actually, as a very important fact it has to be mentioned that in order to improve the certification system further steps have been accomplished with the entrance into operation of the new system for examination of officers and seamen, in 1985, for which purpose assistance was given by the Classification Society Bureau Veritas in order to coordinate the implementation of the program.

The program has been adopted throughout a Contract between the Administration and a private company, with the main purpose of guarantee that the issuance of the certificates migh be supported by the efficiency and aptitude required by the national and international regulations.

This Program for the Examination of Officers and Seamen includes a data bank of questions and answers under the modality of multiple selection, work-books for the use of the applicant and a central computarized system of calification.
The system has been designed for the elaboration of approximately 40 types of certificates and initially it has been carried in Spanish (the official language), Chinese, English, Greek, Japanese and French and intending to be extended to Korean.

EDUCATION AND TRAINING:
The matter of education and training is not studied in this paper due to the fact that it is not under the scope of the Directorate General of Consular and Maritime Affairs, despite the financial and practical collaboration that this entity may provide regarding the preparation and participation in seminars, training courses or any other activities related with the maritime field.

However, special mention should be made to the fact that the education of seafarers is carried out by The Nautical School which was established in 1958, following the provisions of Law 8 of 1925 on this specific matter, and reorganized in 1960.

The Nautical School of Panama is the only existing institution in the country for the preparation of deck and engine officers and ratings.
FOOTNOTES AND REFERENCES

(1) STURMEY, Stanley. *The United Nations Convention on
on Registration of ships*. Lloyd's Maritime
and Commercial Law Quarterly. pg. 100.

(1) and (2) TORRIJOS R. Hugo. *Increasing High Standards
are matched by growth in tonnage*. Article
published on Panama Handbook, Guide to the
Ports and Shipping Services, 1982. pg. 18.
Due to its impact on the maritime trade, it should be convenient to stress that in most developed countries the concurrence of various favorable factors, i.e. capital resources, long-standing maritime tradition, the technology required for the development of different activities can be found; while in developing countries the lack of these elements is often observed.

In this context it is evident that the operation of open registry policies for registration of vessels to form a national merchant fleet, despite the so called "imperfections" of the system, has given to some countries like Panama, the possibility to fill the gap left by the absence of the above mentioned factors.

As a matter of fact, it can be emphasized that among the main advantages a country derives from offering open registry facilities, we can mention the income produced by Title Deeds inscription, vessels registration fees, annual payments on tonnage basis, employment of its seafarers -as well as seafarers from developing countries-and revenues derived from the operation of societies and local professional services.
In the case of Panama it is widely observed that the merchant fleet is one of the major sources of the country’s income producing an average of 40 million dollars annually (for the fiscal year 1985 the income reached the amount of 44.5 million dollars). See Annexes V and VI.

As it has been pointed out by a prominent lawyer ex-President of the Republic, "...Panama is a developing nation which makes use of the open registration system as a legal instrument for making the best use possible of its resources..." (1)

On the other hand it is also known that the lack of adequate and effective measures of control has given room for many abuses of the open registry systems resulting in desadvantages upon the traditional systems and consequently, contributing to the degradation of the "free facilities" concept into the derogatory "flag of convenience" concept.

As it has been mentioned before, we do believe that this adverse elements are not necessarily derived from the "open or closed" operation of the system but from "imperfections" in the country’s Administration itself. Furthermore we believe that this situation can and must be improved by several means and with the cooperation of all the parties involved.

Under these circumstances the role of the Maritime Administration is obviously very important and implies the modernization of the structures to cope with the challenges of modern shipping and the interests not only of the country concerned but also the international Community.
On the other hand, for a country like Panama whose economy depends to a great extent on the revenues derived from its merchant fleet, it is extremely necessary to continue with the strengthening of the programmes which have been initiated with great interest in order to be able to face the difficulties involved the operation of an open registry system.

Such interest has been demonstrated, among other things, throughout the adoption of several laws and regulations, active participation in international fora, ratification of international conventions (see Annex IV), establishment of the Maritime Admiralty Court, introduction of an examination program for officers and seamen, the current work on the preparation of a Maritime Labour Code and the recent request to IMO for technical assistance which gave origin to the IMO High Level Mission work done in Panama in order to study, together with the authorities concerned, the administration's structure, its problems and suggestions for improvement of the maritime sector.

Through the considerations of all these factors we can stress that one of the main steps to be taken in the right direction is to continue the efforts in order to strengthen the Maritime Administration in the area of safety of navigation and protection of the marine environment aiming to achieve a Maritime Safety Administration.

Another step should be taken towards the creation, within the operative structure of the Directorate General of Consular and Maritime Affairs, of a Department specially dealing with international organizations, namely ILO,
IMO, UNCTAD, etc., and in charge of studying both the ratified and not yet ratified conventions as well as the possibility of ratifying the latter, implementation, consequent adoption of national laws and regulations, and further development at national and international level. This will enable the Administration to have an active role and an effective response to the international requirements instead of dealing with the problems in isolation.

On the other hand the Maritime Administration as such is scattered in various ministries, departments and entities which leads to a lack of organization, efficiency and effectiveness. Without prejudicing the task of the reorganization of the Maritime Administration in the long run, it is possible to improve the coordination of the various activities and to promote efforts for the uniformity and rationalization of the maritime sector.

In order to improve the Administration it is also necessary and very important to improve the conditions of work, i.e. introduction of adequate and modern equipment, administration methods, such as, EDP systems, etc., to cope with the needs of an effective and properly organized Administration.

There is also a need to improve technical skills of maritime administrators, for instance through short-duration courses. For such a purpose it could be useful to involve the Nautical School in projects oriented to the preparation of administrative personnel dealing with maritime affairs.
Taking into account that shipping is a complex activity which needs wide and simplified legal framework to avoid bottlenecks in the operation of the activities, it is of great importance to make efforts to integrate, adjust and unify the maritime laws and regulations according to the present circumstances.

It is likewise important to strengthen the system of inspections of vessels and enquiries of marine casualties, specially at local levels and to develop the role of the Port State Control, the Contingency Plan for combating oil pollution, Surveillance, Search and Rescue and other activities.

As far as open registration is concerned, it could be of a great impact and importance to promote cooperation and coordination between open registry countries in order to make a system of control and operation of vessels uniform, to avoid malpractices and abuses of the system as well as to promote minimum safety standards according to IMO requirements.

Another important step that can be taken, even being an open registry country, is to make the necessary efforts in order to achieve Regional Cooperation on Port State Control so as to ensure that the minimum requirements for safety are achieved, taking into account the example given by the European countries with the Memorandum of Understanding on Port State Control, and followed by Japan, Canada and the United States.

With these targets aiming at establishing such global lineaments, we can in the meantime, continue working on
the improvement of the internal procedures taking into consideration the implementation of the detailed proposals elaborated by the IMO Mission in the document entitled "Technical Assistance Requirements to IMO for the Development of the Maritime Sector of Panama", which mainly covers the field of registration, safety of navigation, prevention and control of pollution, report systems, and education and training.
(1) ILLUECA, Jorge. We Must Take Advantage Of Our Fleet. Article published in Panamanian Ship. Panama, October 1983. pg. 1
ANNEX I

DRAFT SET OF BASIC PRINCIPLES CONCERNING THE CONDITIONS UPON WHICH VESSELS SHOULD BE ACCEPTED ON NATIONAL SHIPPING REGISTERS
(As at 30 April 1982)

THE MANNING OF VESSELS

Text agreed by the Group of 77, Group D and China

1. A flag State, for the purpose of ensuring that a genuine link exists between the flag State and the ship, shall ensure that [at least 50 per cent] of key officers and of the crew are its nationals. The percentage of key officers and the crew shall be determined by each flag state in accordance with its national legislation and regulations.

Text agreed by Group B

1. The employment of nationals of the State of registration as key officers and crew serving in its merchant fleet should be determined in accordance with its legislation and regulations. All suitably qualified nationals of the State of registration should subject to national employment objectives, be given a full and fair opportunity to participate in the manning of ships on their national register.

2. The manning of vessels should be of such a level and competence as to ensure safety at sea in conformity with generally accepted international rules and standards.

3. The terms and conditions of employment on board ships should be in conformity with generally accepted international rules and standards.

4. Seafarers should have access to appropriate civil legal processes to ensure their contractual rights in their relations with their employers.

THE ROLE OF FLAG COUNTRIES IN THE MANAGEMENT OF SHIPOWNING COMPANIES AND VESSELS

Text agreed by the Group of 77, Group D and China

1. A shipowning company shall establish a management office in the flag State before its vessels are registered in that State.

2. The manager of a shipowning company shall be a national of and domiciled in the flag State.

[The number and nationality of the managers of the management office of a shipowning company shall be determined by the flag State.]

\[a/\] Text agreed by China.

\[b/\] Group D and China can agree to paragraphs 2, 3 and 4 of this Group B text on condition that paragraph 1 of the text agreed by the Group of 77, Group D and China be agreed by Group B.

\[c/\] Text submitted by China to replace paragraph 2.
3. An operator (who is not an owner-operator) shall be either a national of and domiciled in the flag State, or an operator, national or non-national of the flag State, conducting his operations outside the flag State, in which case he shall be required to furnish suitable security as may be determined by the flag State. Financial security that may be required from an operator may be replaced by an appropriate guarantee provided by a governmental agency of the operator's country.

Text agreed by Group B

Safety of vessels and prevention of marine pollution

(a) Wider adoption and more effective enforcement by flag and port States of existing standards

The State of registration should adopt and implement those international conventions which set out the internationally agreed standards for the safety of vessels and the prevention of pollution of the marine environment. Ships on its register should comply with those rules concerning the construction, the equipment and the sea-worthiness of ships and the safety of persons on board. Each State of registration should ensure that all ships on its register will be surveyed by its authorized surveyors in order to ensure compliance with generally accepted international rules and standards.

In order to assist the State of registration in the performance of its duties, port States should carry out inspections in accordance with the provisions of the relevant conventions.

Co-operation between flag States and port States

(a) Facilitation of the provision of and access to information necessary to enable each other to carry out effectively their obligations

The State of registration should provide to any port State, when requested, all information which is relevant and necessary to enable the port State to carry out its obligations under international instruments. The State of registration should take appropriate action on any breaches of these instruments notified to it by the port State.

Administrative control

(a) States to have competent and adequate maritime administrations

A State should have a maritime administration of an adequate size and sufficient competence to ensure compliance with generally accepted international rules and standards.

(b) Information required when registering a ship

When entering a ship on its register a State of registration should require all the appropriate information necessary for full accountability concerning the ship.
EQUITY PARTICIPATION IN CAPITAL

Text agreed by the Group of 77, Group D and China

1. Any State registering vessels shall ensure adequate national participation in the equity of a shipowning company whose vessels are to be registered. The level of national participation in the equity shall be determined by the legislation or regulations of the flag State.

2. If vessels are owned by:

   (a) one individual, such individual shall be a resident national of the flag State;

   (b) a partnership, the flag State shall determine the level of national participation in order to exercise effective control and jurisdiction;

   (c) a company, including a State-owned company, such company shall be incorporated in the flag State and the flag State shall determine the level of national participation in the equity in order to exercise effective control and jurisdiction.

Text agreed by Group B

1. The State of registration should determine the level of equity participation in shipowning companies by nationals of that State in accordance with its legislation and regulations.

2. Shipowning companies should cooperate with the State in the implementation of its national objectives for equity participation by nationals through various means, including joint ventures.

JOINT VENTURES

Text agreed by Group B

Countries should promote, encourage and facilitate the establishment of joint ventures in shipping, inter alia, through the conditions for registration of ships including waiver arrangements which will permit co-operation between shipowners of different countries regarding elements such as manning, management, equity participation and technology. National and international financial institutions and aid agencies should contribute, as appropriate, to the establishment of joint shipping arrangements in developing countries.

(The Group of 77 reserved its right to submit a text on this point).

BAREBOAT ChARTERS

Text agreed by Group B, Group D and China

1. A State may grant registration and the right to fly its flag to a ship bareboat chartered by a charterer in that State. The registration and the right to fly its
flag should be limited to the period of the charter. The previous registration as regards the nationality of the ship should be suspended [or subject to the legislation of the States concerned]. A ship shall fly only the flag of the charterer.

2. The flag State of the ship bareboat chartered should ensure that such ship will be subject to its full jurisdiction and control.

3. The conditions and procedures for the above registration should be determined by the legislation and regulations of the States concerned.

Text agreed by the Group of 77.

1. A ship shall have the nationality of the State whose flag it is entitled to fly. No ship shall be registered simultaneously in the territory of more than one State, neither shall it have the right to fly the flag of more than one State at a time.

2. A contracting State may register a ship chartered on a bareboat basis for the period of the charter, provided that the ship is chartered from a contracting State and that the contracting State has issued a certificate evidencing withdrawal of registration for the period of the charter, and that the ship will not be registered in another State unless a certificate has been issued by the charterer's State to the effect that the ship is free from all encumbrances. All requirements other than equity participation shall apply when ships on bareboat charter are so registered in the charterer's State.

3. All terms and conditions, other than those specified in the previous paragraph, relating to the bareboat charter relationship are left to the contractual disposal of the respective parties.

IDENTIFICATION AND ACCOUNTABILITY

Text agreed by the Group of 77, Group B, Group D and China.

1. (a) A flag State should maintain a shipping register which should record, inter alia, information concerning the ship, and its owner and the operator, where the owner is not the operator. A flag State should keep official records of operators of ships flying its flag when the owner is not the operator and these records should be made available for inspection to anybody with a legitimate interest, in accordance with the national legislation and regulations of the flag State. A flag State should issue documentation as evidence of the registration of the ship.

[(b) A flag State should impose reporting requirements on corporate structures and corporate activities.] A/ 

A/ Text submitted by Group D.
B/ Text submitted by the Group of 77.
C/ Text submitted by Group B.
D/ Text submitted by the Group of 77.
(b) A flag State companies legislation should enable the accountable person in shipping companies to be identified.]

(c) Registers of ships should be available to those with a legitimate interest, in accordance with national legislation or regulations of the flag State.

2. (a) A flag State should take such measures as are necessary to ensure that owners, [operators and] the person or persons who can be held accountable for the management and operation of a ship on its register can be identified.

(b) A flag State should satisfy itself that the person or persons accountable for the management and operation of the ship are in a position to meet the financial obligations that may arise from the operation of the ship.

(c) A flag State should ensure that vessels carry information on the identity of the owners [operators] or persons accountable for the operation of the vessel and make available such information to a port State authority.

(d) In any case where a flag State requires an operator to furnish financial security, this security may be replaced by appropriate guarantees provided by a governmental agency of the operator's country.

3. Log books should be kept on all ships and retained for a reasonable period after the date of last entry, notwithstanding any change in a ship's name, and should be available for inspection and copying by parties with legitimate interests, in accordance with the legislation or regulations of the flag State. In the event of a ship being sold abroad, former log books should be retained and should be available for inspection and copying by parties with legitimate interests, in accordance with the legislation or regulations of the flag State.

[4. States shall not register any ship owned by a company which issues bearer shares.] i/

5. A flag State should ensure that direct contact between shipowners and their government authorities is not restricted.

MEASURES TO PROTECT THE INTERESTS OF LABOUR-SUPPLYING COUNTRIES

Text agreed by the Group of 77, Group B, Group D and China

1. UNCEDAD, UNDP and other appropriate international bodies should be requested to provide assistance to labour-supplying countries to adopt appropriate legislation to attract ships to their registers.

2. Urgency should be given to measures to safeguard the interests of labour-supplying countries, especially developing countries, including measures to protect against any labour displacement and consequent economic dislocation of developing labour-supplying countries following the implementation of these basic principles, bearing in mind the appropriate time-frame to be decided upon.

b/ Text submitted by Group B.

i/ Text submitted by the Group of 77.
3. The labour-supplying country should regulate the activities of the agencies within its jurisdiction that provide seafarers for ships in order to prevent abuses and to ensure the welfare of seafarers. For the protection of their seafarers, the labour-supplying countries should require, inter alia, suitable security from the owners or operators of ships employing such seafarers or from other appropriate bodies.

4. Developing countries supplying labour may take joint action with respect to the conditions upon which they will supply labour in accordance with these principles, including, inter alia, making regulations to protect their nationals who accept employment as seafarers on ships regardless of the flag of the ships.

5. In addition to any contract or arrangement that may be entered into by shipowners or operators and the trade unions of seamen or other representative seamen bodies, bilateral agreement may be entered into between a flag State and the labour-supplying country for the employment of the later’s seafarers.

ADDITIONAL MEASURES NEEDED TO ENSURE FULL JURISDICTION OF THE FLAG STATE OVER VESSELS WHICH FLY ITS FLAG

Text proposed by Group D and agreed by the Group of 77 and China

[1. There should be wider adoption and more effective enforcement by the flag State of existing rules and standards for the safety of ships and the prevention of pollution of the marine environment.

2. The flag State should ensure that all ships on its register will be surveyed by its authorized surveyors in order to ensure compliance with generally accepted international rules and standards.]

3. The flag State should provide to any port State, when requested, all information which is relevant and necessary to enable the port State to carry out its obligations in accordance with the principles of registration of ships and identification of shipowners and operators.

4. The port State should have a competent and adequate maritime administration to ensure compliance of ships with generally accepted international rules and standards concerning the principles of registration of ships, identification and accountability of shipowners and operators.

5. The flag State should adopt legislation providing for the compliance of ships on its register, as well as shipowners and operators, with the applicable principles ensuring the full jurisdiction of the flag State, including principles on identification. States complying with the above provision should recognize as valid, on the basis of reciprocity, documents to that effect without inspection of such ships.

TIME-FRAME FOR THE REGISTRATION OF VESSELS

This issue is to be considered at the second session.

PROCEDURES FOR REPORTING ON AND REVIEW OF THE IMPLEMENTATION

This issue is to be considered at the second session.

DEFINITIONS

These are to be considered at the second session.

[1/ Text bracketed at the request of the Group of 77, which agreed to consider these two paragraphs and reserved the right to raise additional issues under this item.]
## ANNEX II

Ministry of Finance and Treasury
Directorate General of Consular and Maritime Affairs

### ANNUAL GROWTH OF THE MERCHANT MARINE
Period: 1978 - 1986

<table>
<thead>
<tr>
<th>Year</th>
<th>REGISTRATIONS</th>
<th>CANCELLATIONS</th>
<th>NET GROWTH</th>
<th>TOTAL FLEET</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SHIPS GRT</td>
<td>SHIPS GRT</td>
<td>SHIPS GRT</td>
<td>SHIPS GRT</td>
</tr>
<tr>
<td>1978</td>
<td>977 4,576,523</td>
<td>902 3,064,739</td>
<td>75 1,511,784</td>
<td>8,745 22,124,571</td>
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<td>1979</td>
<td>1,232 4,808,909</td>
<td>669 2,606,165</td>
<td>563 2,202,744</td>
<td>9,308 24,585,315</td>
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<tr>
<td>1980</td>
<td>1,216 6,115,642</td>
<td>599 2,296,449</td>
<td>617 3,819,193</td>
<td>9,925 28,206,508</td>
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<td>1981</td>
<td>1,216 7,742,248</td>
<td>607 2,018,911</td>
<td>609 5,723,337</td>
<td>10,534 33,931,845</td>
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<tr>
<td>1982</td>
<td>1,313 10,279,457</td>
<td>702 4,138,376</td>
<td>611 6,141,081</td>
<td>11,145 40,072,926</td>
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<tr>
<td>1983</td>
<td>1,044 7,550,412</td>
<td>769 5,395,705</td>
<td>275 2,154,707</td>
<td>11,420 42,227,633</td>
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<tr>
<td>1984</td>
<td>1,123 10,445,618</td>
<td>722 3,928,174</td>
<td>401 6,517,444</td>
<td>11,821 48,745,077</td>
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<tr>
<td>1985</td>
<td>925 11,620,860</td>
<td>798 5,802,121</td>
<td>127 5,818,739</td>
<td>11,948 54,567,511</td>
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<tr>
<td>1986</td>
<td>847 10,510,904</td>
<td>836 7,024,831</td>
<td>11 3,486,073</td>
<td>11,959 58,049,890</td>
</tr>
<tr>
<td>1987*</td>
<td>530 6,579,032</td>
<td>479 3,644,139</td>
<td>51 2,934,893</td>
<td>12,010 60,924,703</td>
</tr>
</tbody>
</table>

Source: Directorate General of Consular and Maritime Affairs.
ANNEX III

CLASSIFICATION SOCIETIES RECOGNIZED AND AUTHORIZED TO ACT ON BEHALF OF THE PANAMANIAN GOVERNMENT

- AMERICAN BUREAU OF SHIPPING
- LLOYD'S REGISTER OF SHIPPING
- DET NORSKE VERITAS
- GERMANISHER LLOYD
- BUREAU VERITAS
- NIPON KAIJI KYOKAI
- CHINA CORPORATION REGISTER OF SHIPPING
- HELLENIC REGISTER OF SHIPPING
- JUGOSLAVENSKA REGISTAR BRODOVA
- KOREAN REGISTER OF SHIPPING
- REGISTRO ITALIANO NAVALE
- FIDENAVIS
- POLSKI REJESTER STATKOW (PRS)
- RINAVE PORTUGUESA, REGISTRO INTERNACIONAL NAVAL, SARL

- PANAMA BUREAU OF SHIPPING (Panamanian)
- NATIONAL ADJUSTERS AND SURVEYORS (Panamanian)
ANNEX IV

INTERNATIONAL CONVENTIONS RATIFIED
BY PANAMA
INTERNATIONAL MARITIME ORGANIZATION
CONVENTIONS


INTERNATIONAL LABOR ORGANIZATION CONVENTIONS

Convention № 9 — For establishing facilities for finding employment for seamen. Ratified by Executive Decree No. 159 of May 4, 1970.
Convention № 10 — Concerning the age for admission of children to employment in agriculture. Ratified by Executive Decree No. 160 of May 4, 1970.
Convention № 15 — Fixing the minimum age for the admission of young persons to employment as trimmers or stokers. Ratified by Executive Decree No. 163 of May 4, 1970.
Convenl ion No. 16 — Concerning the compulsory medical examination of children and young persons employed at sea. Ratified by Executive Decree No. 164 of May 4, 1970.

Convenl ion No. 17 — Concerning workmen’s compensation for accidents. Ratified by Law No. 43 of February 2, 1967.

Convenl ion No. 19 — Concerning equality of treatment for national and foreign workers as regards workmen’s compensation for accidents. Ratified by Executive Decree No. 165 of May 4, 1970.

Convenl ion No. 21 — Concerning the simplification of the inspection of emigrants on board ship. Ratified by Executive Decree No. 167 of May 4, 1970.

Convenl ion No. 22 — Concerning seamen’s articles of agreement. Ratified by Executive Decree No. 168 of May 4, 1970.

Convenl ion No. 23 — Concerning the repatriation of seamen. Ratified by Executive Decree No. 169 of May 4, 1970.

Convenl ion No. 26 — Concerning the simplification of the inspection of emigrants on board ship. Ratified by Executive Decree No. 170 of May 4, 1970.

Convenl ion No. 27 — Concerning the marking of the weight on heavy packages transported by vessels. Ratified by Executive Decree No. 171 of May 4, 1970.

Convenl ion No. 29 — Concerning forced or compulsory work in commerce and offices. Ratified by Law No. 57 of December 15, 1958.

Convenl ion No. 30 — Concerning the regulations of hours of work in commerce and offices. Ratified by Law No. 57 of December 15, 1958.

Convenl ion No. 32 — Concerning the protection against accidents of workers employed in loading or unloading ships (Revised 1932). Ratified by Executive Decree No. 40 of February 26, 1971.


Convenl ion No. 43 — For the regulation of hours of work in automatic sheet-glass work. Ratified by Executive Decree No. 172 of May 4, 1970.

Convenl ion No. 45 — Concerning the employment of women on underground work in mines of all kinds. Ratified by Law No. 57 of December 15, 1958.

Convenl ion No. 52 — Concerning annual holidays with pay. Ratified by Law No. 44 of February 2, 1967.

Convenl ion No. 53 — Concerning the minimum requirement of professional capacity for the masters and officers on board merchant ships. Ratified by Executive Decree No. 173 of May 4, 1970.

Convenl ion No. 55 — Concerning the liability of the shipowner in case of sickness, injury or death of seamen. Ratified by Executive Decree No. 41 of February 26, 12971.

Convenl ion No. 56 — Concerning sickness insurance for seamen. Ratified by Executive Decree No. 42 of February 26, 1971.

Convenl ion No. 58 — Fixing the minimum wage for the admission of children to employment at sea (Revised 1936). Ratified by Decree No. 174 of May 4, 1970.
Convention No. 63 —Concerning statistics of wages and hours of work in the principal mining and manufacturing industries, including building and construction, and in agriculture. Ratified by Executive Decree No. 43 of February 26, 1971.

Convention No. 64 —Concerning the regulation of written contracts of employment of indigenous workers. Ratified by Executive Decree No. 175 of May 4, 1970.

Convention No. 65 —Concerning penal sanctions for breaches of contracts of employment by indigenous workers. Ratified by Executive Decree No. 176 of May 4, 1970.

Convention No. 68 —Concerning food and catering for crews on board ship. Ratified by Executive Decree No. 44 of February 26, 1971.

Convention No. 69 —Concerning the certification of ships' cooks. Ratified by Executive Decree No. 45 of February 26, 1971.

Convention No. 71 —Concerning seafarers' pensions. Ratified by Executive Decree No. 46 of February 26, 1971.

Convention No. 74 —Concerning the medical examination of seafarers. Ratified by Executive Decree No. 47 of February 26, 1971.

Convention No. 77 —Concerning medical examination of children and young persons for fitness for employment in industry. Ratified by Executive Decree No. 49 of February 26, 1971.

Convention No. 78 —Concerning medical examination of children and young persons for fitness for employment in non-industrial occupations. Ratified by Executive Decree No. 177 of May 4, 1970.


Convention No. 86 —Concerning the maximum length of contracts of employment of indigenous workers. Ratified by Executive Decree No. 178 of May 4, 1970.

Convention No. 87 —Concerning free of association and protection of right to organize. Ratified by Law No. 45 of February 2, 1967.

Convention No. 88 —Concerning the organization of the employment service. Ratified by Executive Decree No. 179 of May 4, 1970.

Convention No. 89 —Concerning night work of women employed in industry (Revised 1948). Ratified by Executive Decree No. 180 of May 4, 1970.

Convention No. 92 —Concerning crew accommodation on board ship (Revised 1949). Ratified by Executive Decree No. 50 of February 26, 1971.

Convention No. 94 —Concerning labour clauses in public contracts. Ratified by Executive Decree No. 51 of February 26, 1971.

Convention No. 95 —Concerning the protection of wages. Ratified by Executive Decree No. 181 of May 4, 1970.

Convention No. 96 —Concerning fee-charging employment agencies (Revised 1949). Ratified by Executive Decree No. 52 of February 26, 1971.

Convention No. 98 —Concerning the application of the principles of the right to organize and to bargain collectively. Ratified by Law No. 27 of February 2, 1967.

Convention No 104 — Concerning the abolition of penal sanctions for breaches of contract of employment by indigenous workers. Ratified by Executive Decree No 182 of May 4, 1970.

Convention No 105 — Concerning the abolition of forced labour. Ratified by Law No 23 of February 1, 1966.

Convention No 107 — Concerning the protection and integration of indigenous and other tribal and semi-tribal populations in independent countries. Ratified by Executive Decree No 53 of February 26, 1971.


Convention No 110 — Concerning conditions of employment of plantation workers. Ratified by Executive Decree No 54 of February 26, 1971.


Convention No 112 — Concerning the minimum age for admission to employment as fishermen. Ratified by Executive Decree No 184 of May 4, 1970.

Convention No 113 — Concerning the medical examination of fishermen. Ratified by Executive Decree No 185 of May 4, 1970.

Convention No 114 — Concerning fishermen's articles of agreement. Ratified by Executive Decree No 186 of May 4, 1970.

Convention No 116 — Concerning the partial revision of the conventions adopted by the general conference of the international labour organization at its first thirty-two sessions for the purpose of standardising the provisions regarding the preparation of reports by the governing body of the international labour office on the working of conventions. Ratified by Executive Decree No 187 of May 4, 1970.


Convention No 120 — Concerning hygiene in commerce and offices. Ratified by Executive Decree No 188 of May 4, 1970.

Convention No 122 — Concerning employment policy. Ratified by Executive Decree No 189 of May 4, 1970.

Convention No 123 — Concerning the minimum age for admission to employment in underground mines. Ratified by Executive Decree No 190 of May 4, 1970.

Convention No 124 — Concerning the medical examination of young persons for fitness for employment in underground mines. Ratified by Executive Decree No 191 of May 4, 1970.

Convention No 125 — Concerning fishermen's certificate of competency. Ratified by Executive Decree No 192 of May 4, 1970.

Convention No 126 — Concerning accommodation on board fishing vessels. Ratified by Executive Decree No 57 of February 26, 1971.
## ANNEX V

Ministry of Finance and Treasury  
Directorate General of Consular And Maritime Affairs

### REVENUES DERIVED FROM THE MERCHANT MARINE ACTIVITIES  
Period: 1985

<table>
<thead>
<tr>
<th>Month</th>
<th>Total</th>
<th>Ship's Registration</th>
<th>Ship's Taxes</th>
<th>Consular Services</th>
<th>Ship's Documents</th>
<th>Miscellaneous Revenues</th>
<th>Others*</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>44,536.1</td>
<td>5,112.8</td>
<td>12,360.2</td>
<td>9,385.4</td>
<td>4,114.2</td>
<td>800.7</td>
<td>12,762.8</td>
</tr>
<tr>
<td>January</td>
<td>4,155.3</td>
<td>37.8</td>
<td>2,270.3</td>
<td>277.7</td>
<td>243.3</td>
<td>70.8</td>
<td>1,255.4</td>
</tr>
<tr>
<td>February</td>
<td>6,467.1</td>
<td>416.8</td>
<td>3,249.1</td>
<td>416.2</td>
<td>432.6</td>
<td>113.0</td>
<td>1,639.4</td>
</tr>
<tr>
<td>March</td>
<td>5,106.3</td>
<td>430.0</td>
<td>1,111.4</td>
<td>306.0</td>
<td>449.8</td>
<td>88.1</td>
<td>2,721.0</td>
</tr>
<tr>
<td>April</td>
<td>2,647.4</td>
<td>199.4</td>
<td>415.3</td>
<td>341.1</td>
<td>307.9</td>
<td>67.5</td>
<td>1,316.2</td>
</tr>
<tr>
<td>June</td>
<td>2,566.9</td>
<td>688.3</td>
<td>493.7</td>
<td>352.7</td>
<td>409.1</td>
<td>49.9</td>
<td>573.2</td>
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<tr>
<td>July</td>
<td>2,073.0</td>
<td>318.9</td>
<td>429.1</td>
<td>373.5</td>
<td>378.0</td>
<td>54.4</td>
<td>519.1</td>
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<tr>
<td>August</td>
<td>2,724.2</td>
<td>570.1</td>
<td>475.1</td>
<td>460.5</td>
<td>406.2</td>
<td>96.2</td>
<td>716.1</td>
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<tr>
<td>September</td>
<td>2,589.6</td>
<td>442.7</td>
<td>316.4</td>
<td>818.2</td>
<td>311.7</td>
<td>52.8</td>
<td>648.0</td>
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<tr>
<td>October</td>
<td>1,960.1</td>
<td>476.1</td>
<td>274.9</td>
<td>358.4</td>
<td>303.9</td>
<td>32.2</td>
<td>514.6</td>
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<tr>
<td>November</td>
<td>2,477.2</td>
<td>370.9</td>
<td>714.9</td>
<td>379.1</td>
<td>259.0</td>
<td>54.1</td>
<td>699.2</td>
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<tr>
<td>December</td>
<td>9,833.1</td>
<td>659.2</td>
<td>2,298.3</td>
<td>4,972.6</td>
<td>362.4</td>
<td>77.9</td>
<td>1,462.7</td>
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</table>

*Revenues derived from: Inspection fee, Casualty Investigation fee, Certificate of Competency, Public Registry and other duties.*

Source: Directorate General of Consular and Maritime Affairs.
## TABLE VI

REVENUES DERIVED FROM THE MERCHANT MARINE ACTIVITIES

BY ITEMS .- 1981-1986

(million of dollars)

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>TREASURY</td>
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<td>Registration</td>
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<tr>
<td>of ships</td>
<td>4.9</td>
<td>6.3</td>
<td>4.8</td>
<td>6.0</td>
<td>5.7</td>
<td>6.1</td>
</tr>
<tr>
<td>Ship’s taxes</td>
<td>12.5</td>
<td>12.2</td>
<td>13.2</td>
<td>15.1</td>
<td>14.9</td>
<td>15.4</td>
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<tr>
<td>Consular services</td>
<td>6.0</td>
<td>6.2</td>
<td>5.1</td>
<td>5.1</td>
<td>4.5</td>
<td>5.6</td>
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<tr>
<td>Ship’s documents</td>
<td>3.1</td>
<td>3.1</td>
<td>4.4</td>
<td>5.4</td>
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</tr>
<tr>
<td>Miscellaneous revenues</td>
<td>1.4</td>
<td>1.3</td>
<td>0.8</td>
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<td>2.3</td>
<td>3.1</td>
</tr>
<tr>
<td>Others *(1)</td>
<td>2.1</td>
<td>2.6</td>
<td>2.1</td>
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<td>2.5</td>
</tr>
<tr>
<td>SPECIAL</td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>FUNDS (1)</td>
<td>5.4</td>
<td>7.9</td>
<td>9.8</td>
<td>10.1</td>
<td>10.9</td>
<td>8.4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>35.4</td>
<td>39.6</td>
<td>40.2</td>
<td>45.8</td>
<td>44.6</td>
<td>44.8</td>
</tr>
</tbody>
</table>

*SOURCE: Directorate General of Consular and Maritime Affairs

*Refers to Public Registry, Licenses, Telexes, cables, stamps.

(1) Includes Tonnage Measurement and certificates, Inspection Program and certificates, telexes and cables.
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