

DECREE LAW NO. 7 (of 10 February 1998)

"Creating the Maritime Authority of Panama"

Published in the Gaceta Oficial, No. 23,484,
Tuesday, 17 February 1998

NATIONAL EXECUTIVE
DECREE LAW NO. 7
(of 10 February 1998)

"Creating the Maritime Authority of Panama, unifying the various
maritime jurisdictions of the Public Administration and
enacting other provisions"

THE PRESIDENT OF THE REPUBLIC

Pursuant to his constitutional powers, in particular the power
conferred by article 1, paragraph 3, of Law No. 1 of 2 January
1998, the Cabinet Council having given a favourable opinion,

DECREES:

CHAPTER I
Description, definitions and general rules

Article 1

An autonomous State body, called the Maritime Authority of Panama (hereinafter "the Authority"), shall be created with legal personality, its own assets, and independence in its internal arrangements, subject only to the policies, guidance and supervision of the Executive and to the controls of the Office of the Controller-General of the Republic. For the purposes of this Decree Law, the Executive shall exercise its powers through the Ministry whose Minister presides over the Authority's Board of Directors.

The creation of the Authority institutionalizes the manner in which the coordination of all the institutions and authorities of the Republic having a connection with the maritime sector shall be effected, in accordance with the last paragraph of article 311 of the Constitution of the Republic of Panama, so that the Authority shall enjoy all the rights and privileges which guarantee its status of supreme authority for the implementation of the "National Maritime Strategy".

Article 2

For the purposes of the application and regulation of this Decree Law, the following terms used therein shall have the meaning defined below:

1. Maritime sector means all activities related to the merchant marine, ports system, marine and coastal resources, human resources and auxiliary maritime industries of the Republic of Panama;
2. Maritime jurisdictions means all the responsibilities of the coastal, port and flag State in the maritime zones and sea lanes and in the physical, administrative, economic and legal activities carried on therein. This term includes the administration of the human resources engaged in the activities mentioned above;
3. National Maritime Strategy means all the policies, plans, programmes and guidelines adopted in this area by the State of Panama in order to promote the development of the maritime sector;
4. Marine and coastal resources means all the renewable and non-renewable resources found between the coast and the outer limit of the exclusive economic zone of the Republic of Panama, with the exception of mineral and hydrocarbon resources;
5. Coastal zone means the interface or transitional space between two environmental realms: the land and the sea;
6. Maritime zones and internal waters means the zones and waters defined in Law No. 38 of 4 June 1996, which ratified the United Nations Convention on the Law of the Sea, signed on 10 December 1982 at Montego Bay, Jamaica. This term includes the territorial sea, the contiguous zone, the internal waters, the exclusive economic zone and the continental shelf of the Republic of Panama;
7. Coast means the land part of the coastal zone adjacent to the high-water line. The land area of the coast depends on the public use assigned to it in a programme of integrated coastal management, in accordance with such criteria as: control of residential, tourism, commercial and industrial development; protection of vulnerable species and habitats; aesthetic protection of the coastline; protection of water quality; and prevention of erosion and degradation of coastal resources;
8. Integrated coastal management programme means a process uniting Government and communities, science and management, and public and private interests in the preparation and implementation of an integrated plan for the conservation and development of coastal resources and ecosystems. The purpose of integrated coastal management is to improve the quality of life of the communities which depend on coastal resources and to maintain the productivity and biodiversity of these ecosystems;
9. Hydrobiological resources means the aquatic species which live temporarily or permanently in the marine or inland waters over which the Republic of Panama exercises jurisdiction.

Article 3

The Authority's principal objectives shall be:

1. To administer, promote, regulate, design and execute policies, strategies, laws and regulations, plans and programmes relating, directly, indirectly or by association, with the functioning and development of the maritime sector;
2. To coordinate its activities with the Panama Canal Authority, the Interoceanic Regional Authority, the Tourism Institute of Panama, the National Institute for Renewable Natural Resources, and any other institution or authority having a connection with the maritime sector which exists or may be established in the future, with a view to promoting the country's social and economic development;
3. To act as the supreme maritime authority of the Republic of Panama in the exercise of the rights and discharge of the responsibilities of the State of Panama under the United Nations Convention on the Law of the Sea of 1982

and other current laws and regulations.

Article 4

The Authority shall have the following functions:

1. To propose, coordinate and carry out the National Maritime Strategy;
2. To recommend policies and measures, perform administrative acts, and enforce the laws and regulations applicable to the maritime sector;
3. To carry out measures to safeguard the national interests in the maritime zones and internal waters;
4. To administer, preserve, restore and exploit marine and coastal resources;
5. To work together with the Ministry of Agricultural Development to ensure that the country's aquatic resources are developed in strict compliance with the international obligations of the State of Panama, for which the Authority bears the primary responsibility;
6. To ensure strict compliance with the provisions of the United Nations Convention on the Law of the Sea of 1982 and with the other international treaties, agreements and instruments relating to the maritime sector which have been ratified by Panama;
7. To assess and propose to the Executive, and to other State bodies which so require, the necessary measures for the adoption of international treaties and agreements relating to activities carried on within the maritime sector;
8. To represent Panama in international organizations with respect to maritime sector matters, in coordination with the Ministry of Foreign Affairs;
9. To coordinate with the National Maritime Service the enforcement of national legislation in the maritime zones and internal waters of the Republic of Panama;
10. To keep up to date the system of signs and signals, navigational aids, nautical charts and other hydrographic information necessary for the safe passage of vessels through the maritime zones and internal waters of the Republic of Panama, in accordance with the Constitution and laws of the Republic;
11. To direct, in coordination with the other competent State bodies, the necessary operations for dealing with discharges of hydrocarbons or chemicals and with any other disasters or accidents which occur in the maritime zones or internal waters under Panamanian jurisdiction;
12. To coordinate with the National Institute for Renewable Natural Resources, or its equivalent, the application of the provisions of the United Nations Convention on the Law of the Sea and of national legislation concerning the protected maritime coastal areas for which the Authority is responsible;
13. Any other functions assigned to it by law.

CHAPTER II

Assets, finances and controls

Section 1 Assets

Article 5

The Authority's assets shall consists of:

1. All the moveable and immoveable property which at today's date belongs to any of the agencies of the Public Administration which, pursuant to the present Decree Law, become part of the Authority;
2. The legacies, gifts and bequests made to it, which shall be deposited in the reserves;
3. The yield from shares, securities, bonds and other financial instruments which it owns;
4. The grants received from the State;
5. The fees charged for the services which it provides and the income from its direct management or from the concessions which it grants;
6. The proceeds of the monetary fines imposed by the Authority;
7. Any other property or assets authorized by legislation or regulations or by the Board of Directors;

Section 2 Finances and controls

Article 6

In order to ensure the development of the maritime sector, the Authority shall have the following powers:

1. To encourage the creation and development of private or mixed enterprises in the maritime sector by providing guarantees, by leasing assets, or by any other means;
2. To participate in the share capital of private or mixed enterprises by purchasing shares or other financial instruments of such enterprises when they are established;
3. To buy, sell, lease or deal in property of any kind, to grant concessions, to recruit specialized technical personnel, to construct works and plan or implement its programmes in accordance with the legislation in force;
4. To prepare and submit recommendations to the Executive with respect to the classification of posts and the amounts of salaries and other benefits applicable to executive-level officials, managers and technical personnel of the Authority. To this end, the Executive, through the Office of the President, shall introduce the necessary regulations

for adapting the current legislation on the civil service to the specialized nature of the services to be furnished by the staff of the Authority;

5. To use its economic resources to maintain the qualifications of the Authority's staff at a proper level;
6. To establish rates of payment for the services that it provides;
7. Any other powers assigned to it by the Executive or by law.

Article 7

The State shall be jointly responsible for the liabilities contracted by the Authority.

Article 8

The Authority shall have coercive jurisdiction, which shall be exercised by the Administrator, who may delegate this power to other employees of the Authority.

Statements certified by the auditors concerning the outstanding debts owed to the Authority shall confer the power of enforcement for the purposes of the coercive jurisdiction possessed by the Authority.

Article 9

The Authority shall be exempt from payment of any kind of tax, contribution, fee, charge or duty, with the exception of the contributions for social security and for education and occupational risks insurance.

The Authority shall enjoy all the facilities and privileges accorded to the State by procedural legislation in any legal proceedings to which it is a party.

Article 10

Without prejudice to the powers which the Constitution confers on the Office of the Controller-General of the Republic, the Authority shall have its own audit arrangements.

Article 11

Any construction of works, purchase or leasing of property, provision of services, operation or administration of property, or management of administrative functions which the Authority may require shall be effected in accordance with the legislation governing and regulating public contracts.

However, the Executive, through the Office of the President, may introduce regulations allowing the Authority to choose the most appropriate delivery or completion time for the construction of works, supply of goods, or provision of services, with a view to adapting the current legislation on public contracts to the very specialized nature of the services to be furnished by the Authority.

CHAPTER III

Administrative organization

Section 1

Organic structure

Article 12

The Authority's organic structure shall be composed as follows:

1. Senior management:
 - (a) The Board of Directors;
 - (b) The Administrator;
 - (c) The Deputy Administrator.
2. Administrative service and programme implementation agencies:
 - (a) The Office of the Merchant Marine;
 - (b) The Office of Ports and Auxiliary Maritime Industries;
 - (c) The Office of Marine and Coastal Resources;
 - (d) The Seafarers' Office;
 - (e) Other offices, sub-offices or administrative units which may be created by the Board of Directors.
3. The Advisory Council.
4. The Panamanian Maritime Research Institute.

The functioning and internal organization of all the bodies referred to in this article shall be brought into conformity with the provisions of the present Decree Law and the regulations introduced in application thereof.

Article 13

The Authority may perform its functions and exercise its powers directly or through existing institutions or institutions which may be created, in accordance with the conditions specified in the agreements adopted for this purpose.

With regard to the coordination which is to be established between the Maritime Authority of Panama and the Panama Canal Authority, and in the light of the provisions of Title XIV of the Constitution and Law 19 of 11 June 1997, the Authority shall conclude with the Panama Canal Authority any agreements necessary for ensuring harmonious relations with each other, in fulfilment of the international obligations of the State of Panama, for which

the Maritime Authority of Panama bears the primary responsibility.

It is understood that the functions and powers which this Decree Law confers on the Authority shall not affect the powers of the Panama Canal Authority in matters connected with the administration, functioning, preservation, maintenance and modernization of the Panama Canal or of related activities, in accordance with the constitutional rules and the Law of 11 June 1997 and its regulations.

Section 2 The Board of Directors

Article 14

The Authority's Board of Directors shall consist of seven members and their deputies, namely:

1. A cabinet minister designated by the President of the Republic, who shall preside over the Board; in his absence his place shall be taken by his Deputy Minister;
2. The Minister for Canal Affairs; in his absence his place shall be taken by the Administrator of the Panama Canal Authority;
3. A professional with knowledge and experience of maritime law;
4. A businessman with experience in the maritime sector;
5. A leading professional in the training of human resources for the maritime sector;
6. A leading professional in nautical sciences;
7. A leading professional in the management of marine resources.

The Directors referred to in paragraphs 3 to 7 and their deputies shall be appointed by the Executive.

The Directors and their deputies shall be appointed for a period of five (5) years, which shall coincide with the presidential term of office, and they may be re-appointed for an additional period.

A Director may be removed from the Board only for the reasons specified in this Decree Law.

Transitional paragraph. The first Directors of the Authority shall serve until 31 August 2004.

Article 15

In order to be a Director of the Authority a person must:

1. Be of Panamanian nationality and of recognized integrity;
2. Be aged over 25 years;
3. Not have been convicted by a court of fraud or an offence against the Public Administration;
4. Not have, at the time of his appointment, a relationship of the fourth degree of consanguinity or the second degree of affinity with any other member of the Board of Directors.

Article 16

In view of their status, the Authority's Directors shall not receive a salary or entertainment allowance, but they may receive a subsistence allowance for attending the meetings of the Board of Directors.

Article 17

The Board of Directors shall meet in ordinary session at least once a month, and in extraordinary session when convened by the Administrator or two members of the Board.

The quorum for meetings of the Board of Directors shall be a majority of its members, and its decisions shall be taken by majority vote, in accordance with the rules of procedure.

Article 18

The Board of Directors shall have the following functions and powers:

1. To propose to the Executive the development policy for the maritime sector and the National Maritime Strategy;
2. To propose to the Executive the establishment of a method of valuing the resources of the maritime sector in the System of National Accounts, in order to provide tools for facilitating planning and the allocation of these resources;
3. To adopt administrative, scientific and technological policies to promote and secure the competitiveness and profitability of the maritime sector and the development of its human resources;
4. To coordinate the Authority's services with those of other public institutions having a direct or indirect connection with the maritime sector;
5. To propose, and coordinate with the competent agencies, the necessary measures for the protection and conservation of the marine environment;
6. To examine and approve the Authority's annual plan and annual budget prepared by the Administrator;
7. To organize the Authority and, in general, to adopt any measures which it deems appropriate on the organization and functioning of the maritime sector;
8. To adopt the rules of procedure of the Authority and its own rules of procedure;
9. To establish a structure and regulations for the fees and charges for the services provided by the Authority and to determine, fix, alter and impose such fees and charges;
10. To propose to the Executive the delimitation of the sea and land areas within which the Authority shall exercise its jurisdiction;
11. To authorize transactions and contracts for sums in excess of one million balboas (B1,000,000);
12. To request the Executive, when absolutely necessary, to obtain legal control of specific areas, or expropriate them, with a view to achieving the Authority's objectives;
13. To settle, as the body of last resort, the claims and appeals of the users of the National Maritime

Administration, terminating administrative recourse with respect to the actions taken by the Administrator;

14. To supervise the Administrator's management, ensure prior scrutiny of his actions, and require him to render account thereof;
15. To confirm the appointment of the executive-level managerial and technical staff of the Authority proposed by the Administrator;
16. To consider the recommendations made by the Panamanian Maritime Research Institute;
17. The other functions specified in laws or regulations.

Article 19

A Director of the Authority shall be suspended and, if necessary, removed from his post for the commission of fraud or an offence against the Public Administration.

Such suspension or removal shall be effected without prejudice to any criminal sanction which may be necessary.

A Director may also be suspended or removed from his post on the grounds of verified physical, mental or administrative incapacity by decision of the Executive.

Section 3 The Advisory Council

Article 20

The Advisory Council shall have the following members:

1. The Deputy Administrator of the Authority;
2. The Secretary-General for Science, Technology and Innovation (SENACYT) of the Office of the President;
3. The Director for International Affairs of the Ministry of Foreign Affairs;
4. The Director for International Affairs of the Ministry of Labour and Social Welfare;
5. The Director-General of the Panamanian Foreign Trade Institute;
6. The President of the Chamber of Commerce of Panama;
7. The Secretary-General of one of the Panamanian seafarers' social organizations which the Minister of Labour and Social Welfare sees fit to suggest.

Article 21

The Deputy Administrator of the Authority shall act as secretary of the Advisory Council and may delegate his functions to any of the directors of the Authority's Offices.

Article 22

The Advisory Council shall hold ordinary meetings once a month or whenever the Board of Directors deems it appropriate or necessary to seek its advice.

Article 23

The Advisory Council shall have the following functions:

1. To advise the Administrator of the Authority on matters related to the maritime sector, the performance of the Authority's functions, and the regulation of the practices of the maritime jurisdictions which are submitted for its consideration;
2. To provide a link, through their respective representatives, between the Authority and the bodies represented on the Advisory Council;
3. To put motions to the Administrator for the proposal of measures to improve and develop the maritime sector and render it more efficient;
4. To adopt its own rules of procedure.

Section 4

The Administrator and the Deputy Administrator

Article 24

The Executive shall appoint the Administrator and the Deputy Administrator of the Authority. The Administrator shall be the legal representative of the Authority, and this function shall be delegated to the Deputy Administrator in the event of the Administrator's temporary or permanent absence.

The Administrator shall also be responsible for the entire administration of the Authority and, subject to the authorization of the Board of Directors in the cases in which this Decree Law so requires, he may effect all kinds of operations, transactions, agreements or contracts which may be required under this Decree Law.

Article 25

In order to be Administrator or Deputy Administrator of the Authority a person must:

1. Be of Panamanian nationality and of recognized integrity;
2. Be aged over 25 years;
3. Not have been convicted of fraud or an offence against the Public Administration;
4. Hold a university degree in maritime administration, public administration, business administration, international relations, law, economics or politics, or some other university degree similar or equivalent to these degrees; or

Have been employed for a period of at least five (5) years in work connected with the control, management and administration of shipping or marine resources, or with the administration or supervision of matters connected

with the safety of navigation or the operation of ships in general.

Article 26

The Administrator and the Deputy Administrator shall be appointed for a period of five years, which shall coincide with the presidential term of office, and may be re-appointed for an additional period.

Transitional paragraph. The first Administrator and Deputy Administrator of the Authority shall serve until 31 August 2004.

Article 27

The Administrator shall have the following functions:

1. To prepare and submit to the Board of Directors a proposal for the establishment of a method of valuing the resources of the maritime sector in the System of National Accounts, in order to provide tools to facilitate planning and the allocation of these resources;
2. To prepare, for approval by the Board of Directors, the policies, plans and programmes of the maritime sector. Once these plans, policies and programmes have been approved, they shall be carried out by the corresponding Offices of the Authority;
3. To prepare the Authority's draft budget and submit it to the Board of Directors for approval;
4. To submit to the Board of Directors an annual report and any other reports which it may request;
5. To appoint and establish any advice, consultation, execution and coordination units for the Authority which he may deem fit, subject to prior authorization of the Board of Directors and in accordance with the Authority's rules of procedure;
6. To propose to the Board of Directors the appointment of the Authority's executive-level managerial and technical staff;
7. To appoint, transfer, promote, suspend, terminate and remove junior staff members, in accordance with the relevant provisions of the law and the Authority's rules of procedure;
8. To ensure that the recommendations made by the Authority's Offices are the result of coordination between them;
9. To conclude contracts and agreements and carry out transactions and operations in accordance with the Authority's terms of reference in amounts not in excess of one million balboas (B1,000,000), subject to the provisions of the law, without prejudice to prior and subsequent scrutiny by the Board of Directors, and in conformity with the provisions governing and regulating public contracts and with the Authority's rules;
10. To sell, alienate, exchange or transfer moveable and immoveable property of the Authority whose value does not exceed fifty thousand balboas (B50,000);
11. To identify, collect and keep account of the taxes, fees and other charges which must be paid by all the contributors to and users of the Authority;
12. To settle, as the body of last resort, the claims and appeals of the users of the National Maritime Administration, terminating administrative recourse with respect to the actions of the directors of the Authority's

Offices;

13. To perform all the other functions and exercise all the other powers specified in the legislation and in the Authority's rules, as well as those conferred by the Executive or the Board of Directors;

14. To represent the Authority in the Tripartite Commission created by Cabinet Decree No. 76 of 11 July 1990, and therefore the said Cabinet Decree is amended accordingly.

Article 28

The Deputy Administrator shall fill the vacancy in the post of Administrator produced by his resignation or death or by any other cause, until the replacement is appointed or takes up the post.

The Deputy Administrator shall perform the functions assigned to him by the Board of Directors and the Administrator, as well as the functions described in the Authority's rules of procedure.

Article 29

The Administrator and Deputy Administrator may be suspended or removed from their posts only by the Executive, pursuant to a decision taken by a majority vote of the members of the Board of Directors, on the grounds of manifest physical, mental or administrative incapacity or following a conviction for fraud or an offence against the Public Administration.

The suspension or removal of the Administrator or Deputy Administrator shall be effected without prejudice to any criminal sanction which may be necessary.

CHAPTER IV

Office of the Merchant Marine

Article 30

The Office of the Merchant Marine shall have the following functions:

1. To carry out on an exclusive basis all the administrative procedures relating to the registration of vessels in the National Merchant Marine;
2. To authorize and assign to other officials of Panama's Public Administration appointed for this purpose by the Authority the implementation of procedures relating to the provisional registration of vessels and preliminary registration of titles of ownership and other property rights to be granted in respect of vessels registered in the National Merchant Marine;
3. To establish the schedule for the payment of taxes, fees and other charges which must be paid by vessels registered in the National Merchant Marine;
4. To receive all the funds collected and remittances relating to the National Merchant Marine from the officials in the service of the Authority overseas, and to impose sanctions on these officials if they fail to discharge their legal and disciplinary duties;
5. To enforce, on vessels of Panamanian registration, the national legislation and the regulations contained in the

international agreements ratified by the Republic of Panama with respect to the safety of navigation, maritime safety, and the prevention and control of marine pollution;

6. To investigate, itself or through third parties, such third parties being either officials or private individuals, nationals or foreigners, accidents at sea, spills or pollution of the sea involving a vessel of Panamanian registration, or a vessel of any nationality in the maritime zones and internal waters of Panama;
7. To enforce the national legislation and the regulations contained in the international agreements ratified by the Republic of Panama concerning the State supervision of ports;
8. To impose appropriate sanctions on persons who violate the legislation and regulations on the administration of the National Merchant Marine;
9. To perform the other functions assigned to it by the Administrator and the Board of Directors of the Authority.

CHAPTER V

Office of Ports and Auxiliary Maritime Industries

Article 31

The Office of Ports and Auxiliary Maritime Industries shall have the following functions:

1. To propose and coordinate the plans for development of the national ports system and to take appropriate action to that end;
2. To implement a general plan for the development of the national ports system, in accordance with the policies issued by the Office of the Administrator;
3. To construct, improve, expand and maintain the ports and commercial port installations in public use, in accordance with the policies laid down by the Office of the Administrator. It may construct works itself or have them constructed by other specialized State agencies or by private individuals;
4. To operate the port services mentioned in the preceding paragraph and to monitor and control the ports and installations which it does not operate directly;
5. To operate the national ports and port installations which are not run under concessions by private companies and which are not ports or port installations of the armed forces or of the Panama Canal Authority;
6. To administer and control concessions for the operation of the existing national ports or others which may be constructed in the future;
7. To improve the navigation, manoeuvring and berthing facilities for vessels calling at the national ports and, in general, to provide the services which these vessels require for the efficient handling of cargo and the usual supplies, and to regulate these activities within the port areas;
8. To load, unload, transship, store, guard and deliver to the consignees or their representatives, either itself or through concessionaires, the merchandise, products or other goods which are loaded or unloaded;
9. To establish an appropriate schedule for payment of fees and duties for port services;

10. To promote the adaptation of auxiliary maritime enterprises to the requirements of the traffic using the Panama Canal and the ports system;
11. To impose appropriate sanctions on persons who violate the legislation and regulations on the administration of ports and auxiliary maritime industries;
12. To perform the other functions assigned by the Administrator and the Board of Directors of the Authority.

CHAPTER VI

Office of Marine and Coastal Resources

Article 32

The Office of Marine and Coastal Resources shall have the following functions:

1. To administer the marine and coastal resources of the State of Panama;
2. To promote and coordinate with the National Institute for Renewable Natural Resources, or its equivalent, plans to ensure appropriate use of marine, coastal and lacustrine resources, in such a way as to facilitate their conservation, recovery and sustainable use;
3. To implement, direct, control and evaluate the integrated coastal management programmes, in accordance with the policies issued by the Office of the Administrator;
4. To ensure strict compliance with the legislation and regulations governing the use of marine and coastal resources and the conduct of activities which depend on these resources;
5. To propose the adoption of fisheries regulations applicable to fishing vessels operating under foreign flags in waters under the jurisdiction of the Republic of Panama;
6. To process applications for and keep a register of licences for the use of the country's marine and coastal resources, and to set limits on and supervise the proper conduct of such activities;
7. To promote the coordinated participation of the production sectors as strategic allies in the management and development of the coastal zone;
8. To establish arrangements for improving the scientific and technological qualifications of personnel involved in the administration of marine and coastal resources;
9. To encourage scientific research as a fundamental factor of the good management of marine and coastal resources;
10. To coordinate and agree with the Authority's Offices and with the National Institute for Renewable Natural Resources, or its equivalent, and to propose to the Administrator the necessary measures for the protection and conservation of the marine environment;
11. To establish an appropriate schedule for payment of the fees and duties relating to the exploitation and use of marine and coastal resources;

12. To impose appropriate sanctions on persons who violate the legislation and regulations on the administration of marine and coastal resources;
13. To ensure compliance with environmental legislation and legislation on the management, conservation, restoration and exploitation of the marine environment;
14. To perform the other functions assigned to it by the Administrator and the Board of Directors of the Authority.

CHAPTER VII

Seafarers' Office

Article 33

The Seafarers' Office shall have the following functions:

1. To enforce the legislation on the education, training, qualifications and protection of seafarers, in accordance with the provisions of the international agreements ratified by the Republic of Panama;
2. To ensure strict compliance with the minimum rules on the manning of vessels of Panamanian registration in terms of the safety of navigation;
3. To administer the Nautical School of Panama;
4. To authorize, control and supervise the conduct of the education and training programmes of any other institutions offering nautical or maritime education in general;
5. To conduct inspections of the working, living and accommodation conditions on vessels flying the Panamanian flag, in order to ensure strict application of the national legislation and the international agreements ratified by the Republic of Panama concerning work at sea and in sea lanes;
6. To submit a written report to the relevant authorities, describing anomalies or infractions discovered during the inspections referred to in paragraph 5 of this article, and to recommend the imposition of appropriate sanctions;
7. To establish an appropriate schedule for payment of the fees and duties relating to the services which it provides;
8. To perform the other functions assigned to it by the Administrator and the Board of Directors of the Authority.

CHAPTER VIII

Panamanian Maritime Research Institute

Article 34

The Panamanian Maritime Research Institute shall be created as the lead agency for applied research in the maritime sector, in which the users of all of the services furnished by the Authority shall be involved.

Article 35

The Institute shall have the following functions:

1. To conduct, promote and direct applied research, with a view to advancing the orderly and sustained development of the maritime sector;
2. To prepare and submit recommendations to the Board of Directors of the Authority.

Transitional paragraph. The Board of Directors of the Authority shall appoint five (5) staff members to form the Institute's first executive secretariat, whose function shall be to encourage membership by the private sector and propose the Institute's rules of procedure. Once it has been set up, the Institute shall determine its organization and functioning.

CHAPTER IX
Transitional clauses

Article 36

On the promulgation of the present Decree Law the following agencies and offices of the Administration shall cease to exist as such and become part of the Authority:

1. The Consular and Shipping Office of the Ministry of Finance and the Exchequer;
2. The Office of Marine Resources of the Ministry of Trade and Industry;
3. The National Ports Authority;
4. Any other body which is integrated in the Authority by the Executive.

Article 37

All the property, rights, budgets and personnel of the bodies mentioned in article 36 shall be transferred to the Authority. The Authority shall also assume responsibility for the liabilities of these bodies at the time when this Decree Law enters into force.

The Executive shall adopt the necessary measures to effect the transfers referred to in this article, respecting in all cases acquired rights and existing concessions.

Article 38

All the property, rights, budget and personnel of the Nautical School of Panama shall be transferred to the Authority. The Authority shall also assume responsibility for the School's liabilities at the time when this Decree Law enters into force.

Article 39

The Executive may delegate to the Authority some of the functions of the Public Registry with respect to the constitution, amendment, cancelation or liquidation of titles of ownership to or mortgages on ships and to the

registration of precautionary or interim protection measures pertaining thereto.

The Executive may also assign to the Authority some of the functions currently performed by the National Maritime Service, in order to secure faithful and comprehensive compliance with the legislation and regulations governing the maritime zones of the Republic of Panama.

Article 40

The National Maritime Commission shall be responsible for effecting the transfer of the agencies and offices which are to become part of the National Maritime Authority created by the present Decree Law, in accordance with an executive decree to be issued for this purpose.

CHAPTER X

Final clauses

Article 41

Once the Authority has come into operation, the provisions of the laws and decrees listed below shall be expressly abrogated only with respect to the establishment of the bodies, agencies and offices which, pursuant to article 36 of the present Decree Law, are to be integrated in the Authority: Law No. 2 of 17 January 1980, Decree Law No. 17 of 26 October 1989, Cabinet Decree No. 33 of 9 February 1990, Law No. 36 of 6 July 1995, Law No. 42 of 2 May 1974, Law No. 2 of 11 February 1982, Cabinet Decree No. 225 of 16 July 1969, Decree No. 16 of 11 May 1979, and Decree No. 755 of 5 October 1971.

The present Decree Law abrogates all the legislation and regulations which conflict with it.

Article 42

This Decree Law shall have immediate effect and shall enter into force on its promulgation.

LET IT BE COMMUNICATED AND PUBLISHED

Done in Panama City on the tenth day of the month of February of the year one thousand nine hundred and ninety-eight (1998).

Ernesto Pérez Balladares

President of the Republic

The Minister of Government and Justice,
Raúl Montenegro Diviázo

The Minister for Foreign Affairs a.i.,
Olmedo David Miranda, Jr.

The Minister of Finance and the Exchequer,
Miguel Heras Castro

The Minister of Education,

Pablo Antonio Thalassinos

The Minister of Public Works,
Luis Enrique Blanco

The Minister of Health,
Aida Libia Moreno de Rivera

The Minister of Labour and Jobs Development,
Mitchell Doens

The Minister of Trade and Industry,
Raúl Arango Gasteazoro

The Minister of Housing,
Francisco Sánchez Cardenas

The Minister of Agricultural Development,
Carlos A. Sousa-Lennox M.

The Minister of Planning and Economic Policy,
Guillermo O. Chapman, Jr.

The Minister for Canal Affairs,
Jorge Eduardo Ritter

The Minister for Youth, Women, Children and the Family,
Leonor Calderon A.

Olmedo David Miranda, Jr.
Minister for the Office of the President and
Secretary-General of the Cabinet Council