CONDITIONS IN SHIPS FLYING THE PANAMA FLAG

Report of the Committee of Enquiry of the International Labour Organisation

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CONTENTS

INTRODUCTION .................................................. 1

CHAPTER I. Procedure of the Committee of Enquiry ............... 3

CHAPTER II. Findings of the Committee .......................... 8
The Panama Merchant Marine ....................................... 8
The Legislation of Panama concerning Maritime Affairs and
Seafarers' Conditions .............................................. 11
Application of Panamanian Legislation in Practice ............... 22

CHAPTER III. Conclusions of the Committee ....................... 37
The Legislation of Panama ........................................... 37
Application of the Legislation ....................................... 38
Justification for the I.T.F. Charges ................................ 38

CHAPTER IV. Recommendations of the Committee ................. 41
Legislation ............................................................ 41
Enforcement ........................................................... 41

APPENDICES
I. Developments in the Threatened Boycott of Panama Ships by
the I.T.F. ............................................................ 45

II. Resolutions of the Panama Merchant Marine Conference .... 50

III. Provisions of Panamanian Law governing the Employment of
Seafarers ............................................................. 56

IV. Memorandum on Registration in the Panama Merchant
Marine ................................................................. 65

V. List of Ships Inspected by the Committee ....................... 74-75

VI. Questionnaire on Conditions in Panama Ships ................ 76

VII. Observations of the Government of Panama ................... 80

VIII. Statement by the Governing Body of the International Labour
Office, 112th Session, June 1950 ................................. 86
IX. Registration of Ships under Construction ..................... 88-89
INTRODUCTION

The origin of this enquiry can be very briefly stated. For many years the International Transport Workers' Federation (I.T.F.) has concerned itself from time to time with the question of the effect on seafarers' conditions of employment of certain transfers of ships from the flag of one country to the flag of another country with lower standards. It was at the request of the Federation that the question was discussed by the Joint Maritime Commission of the International Labour Organisation in 1933 and in 1947. The Commission, however, found it difficult to take any positive action, and in 1948 the I.T.F. decided to threaten a boycott of certain ships which had been transferred to the flag of Panama. The I.T.F. alleged that many of the ships thus transferred were obsolete, and that the motive for such transfers was to evade taxation, currency regulations, safety standards and social and labour standards.

The Government of Panama rejected this allegation and appealed to the Governing Body of the International Labour Office to appoint a tripartite delegation to carry out an official enquiry into the charges made by the I.T.F. against the Panama merchant marine. The Governing Body decided at its 107th Session (December 1948) to appoint a committee of enquiry, and at its 108th Session (March 1949) it approved the nominations of the groups as follows:

Government group: Senator Herman Vos, Belgium, former Minister of Education;
Employers' group: Mr. A. G. Fennema, Netherlands, employers' deputy member of the Governing Body;
Workers' group: Mr. A. Dalgleish, United Kingdom, former trade union official.

In March 1949 the Government of Panama convened a Merchant Marine Conference, which proposed a number of reforms. Meanwhile, conversations continued between the Government of Panama and the I.T.F. will be found in Appendix I.

1 A fuller account of the course of events, the various resolutions adopted by the I.T.F. and other bodies, and the conversations between the Government of Panama and the I.T.F. will be found in Appendix I.

2 The resolutions of the Conference are reproduced or summarised in Appendix II.
and the I.T.F., and the threatened boycott was several times postponed. It was decided that a last attempt to find some solution would be made at a Conference to be convened by the Government of Panama in Geneva on 5 December 1949, but the Government of Panama later postponed convening this Conference, partly owing to political changes in the country and partly owing to a desire to have the report of the I.L.O. Committee of Enquiry available before the Conference met.

The I.L.O. Committee of Enquiry began its work in May 1949, as soon as it had received from the Government of Panama certain necessary background information concerning the composition of the Panama merchant fleet and the legislation governing shipping and the conditions of employment of seafarers in Panama ships. The Committee finished its work in November 1949, and its report was submitted to the Governing Body of the I.L.O. at its 110th Session (January 1950). The Governing Body transmitted the report to the Government of Panama for any observations it might wish to make. These observations were finally received on 1 May 1950; extracts from the letters of the representative of the Government of Panama, the publication of which was agreed on by the Governing Body and the Government of Panama, will be found in Appendix VII.

In view of the nature of certain of the observations of the Government of Panama, it was felt desirable to discuss with the representative of that Government the procedure for publication of the report. These discussions were initiated by the Director-General, continued by the senior Assistant Director-General and concluded by a small working party composed of representatives of the three groups on the Governing Body. As a result, it was agreed that the Governing Body, when publishing the report, would issue a statement drawing attention to certain points concerning the report and making certain suggestions and recommendations to the parties concerned. The text of this statement, in which the Government of Panama concurs, will be found in Appendix VIII.

It only remains to add that the report is being published in agreement with the Government of Panama, to which the Governing Body expressed its warm thanks for the facilities which it accorded to the Committee of Enquiry and for its co-operation in considering the questions raised in connection with the report.
CHAPTER I

PROCEDURE OF THE COMMITTEE OF ENQUIRY

The Committee decided at the outset that its tasks must include the following:

(a) to clarify its terms of reference;

(b) to obtain, in as much detail as possible, the views of the I.T.F., the Government of Panama, and also, if they wished to express any views, the shipowners;

(c) to examine the legislation of Panama and the machinery for securing the effective enforcement of that legislation;

(d) to inspect a reasonably large sample of Panama ships so as to discover what, in actual practice, were the conditions on board these ships.

The Committee held four meetings; the first in Brussels from 16 to 18 May 1949, the second in London on 20 July, the third and fourth in Geneva on 16 September and on 4 and 5 November 1949 respectively.

At its first meeting, the Committee noted that the Governing Body had not defined exactly its terms of reference. The request of the Government of Panama was that the Committee should investigate the charges brought by the I.T.F. According to the resolutions adopted at its various meetings and quoted in Appendix I, the I.T.F. charged that the transfer of ships to the Panama flag enabled shipowners to evade: (a) taxation; (b) currency regulations; (c) safety standards; (d) social and labour standards. As the Committee wished to have its terms of reference more clearly defined, it referred the question back. The Governing Body discussed the matter at its 109th Session in June 1949. Certain Government and employers' members felt that taxation and currency were technical questions and fell outside the competence of the I.L.O. Representatives of the workers' group, on the other hand, suggested that the desire to evade taxation was one of the main reasons for the transfer of ships to the Panama flag and
that, as this was one of the charges brought by the I.T.F., it should be examined by the Committee. The Governing Body decided by a majority vote that the terms of reference of the Committee should be as follows:

(1) To determine whether or not there is any foundation for the charges made by the I.T.F. that transfer to the Panama flag enables shipowners to evade: (a) safety standards; (b) social and labour standards.

(2) Arising out of point 1 (b) and out of the claims put forward by the Government of Panama, to determine whether the legislation of Panama governing seafarers’ conditions of employment is in accordance with recognised international standards and progressive national standards and is being effectively enforced.

(3) To make to the Government of Panama, through the Governing Body, any recommendations which it may wish to formulate as a result of its findings on points 1 and 2.

The Committee invited the Government of Panama, the I.T.F. and the International Shipping Federation to send representatives to its first meeting to give their views on the problem. All three invitations were accepted. The Government of Panama was represented by Mr. E. Morales, Chargé d’Affaires in London, and Mr. J. M. Quiros, Consul-General in Liverpool. Mr. J. M. Oldenbroek, General Secretary of the I.T.F., represented that body, and Mr. Richard Snedden, C.B.E., General Manager of the International Shipping Federation, presented the views of that organisation. The Committee interviewed these four gentlemen simultaneously, so that they could hear and reply to the various arguments advanced.

For the I.T.F., Mr. Oldenbroek stated that their complaints were directed both against the Government of Panama and against the owners who transferred ships. Conditions in these ships were chaotic because there was no uniform legislation or agreement governing conditions of employment. Consequently wages and other conditions varied very widely from ship to ship. The existing legislation of Panama governing seafarers was quite inadequate, and even that legislation was not applied in practice. It was difficult even for an old maritime country to enforce regulations on three million tons of shipping; in view of the conditions under which the Panama merchant fleet operated, it must be virtually impossible to apply the legislation. A seaman in a
Panama ship or his dependants had great difficulty in claiming rights, being obliged to pass through the Panamanian courts. Legal expenses frequently swallowed up the whole amount of the claim. Mr. Oldenbroek further stated that many of the ships transferred to Panama were very old and did not come up to recognised safety standards. Panama had ratified but did not fully apply the Safety of Life at Sea Convention, 1929. On many tramps there was no supervision of safety conditions; many ships which should, according to the Convention, carry wireless had not been compelled to do so, and on others the wireless had fallen into disrepair. Mr. Oldenbroek also complained that officers were frequently employed in Panama ships in a grade higher than that for which they held a certificate—a practice which meant a lesser degree of safety. Again, the crews were frequently of different nationalities, which resulted in misunderstanding of orders, lack of discipline, and frequently a lower standard of efficiency and safety. Finally Mr. Oldenbroek explained that seafarers employed in Panama ships, even if they remained members of their national unions, could receive no protection from these unions, which could not enter into collective agreements on their behalf so long as they worked in foreign vessels.

Mr. Morales, for the Government of Panama, described the efforts he had made on behalf of his Government to reach some agreement with the I.T.F. and have the boycott called off. As a result the boycott had been suspended. This was due in part to the fact that the Merchant Marine Conference held in Panama at the end of March had recommended—

(a) the adoption of a new Seafarers’ Code covering all conditions of employment, social security, etc.;

(b) ratification of the Seattle Conventions;

(c) the adoption of measures to regularise certain matters concerning registration of ships, cancellation of registration, inspection of seaworthiness, etc.

Mr. Morales explained that the present legislation of Panama on conditions of work was liberal and advanced, but it was scattered over a number of separate texts, and the recent Labour Code was designed primarily to regulate the conditions of shore workers, so that in practice it was difficult to apply certain of its provisions to seafarers. Hence the recommendation for a comprehensive Seafarers’ Code. The Government of Panama has invited the
I.T.F. to put forward recommendations regarding the contents of this new code, and it would also welcome suggestions from the I.L.O. Committee of Enquiry. The new code was already in course of preparation. Proposals concerning ratification of the Seattle Conventions would be laid before the National Assembly when it met in October 1949. As regards safety at sea, Mr. Morales pointed out that all Panama ships were now required to be inspected and certified by one of the three leading classification societies: Lloyd's Register, the American Bureau of Shipping or the Bureau Veritas. The Consular Service of Panama was being rapidly expanded so as to provide greater means of control over compliance with the regulations. The fact that crews were often of mixed nationalities had never to his knowledge created any difficulties. The officers' certificates issued by Panama were not intended to be certificates of competency; they were for record purposes, and were issued only on production of a valid certificate of competency. There may have been a few cases in which the certificate was issued in error because the officer claimed to have lost his certificate or produced a forged one, but such cases were rare. Mr. Quiros added that many seafarers liked to sail under the Panama flag because conditions were good; others might do so for political reasons (e.g., Estonians, Greeks or Italians). Panama was a young maritime country, but it was quite capable of controlling its fleet, and would become increasingly able to do so as its consular service was developed. Mr. Morales then went on to deal with Mr. Oldenbroek's allegation that much old or obsolete tonnage was transferred to Panamanian registry. He stated that 35 per cent. of Panama ships were under five years old.¹

Mr. Snedden, of the International Shipping Federation, said that he was not there to defend anyone but merely to help the Committee. He believed that before the war it was true that Panama ships were able to undercut others because of the low wages paid, but now some European owners complained that the high wages on Panama ships were attracting seamen away from their national ships. Shipowners willingly accepted any investigation into matters within the scope of the I.L.O. They naturally wished recognised standards of safety to be applied. There were many reasons for the transfer of ships, but the reason could never

¹ It was not made clear whether this was a percentage of the total tonnage or of the total number of ships. The former seems more probable. If the figure refers to the number of ships, it does not agree exactly with the Committee's findings. Cf. p. 9 below.
be to secure lower crew costs, because these costs were not lower for Panama ships than for European ships. The reasons might include taxation questions but these were not a matter for the Committee. Then there was the problem of hard and soft currencies. Finally, there were political reasons. Free Europe had been very glad to have Panama ships before the United States became a belligerent. Now owners in some countries feared communism and the possibility of confiscation of property or nationalisation, and therefore they transferred their ships elsewhere.

At the conclusion of the meeting, the Committee urged Mr. Oldenbroek to supply it with—

(a) more specific and detailed information on the charges brought by the I.T.F.;

(b) evidence in support of these charges;

(c) a list of the ships against which the I.T.F. had complaints.

Mr. Oldenbroek promised to supply this information within a fortnight, and he at once sent a circular to affiliated unions asking for the necessary facts. The Committee regrets that it finds itself obliged to report that, except for one or two vague and meagre documents, none of the information in question was received from the I.T.F., despite repeated requests. The Committee was therefore obliged to work on the basis of the extremely general charges listed in the I.T.F. resolutions and to collect for itself such evidence as it could find to support or refute these charges.
CHAPTER II

FINDINGS OF THE COMMITTEE

The Committee's findings fall under three main heads: the nature and composition of the Panama merchant marine; the laws and regulations of Panama concerning maritime questions, and especially seafarers' conditions of employment; and the application of the legislation in practice, more particularly as revealed by the Committee's visits of inspection. These three points are treated successively below.

THE PANAMA MERCHANT MARINE

The Government of Panama first supplied the Committee with a list of all ships registered in Panama in July 1948, together with the names of the owners, the former nationality of the ships, their tonnage, etc. Subsequently a revised list was supplied, dated 31 May 1949. Even this later list is not now completely accurate, as transfers to and from Panama registry have taken place since it was compiled, but it can be taken as representing the situation at the time the Committee began its enquiry. The list contains 741 ships, of which 185 are under 1,000 gross register tons, and of these 100 are under 300 tons. The total tonnage is approximately 3,225,000 gross, but this figure cannot be taken as exact, as there are a few obvious errors in the list. Allowing for these errors, and taking account of the movement of ships since the list was drawn up, it seems safe to say that the total fleet of Panama exceeded three million gross tons when the enquiry began. This made Panama the fourth largest maritime country in the world after the United States (26,198,000 tons), the United Kingdom (17,800,000 tons) and Norway (4,600,000 tons). It is reported that several hundred thousand tons of shipping have been removed or have withdrawn from the Panama register in recent months, but the Committee has no definite information on this point.

The earlier list, of July 1948, contained the names of 644 vessels with a gross tonnage of over 2,600,000. This list was analysed
in some detail, and the analysis brought to light a certain number of interesting facts. The 644 vessels were owned by 384 different companies, the majority of the ships belonging to companies with only one ship registered in Panama. There were 293 such companies, while 51 companies had only two ships each. Only four companies had more than 10 ships each. It is of course impossible to say whether some of the companies are not merely cover names, a single owner being behind a large number of companies. The ships had been transferred from 33 different countries: 306 are shown as coming from the United States, 90 from the United Kingdom, 20 from Greece, 16 from Norway and 14 from Germany. There are, however, nearly 100 ships for which no information as to former nationality is given. It should be pointed out that the former country of registration is not necessarily any indication of the country of the present owner of a vessel.

A further point which emerged from the analysis of the first list concerns the age of the ships. Of the total of 644 ships, only 423 could be traced and their date of building checked in Lloyd's Register. Of these, 23 were built before the turn of the century; 201, or about 47 per cent., were built not later than 1920 and are thus almost 30 years old or older; 69 were built between 1921 and 1930, and 26 between 1931 and 1940. The remaining 127, or 30 per cent., were built between 1941 and 1945. It is true that the merchant fleets of other countries contain a certain number of old ships, some of which were so well built or have been so maintained or reconstructed that they are still perfectly seaworthy. The Committee did not have before it comparable figures for other countries, but it believes that the proportion of ships of 30 years or older in the Panamanian fleet is higher than in most of the leading maritime countries. If this is so, it bears out the allegation of the I.T.F. that a considerable amount of old, or possibly obsolete, tonnage has been transferred to the Panama flag. In the case of certain transfers it has been publicly stated that the ships were old and no longer considered an asset to the national merchant fleet. The Committee obtained information from the competent ministries or departments in Belgium, Denmark, France, Italy, the Netherlands, Norway, the United Kingdom and the United States regarding the sale of national ships abroad. In all these countries the permission of the competent authorities must be obtained before a ship can be sold to a foreign purchaser. In most of them, the basic condition for granting such permission is that the ship is no longer considered as part of the essential
tonnage requirements of the country. In Denmark, permission is normally not given to sell a comparatively new ship; in France, permission is refused if it is thought that the ship would compete unfairly with French shipping; in Norway, the age of the vessel is one of the factors taken into account. It therefore seems safe to conclude that it is easier to transfer from the flag of most of the leading maritime countries an older ship which is no longer a profitable proposition to operate under the high standards set by these countries for safety appliances, crew accommodation, sanitary conditions, maintenance of deck gear, etc. Although the question of tax evasion is outside its terms of reference, the Committee would point out here that as most countries require shipowners to obtain permission before selling or transferring a vessel to another flag, the Governments concerned doubtless assure themselves that if they grant such permission they are not thereby risking tax evasion. On the other hand, the owner may be able to effect a saving in the amount of tonnage taxes, the rates of which in Panama are given in Appendix IV.

An examination of the information contained in Lloyd’s Register also reveals that in a certain number of cases the ships listed in the registry of Panama are not up to Lloyd’s classification standards for one of the following reasons:

(a) the equipment is deficient and falls below the standards required by the rules of the Society;

(b) the vessel’s character was expunged from the Register because, on account of reported defects, she was not entitled to retain her classification;

(c) the class was withdrawn because of failure to comply with the Society’s rules;

(d) the class had expired or had been withdrawn in default of survey, or for non-payment of fees.

This information is based on Lloyd’s Register for 1947-48 (or 1945-46 where the ship could not be traced in the later edition). It shows that at those dates a number of ships registered in Panama were not up to the standards required for classification by Lloyd’s. It should be added that the comparison of the list of ships supplied by the Government of Panama with Lloyd’s Register was a long and difficult task, and it was not thought necessary to repeat it with the later and longer list, as the great majority of the ships
are the same in both lists, and the indications given on pages 8-9 hold good for both, although the actual figures would vary slightly.

**The Legislation of Panama Concerning Maritime Affairs and Seafarers' Conditions**

The legislation of Panama concerning the registration and operation of vessels and the conditions of employment of seafarers is scattered over a number of texts, some of the provisions of which are conflicting. The texts mentioned by the Government of Panama in reply to a request by the Committee for information include the Commercial Code of 22 August 1916 (which deals with the obligations of owners, the duties of masters and crew members and the provisions of seamen's contracts), Act No. 8 of 12 January 1925 and Act No. 54 of 11 December 1926 (both of which contain provisions concerning safety, while the former also refers to the proportion of Panamanian citizens in the crew), Decree No. 199 of 5 August 1947 (issuing regulations concerning the protection of seamen) and the Labour Code of 11 November 1947. In addition, the Government of Panama submitted a summary of the conditions governing the registration of ships under the Panama flag.

The fact that the legislation concerning seafarers is scattered over a number of texts is an obvious disadvantage, and when the Committee visited ships it found that very few of them possessed copies of any of the relevant legislative texts. The Merchant Marine Conference held in Panama in March 1949 recognised this fact and recommended that all the existing legislation concerning the merchant marine should be consolidated and that it should be compulsory for every ship under the Panama flag to carry a copy. The Labour Code of Panama has a special section dealing with seafarers, but very many aspects of their conditions of employment are not specifically dealt with. The representative of the Government of Panama at the first meeting of the Committee stated that where there was nothing specific in the Code the rules governing workers in general were intended to apply. It is, however, clearly impossible, for instance, to apply to seafarers the regulations concerning hours of work applicable to shore workers, and Section 161 of the Code provides that special rules shall be drawn up for “transport undertakings”. As far as the Committee is aware,

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1 For the text of the Labour Code, see I.L.O.: *Legislative Series*, 1947—Pan. 1. Extracts (translated by the I.L.O.) from the other texts quoted are given in Appendix III of this report.

2 Extracts (translated by the I.L.O.) are reproduced in Appendix IV.
this has not been done. In other cases also the general regulations cannot be applied to the special conditions of work of seafarers. Again, the Social Insurance Act (No. 134 of 27 April 1943) provides for compulsory social insurance for “all persons in private employment”. Theoretically, this should apply to seafarers, but the extent to which it is in fact applied in practice will be seen in the following part of the report, which summarises the result of the Committee’s inspections. The same is true of many other provisions of the legislation, such as those on holidays with pay. Subject to the above general remarks on Panamanian legislation, an attempt will now be made to assess the standards set by the various laws of Panama affecting seafarers.

In the absence of other criteria and in view of the difficulty of selecting the legislation of any one maritime country as a basis of comparison, the Committee decided to take as standards for judging conditions in the Panama merchant marine the various international Conventions concerning shipping and the conditions of work of seafarers. The 11 maritime Conventions of the I.L.O. adopted before 1939 and now in force have each been ratified on the average by 21 countries, including in most cases the leading maritime countries. The Seattle Conventions, adopted in 1946, are still in process of being ratified, but they may be taken as the only available international standard of comparison. The Committee fully realises that in any given country certain of these Conventions have not been ratified and that consequently ships can be found which do not come up to the standards of the Conventions. The international Safety of Life at Sea Convention, 1929, and the international Loadline Convention, 1930, have been accepted by practically all the important maritime countries. The former Convention was revised in 1948, but there has not so far been time for many countries to adhere to it, and consequently the 1929 text may be taken as a basis here. It should be noted that Panama has ratified the Safety of Life at Sea Convention, 1929, and the Loadline Convention, but has not so far ratified any of the I.L.O. maritime Conventions. The following is believed to be the position of the legislation of Panama as compared with these Conventions.

I.L.O. Maritime Conventions

Most of the maritime Conventions adopted by the International Labour Conference contain definitions of their scope as regards
the vessels and persons covered. In many cases they do not apply to vessels under a certain tonnage; in some cases they exclude the coasting trade, fishing vessels, etc. Similarly, certain persons who are not strictly speaking members of the crew are generally excluded. The Labour Code of Panama, however, speaks simply of "vessels" without limitation, whereas Decree No. 199 concerning the protection of seamen applies to vessels engaged in foreign trade. As regards the persons covered, the Labour Code excludes (Section 123)—

(1) persons who work exclusively on their own account;

(2) persons whose work is connected exclusively with the cargo on board and who are in fact not in the employment of the shipowner or of the master;

(3) harbour workers who travel from one port to another;

(4) articled apprentices and pupils with scholarships.

These exclusions are in agreement with the scope of most of the maritime Conventions. Consequently, in the following comparison of the Conventions and the legislation of Panama, no reference will be made to scope.

*Conventions Nos. 7 and 58. Minimum Age (Sea).*

These Conventions are completely met by Section 139 of the Labour Code of 11 November 1947, which fixes the minimum age for employment at sea at 16 years.

*Convention No. 8. Employment Indemnity (Shipwreck).*

Section 127 of the Labour Code covers the principle requirement of this Convention—the payment of unemployment indemnity for at least two months. There appears, however, to be nothing in the legislation to give effect to Article 3 of the Convention, which requires that "seamen shall have the same remedies for recovering such indemnities as they have for recovering arrears of wages". The Committee notes that Resolution No. 9 of the Panama Merchant Marine Conference (March 1949) recommends the introduction of a summary procedure for settling disputes arising between shipowners and seafarers.

*Convention No. 9. Placing of Seamen.*

This Convention calls for the establishment of "an efficient and adequate system of public employment offices for finding
employment for seamen without charge”. There is nothing in the legislative texts submitted to the Committee by the Government of Panama which calls for the establishment of such a system. In any case, such a system would remain inoperative for the vast majority of seafarers in Panama ships because they are engaged in ports outside the territory of the Republic of Panama. It should be noted, however, that Section 8 of Decree No. 199 provides that no intermediary carrying on such business for gain may intervene in the process of engagement of seafarers.

Convention No. 15. Minimum Age (Trimmers and Stokers).

The requirements of this Convention are met by Section 9 of Decree No. 199 of 5 August 1947, which prohibits the engagement on board ship of any person under 18 years of age.

Convention No. 16. Medical Examination of Young Persons (Sea).

As this Convention refers only to persons under 18 years of age, and as these persons are excluded from employment at sea by Decree No. 199 (see above under Convention No. 15), the question of non-conformity with the Convention does not arise.

Convention No. 22. Seamen’s Articles of Agreement.

The provisions of this Convention are to a considerable extent met by Sections 125, 128 and 135-138 of the Labour Code, Sections 1-7, 10, 12, 13 and 25 of Decree No. 199, and Sections 1222-1229 of the Commercial Code. These texts, however, do not contain a stipulation that adequate provision be made to ensure that the seaman has understood the agreement (Article 3 of the Convention) or any provision for including in the agreement particulars of the scale of provisions to be supplied or particulars of the conditions of termination of the agreement (Article 6 (8) and (10) of the Convention). It is possible that this last point may be covered by the phrase “the rights and obligations of each party” in Section 2 (1) of Decree No. 199, but it would seem desirable to specify it clearly.

Convention No. 23. Repatriation of Seamen.

Section 126 of the Labour Code is in substantial agreement with this Convention but does not fully meet the requirements of Article 5, which deals with the maintenance of a seaman up to the time of his departure and his accommodation and food during the voyage back to his home port. It may be noted that Article 3 of the Convention states:
The conditions under which a foreign seaman engaged in a country other than his own has the right to be repatriated shall be as provided by national law or, in the absence of such legal provisions, in the articles of agreement. The provisions of the preceding paragraphs shall, however, apply to a seaman engaged in a port in his own country.

It must frequently happen, in the case of ships flying the Panama flag, that seamen are engaged in countries other than their own. There appears to be no special provision to meet this case in the legislation of Panama, and it must be presumed that the legislation covers all seafarers employed in Panama ships. If this should not be the case, a clause concerning repatriation rights should be included in all articles of agreement.

Convention No. 53. Officers' Competency Certificates.

Panama has no system of examinations to test the competency of officers. In practice, since officers in Panama ships are obliged to have a Panamanian certificate, such certificates are issued by the consular officers of Panama on production of a valid certificate of competency issued by the appropriate authority in some other country. They are issued for record purposes and not as evidence of having passed a test. So long as the great majority of officers in Panama ships are nationals of other countries, it would appear impossible to insist that they should be tested in Panama. Consequently, the absence of legislation in Panama to give effect to Convention No. 53 would seem to be a matter which affects only nationals of Panama.

Conventions Nos. 54, 72 and 91. Holidays with Pay (Sea), Paid Vacations (Seafarers), and Paid Vacations (Seafarers) (Revised).

Section 170 of the Labour Code provides:

Every employee shall be entitled to an annual holiday with pay as follows, without prejudice to the weekly rest period:

(1) 30 days after every 11 months of continuous employment, at the rate of one day for every 11 consecutive days in the service of his employer. Continuity of employment shall not be deemed to be interrupted by weekly rest days, national holidays or absence with good reason;

(2) payment of one month's wage or salary if the remuneration is payable by the month or of the wage or salary for four and one third weeks if it is payable weekly;

(3) an employee who leaves his employment with good reason before taking the holiday provided for in this section shall be entitled to a payment in cash in respect of the number of days' holiday which would have been due to him, provided that the said number is not less than six.
Subsection. In the case of work where its technical nature or the special conditions of employment make it necessary to have a separate periodic arrangement for the granting of holidays, the said holidays may be granted for shorter periods than that specified in this section.

This is a part of the Labour Code which was apparently drafted with the conditions of shore industries in mind, although the concluding subsection might be taken as applying to seafarers. The provisions concerning the length of the holiday are more favourable than those of Conventions Nos. 54, 72 and 91. It is, however, not clear whether “continuous service” is to be interpreted as being with a single employer or not, although paragraph (5) would seem to suggest the first alternative. Convention No. 54 refers to service with the same undertaking; Conventions Nos. 72 and 91 refer simply to continuous service. As regards remuneration, Conventions Nos. 54 and 72 stipulate that during the annual holiday the seafarer’s remuneration must include “a suitable subsistence allowance”, for which no provision is made in Panama, but the revised Convention No. 91 states that the remuneration “may include” such an allowance. The legislation contains no stipulation corresponding to Article 4 of the Convention, which lays down rules as to when and where the holiday is to be granted (e.g., at a port in the seafarer’s home territory or in the territory of engagement).

Convention No. 55. Shipowners’ Liability (Sick and Injured Seamen).

The provisions of this Convention are met in part by Section 134 of the Labour Code, which states that if a seaman contracts any sickness through no fault of his own he is entitled to be cared for at the expense of the employer, whether on board or ashore, to payment of his wages, and to repatriation on recovery. This section further refers to the provisions of the Code concerning occupational injuries and to the Social Insurance Act (No. 134 of 27 April 1943). The Social Insurance Act states that sickness benefits are not payable so long as the employer is liable, and in any case benefits may not be granted to insured persons resident abroad (Section 38), so that it need not concern us here. The compensation payable by the employer for occupational injuries (Part XVIII of the Labour Code) consists in the payment of the full wage for the first two months of incapacity and 50 per cent. of the wage for the next 10 months if incapacity continues. Provision is also made for pensions to be paid by the employer in the event of permanent incapacity. From the point of view of
shipowners' liability, the legislation of Panama does not appear to cover the following requirements of Convention No. 55:

(a) there is no specific provision that "maintenance" (Section 1218 of the Commercial Code) includes the payment of board and lodging during sickness (Article 3 (b));

(b) there is no provision for the payment of wages to the seafarer's dependants after the seafarer has been put ashore (Article 5 (1) (b));

(c) it is not clearly stated that the expense of repatriation must include all charges for transportation, accommodation and food (Article 6 (3));

(d) there is no provision for the payment of burial expenses (Article 7 (1));

(e) there is no provision for the rapid settlement of disputes (Article 9).

Conventions Nos. 57, 76 and 93. Hours of Work and Manning (Sea), Wages, Hours of Work and Manning (Sea) and Wages, Hours of Work and Manning (Sea) (Revised).

The Labour Code provides, for workers in general, that hours of work shall not exceed eight in the day or 48 in the week (Section 152), and provision is also made for special overtime rates of pay (Section 154). It is further provided, however, in Section 161 that "details for the application of the preceding sections to transport and communication undertakings ... shall be laid down by the regulations to be issued by the Executive, which shall take into account the requirements of the service and the interests of employers and employees, who shall be consulted in advance". As far as the Committee is aware, no such regulations for sea transport have been issued, and in the circumstances it is difficult to see how the employers and employees of the Panama merchant marine could be consulted. As regards wages, the Labour Code provides, in Part XVI, for the fixing of a minimum wage, to be revised from time to time by a National Minimum Wage Board. But Section 200 makes it clear that this minimum wage is intended to apply only to shore workers, so that there is apparently no guaranteed minimum for seafarers. The only stipulation concerning manning in the legislation of Panama appears to be in Section 1123 of the Commercial Code, which states:

The master shall be responsible if he should start a voyage without having the necessary complement on board.
It does not clearly appear what authority is to decide the "necessary" complement, nor does there seem to be any prescribed manning scale for different types of ships.

Convention No. 68. Food and Catering (Ships' Crews).

The only provision on this subject in the legislation of Panama is contained in Section 1202 of the Commercial Code: "The crew shall be entitled to be properly fed while aboard". No regulations appear to exist prescribing a minimum food scale or providing for the inspection of food and water supplies, storage spaces, galley equipment, etc., as required by this Convention.

Convention No. 69. Certification of Ships' Cooks.

No regulations exist on this subject.

Convention No. 73. Medical Examination (Seafarers).

Section 41 (11) of the Labour Code requires employees "to undergo a medical examination, in accordance with the contracts or regulations, upon applying for employment or in the course thereof (if this is required by the employer or ordered by the authorities)". It appears—and the original Spanish confirms this view—that this should be interpreted as meaning that a medical examination is compulsory on applying for employment; on the other hand, a periodical examination in the course of employment is required only when asked for by the employer or ordered by the authorities. This clause does not occur in the part of the Code referring specifically to employment at sea, but the representative of the Government of Panama who made a statement to the Committee at its first meeting indicated that where the Code contained no specific rules concerning seafarers the general provisions of the Code were intended to apply. The requirements of Convention No. 73 are therefore met as regards medical examination on entry into employment if the above section of the Code is applied to seafarers. But there is no provision in the legislation concerning the testing of hearing, sight and colour vision, or concerning renewal of the examination every two years.

Convention No. 74. Certification of Able Seamen.

On this subject also there would seem to be no legislation in Panama. It is noted that Resolution No. 13 of the Panama Merchant Marine Conference recommends the establishment of a training school for seafarers, but this would presumably be merely
for nationals of Panama. Convention No. 74, Article 4, states: “The competent authority may provide for the recognition of certificates of qualification issued in other territories”. A provision to this effect in the legislation of Panama would cover the case of the large numbers of foreign seamen employed in Panama ships.

Conventions Nos. 75 (Accommodation of Crews) and 92 (Accommodation of Crews (Revised)).

The Government of Panama has not passed any legislation or made any regulations concerning crew accommodation.

Social Security Conventions (Nos. 56, 70 and 71).

The Panamanian legislation on this subject is contained in the Social Insurance Act, No. 134 of 27 April 1943, which provides that “social insurance shall be compulsory ... for all persons in private employment whether employed by an individual or by a body corporate ...” (Section 2). Employers are responsible for the registration of insured persons (Section 6) and for the payment of their own contributions and those of the insured persons, which the employer deducts from their remuneration (Section 26). The Act makes no special reference to seafarers, nor does it state whether foreigners employed in Panama ships are subject to the legislation or not. The benefits provided cover sickness, invalidity, old age and death. In the case of sickness it is specifically provided that no benefits may be granted “to insured persons who are resident abroad” (Section 38). In view of the doubt as to whether this legislation is intended to apply at all to foreign seafarers employed in Panama ships, it does not seem necessary to compare the standards of Panamanian law with those of the relevant Conventions.

Recommendations of the International Labour Conference

Although the Recommendations of the Conference do not call for ratification, they nevertheless represent certain standards at which States Members should aim. The Committee therefore considers it desirable to draw attention to the Recommendations on maritime questions.

Recommendation No. 9. National Seamen’s Codes.

The substantive part of this Recommendation reads:

In order that, as a result of the clear and systematic codification of the national law in each country, the seamen of the world, whether engaged on ships of their own or foreign countries, may have a better
comprehension of their rights and obligations, and in order that the

task of establishing an International Seamen's Code may be advanced
and facilitated, the International Labour Conference recommends that
each Member of the International Labour Organisation undertake the
embodiment in a seamen's code of all its laws and regulations relating
to seamen in their activities as such.

The Committee notes that Resolution No. 1 of the Panama
Merchant Marine Conference calls for precisely such a codification
of the legislation concerning the merchant marine, which is at
present scattered over a number of separate texts. The resolution
further proposes that it should be made compulsory for every
ship registered in Panama to carry a copy on board as an official
document.

Recommendation No. 10. Unemployment Insurance for Seamen.

The Recommendation urges that each Member of the Organisa­
tion should establish for seamen an effective system of insurance
against unemployment arising out of shipwreck or any other cause.
No such system appears to exist in Panama at present.

Recommendation No. 28. Inspection of Conditions of Work of
Seamen.

This Recommendation lays down a comprehensive list of prin­
ciples which, it is suggested, should govern the organisation and
working of an efficient inspection service to supervise conditions
of work on board ship. The Committee notes that Section 19
of Decree No. 199 states :

The Panamanian authorities shall carry out inspections of ships
for the purpose of ascertaining the conditions under which seamen are
employed. A report of such inspection shall be drawn up and signed
by the master.

The Decree further provides in Sections 22 and 23 :

The consuls of the Republic of Panama shall act as representatives
of the Department of Labour in all matters relating to the supervision
and execution of the provisions of this Decree.

The consuls shall be required to submit to the Department of Labour
a monthly report on their activities in relation to these provisions.

The legislation of Panama does not contain detailed rules con­
cerning the duties and powers of the inspectors such as are suggested
in the Recommendations.

This Recommendation deals with the organisation of welfare bodies, the protection of seafarers in port, health measures, recreation facilities, assistance to seafarers in the transmission of wages and savings, and the supply of information to seafarers. Most of the suggestions contained in it refer to action to be taken by national authorities within their own territory. As the great majority of seafarers serving in Panama ships rarely, if ever, touch a Panamanian port, the Recommendation is scarcely applicable to Panama except in so far as it affects Panamanian seafarers calling at ports within the country.

Other International Conventions

The two most important international instruments governing safety at sea are the international Safety of Life at Sea Convention, 1929, and the Loadline Convention, 1930. Both these Conventions were ratified by Panama in July 1936. The former Convention was revised in London in 1948, but only a few countries have so far confirmed their acceptance of it. The two Conventions contain an exhaustive series of provisions concerning all aspects of safety at sea: construction and survey, life-saving appliances, wireless telegraphy, signals, marking of loadlines, loading of timber, and various certificates that must be obtained on these matters. Most countries which have acceded to these Conventions have issued regulations to secure their enforcement on national ships, but this has not so far been done by Panama. The issue of regulations is required by Article 1 of both the Conventions. The Committee notes that Resolution No. 11 of the Panama Merchant Marine Conference recommends the issue of regulations concerning the Safety of Life at Sea Convention, and concerning the various certificates to be required by Panama ships. It suggests that the Republic of Panama should recognise only the certificates issued by the leading classification societies: Lloyd's Register, the American Bureau of Shipping and the Bureau Veritas. The Conference thus clearly recognised that further action is necessary by the Government of Panama in order to secure the strict enforcement of these very important Conventions.
APPLICATION OF PANAMANIAN LEGISLATION IN PRACTICE

General Considerations

Before proceeding to analyse the conditions which it found on board the ships it inspected, the Committee would make some general remarks on the enforcement of Panamanian legislation. Any country possessing three million tons of shipping requires very extensive administrative machinery if it is to satisfy itself at all times that all the legislation concerning ships and seafarers is being fully complied with. If 700 ships are to be inspected at reasonable intervals to ensure compliance with all the regulations (which exist in most maritime countries) concerning seaworthiness, safety apparatus, conditions of machinery, boilers and gear, crew accommodation, health and sanitation, etc., a very large, thoroughly trained and highly specialised corps of inspectors is necessary. In addition, a large and experienced consular corps is required to ensure compliance with the regulations by national ships calling at foreign ports. So far, the enforcement of Panamanian maritime legislation has been in the hands of the Ministry of Finance and Treasury, acting through its Consular and Shipping Division, the Consular Service and the Port Inspectorate in Panama. That Ministry still retains responsibility for all technical matters concerning shipping, but the more general question of merchant marine policy was recently entrusted to the Minister of Foreign Affairs.¹

The situation of Panama as regards its merchant marine is a peculiar and very exceptional one. The vast majority of the ships which constitute its fleet do not go to Panama for registration nor do they normally trade to and from ports in that country. Consequently, there is no opportunity for the Port Inspectorate or any other authority in Panama to inspect a vessel on registration or at intervals thereafter or to satisfy themselves as to conditions of work on board or the application of Panamanian legislation. So far as can be learned, the vast majority of the owners of ships under the Panama flag live elsewhere than in Panama, being represented in that country merely by an agent. It is thus extremely difficult for the authorities in Panama to bring any pressure to bear on an owner who fails to apply Panamanian legislation in respect of his ships. The only possibility would seem to be the threat to remove the ship from the Panama register.

¹ *La Nación* (Panama), 17 Sept. 1949.
In these circumstances, almost the entire responsibility for securing compliance with Panamanian laws and regulations lies with the Panama Consular Service. So far, the number of career consuls has been comparatively small, and in a very large number of ports Panama was represented only by an honorary consul—either a national of the country in which he acted or a consul of some other country acting for the Government of Panama. Some of these have recently been replaced by career consuls. The appointment of honorary consuls is of course a recognised practice which in many cases works perfectly satisfactorily. But in view of what has just been said it will be realised that there is a vast difference between the responsibilities of, say, the honorary consul of Norway in a small British port and those of any honorary consul of Panama. Probably all that the former need normally do is to make a formal inspection of the papers of any Norwegian ship which calls there and assist any Norwegian seaman who is stranded or accused of some petty offence. He can leave all questions of seaworthiness, safety, conditions of employment, etc., to be supervised by the proper authorities in Norway, to which country the vessel will in most cases return at frequent intervals. But the Panamanian honorary consul has the entire responsibility (shared with his colleagues in other ports) of seeing that the laws of Panama are effectively applied, since as a rule the ships never touch ports in Panama. It therefore appears essential that the consular agents of Panama, of whatever type, should be thoroughly acquainted with all the relevant laws and regulations of that country and should have the necessary training and experience to enable them to judge conditions on board and see that the regulations are observed. It goes without saying that they must also have the will and the authority to enforce compliance where necessary.

The Committee had before it copies of some complaints made to the Government of Panama or to the I.T.F. by crews or single members of crews of Panama ships, in which it was stated that it was useless to apply to Panamanian consuls to redress wrongs; the consuls either took no interest or referred the seaman to the owner. On the other hand, the Committee came across instances in which the consuls had been able to obtain satisfaction from the owners. The Government of Panama supplied a copy of a letter which it received from a member of the Panama Seafarers' Union pointing out the great improvement which had taken place in Port of Spain, Trinidad, since the honorary consul had been replaced by a Panamanian career consul.
From conversations with Panamanian consular representatives and with shipmasters, the Committee has been able to appreciate some of the difficulties that must still be overcome if the Consular Service of Panama is to fulfil adequately its important tasks with regard to shipping. If a consul has not a sufficient knowledge of languages or does not, as frequently seems to be the case, have copies of Panamanian legislation in languages which masters of ships can understand, it is very difficult for him to enforce that legislation. He must also rely largely on local assistants in his dealings with shipmasters. Again, an honorary consul may not know much Spanish and therefore be unable even to read the Panamanian laws which he is supposed to apply. But a knowledge of the Panamanian legislation is not enough in present circumstances. As will be shown later, the Committee found that the crews on many Panama ships were engaged on the basis of Italian, Greek, British or other laws or collective agreements. If the consul is to approve the articles of agreement as being up to the standards of Panamanian law, he must be acquainted with the terms of the other laws or agreements on which the contract is based. It would appear to the Committee that the Government of Panama has only recently realised the need for strengthening its Consular Service. It is clearly impossible to find immediately men with the necessary background and experience, and to build up the numerical strength of the staffs of the more important consulates. There is therefore much to be done in the selection and training of competent officials, who should of course be appointed solely on merit. It will obviously take some time before the Consular Service can be built up to the necessary strength, but the Committee feels that this is an essential step in securing the enforcement of good conditions in Panama ships.

The desirability of having career consuls in all ports frequently visited by Panama ships was brought out in conversation with masters. Many of them stated that, in certain Mediterranean ports, for example, they had not known of the existence of a Panamanian consulate until a career consul replaced the previous honorary one. Thus these masters ran their ships for years on such conditions as the owners wished to impose and the crew accept. It was suggested that several of the previous honorary consuls fell into one of two types—either they neglected their duties, so that there was no supervision of Panama ships, or else they showed undue zeal in order to claim fees for services and documents which were not always necessary. The Committee had before it evidence
that in one port the former honorary consul of Panama has been arrested for issuing forged visas, selling officers' certificates of competency to persons without the necessary qualifications and granting provisional Panamanian registration to ships in return for a large fee which was not subsequently transmitted to the Government of Panama. This may well be an isolated case, but it shows that the selection of consular officials cannot be too carefully made.

While the Consular Service can check a ship's papers and the validity of certificates, supervise the enforcement of labour legislation and deal with crew grievances, the seaworthiness and safety of a vessel call for highly technical inspections which can be made only by trained surveyors. Most maritime countries have their own surveyors working under the competent ministry, and in addition they may delegate certain inspections to the surveyors of classification societies of recognised integrity and arrange to accept their certificates. In the case of Panama, surveyors within the country have no opportunity of seeing most Panama ships, and it is therefore essential for Panama to adopt some other means of ensuring that her ships come up to the standards of safety required by the international Conventions she has ratified. Spokesmen for the Government of Panama have stated that all Panama ships must hold valid certificates from one of the three classification societies recognised by the Government—Lloyd's Register, the American Bureau of Shipping and the Bureau Veritas. In the statement concerning registration under the Panama flag, from which extracts are given in Appendix III, it is stated that one of the documents required before transfer and registration are accepted is a certificate of survey from one of these societies. There is not, so far as the Committee is aware, any regulation requiring surveys at regular intervals thereafter. Article 8 of Act No. 54 refers to periodical surveys, but it applies only to home-trade ships. It may even be doubted whether, in the past, the production of valid certificates of survey has been regularly insisted upon, since it was pointed out above that a number of ships in the Panama register are no longer classified by Lloyd's because of failure to apply for survey or because the ship falls below the Society's standards. It would appear essential for the Government of Panama, in view of the special circumstances of its fleet, to enter into arrangements with certain of the classification societies, whereby these societies would undertake responsibility for all the inspections normally carried out in other maritime
countries either by the national authorities or by the societies—seaworthiness, loadline, all aspects of safety, maintenance of machinery and gear, crew accommodation, etc. As a necessary preliminary, regulations would have to be issued in Panama to determine the standards to be applied in the case of subjects (such as crew accommodation) not normally covered by the rules and standards of the classification societies. It would further be necessary for the Government to take speedy action in any case in which the society reported refusal or failure to comply with its recommendations.

Visits of Inspection

The total number of ships inspected was 30. A list of their names, tonnage, age, etc., is given in Appendix V. It may be suggested that these ships constitute only about 4 per cent. of the 740 ships sailing under the Panama flag. In reply, the Committee would point out that the ships were selected entirely at random. When the Committee met, it enquired whether any Panama ships were in convenient ports, and it promptly visited those which happened to be there. Ships were seen in ports in Belgium, Egypt, France, Italy, the United Kingdom and the United States. They are of several different types—passenger, cargo, tanker—and engaged in a variety of trades in different parts of the world. Whether or not this can be taken as a fair sample of the whole Panamanian fleet, the results show a need for improvement in a number of Panama ships.

The first five ships were inspected by the Committee as a whole (except for the absence of Mr. Fennema owing to illness after the first two visits), accompanied by one or more representatives of the Maritime Section of the I.L.O. The first two inspections revealed the need for a standard questionnaire to be used as a basis. This was prepared by the Office, approved by the Committee at its second meeting and tested by the Committee at the next three inspections.\(^1\) When the Committee found that the questionnaire was satisfactory and provided a basis for recording objectively the conditions on board any ship, it decided that, in

\(^1\) A copy of the questionnaire is given as Appendix VI. As will be seen, it is based almost entirely on the maritime Conventions of the I.L.O. and the Safety of Life at Sea Convention, 1929. The draft questionnaire was approved by representatives of the I.T.F. and the International Shipping Federation as providing an adequate basis for eliciting the relevant facts.
order to permit a larger number of ships to be inspected, it would authorise individual members of the Committee or representatives of the Maritime Section of the Office to make individual inspections and report back to the Committee on the basis of the questionnaire. Subsequent inspections were therefore made in this way. The Committee usually gave the shortest possible notice to the local Panamanian consular authority, so that there was no time for ships to be specially prepared for inspection. In most cases the Committee or the individual members were accompanied by the Panamanian consular representative, and the Committee wishes to pay a tribute to the invariable courtesy and helpfulness of these officials, who did everything possible to facilitate its task, and also frequently provided information concerning conditions in other Panama ships which had previously called at their ports. Members of the Committee also had with them on several occasions as technical advisers representatives of the maritime authorities of the port in question or of the local seafarers' union.

The Committee does not think it necessary or desirable to describe in detail the conditions which it found in each of the vessels inspected. Instead, the following paragraphs contain a summary of the Committee's findings on all these vessels, arranged under the following heads:

(a) general characteristics;
(b) safety standards;
(c) social and labour standards (with reference to the relevant international labour Conventions).

General Characteristics of Vessels Inspected

The vessels seen ranged in size from 771 to 22,300 gross register tons and included passenger ships, mixed passenger and cargo, tramps (some specialising in carrying timber, fruit, etc.) and tankers. It may be noted that of the 30 vessels inspected, 20 (66 per cent.) were built between 1881 and 1919 and were therefore between 30 and 68 years old. Only four were built in the inter-war years, and six were built from 1943 onwards. These facts seem to bear out to some extent the allegation of the I.T.F. that a considerable proportion of Panama ships are old and some of them possibly obsolete. It is true that if more vessels had been seen in United States ports, the total would have included a larger proportion of modern tankers. But it is precisely in areas where supervision
is less strict than the old ships can still be found operating, and it is presumably these ships in particular that the I.T.F. condemns. It may also be pointed out that only four of the 30 ships were transferred to the flag of Panama before 1946, and at the date of their transfer these ships were approaching or had reached the age of 30 years. The masters were mainly Greek or Italian, with a sprinkling of other nationalities.

As was already pointed out, the weakness of the Panama Consular Service in the past has left the owners and masters in many cases with a comparatively free hand in determining conditions on board their ships. The Committee therefore found that the conditions of safety and employment obtaining in the ships it saw depended largely on the owners, agents and masters. There are owners who, because of their national traditions or their sense of responsibility, see to it that their ships are seaworthy and comply with good standards of safety and employment conditions. There are others who are apparently irresponsible and looking solely for quick profits and are prepared on that account to take risks as to the safety of passengers and crew and apply the lowest standards of employment that the crew (often in the grip of circumstances and prepared to accept any job rather than be unemployed) will tolerate. Generally speaking, conditions were found to be worst in tramps, but certain of the passenger ships also fall far short of good average standards. Details of some of these conditions will be found in the following paragraphs.

**Safety Standards**

It should be pointed out that a thorough inspection of safety conditions is a matter for an experienced surveyor. All that the Committee could do was to see for itself the number, size and equipment of the lifeboats and the fire-fighting appliances, enquire as to the regularity or otherwise of boat and fire drills, and record its general impression as to the condition of loading machinery and deck gear. In addition, it endeavoured to see the various certificates which the ship should carry and to check their date of validity and the dates of the most recent surveys. In several cases, however, the safety, loadline and other certificates were said not to be available on board at the time of the inspection. Consequently, on this point as on others, the Committee can make definite statements only for a certain number of the ships inspected.

So far as information was available, it was found that 11 of
the ships seen had been classified by the American Bureau of Shipping, nine by Lloyd's and two by the Bureau Veritas. Twelve ships had had their latest general and machinery surveys within the past year, and 15 had had boiler surveys in the same period. For the others, a longer period had elapsed since the last survey. One safety of life at sea certificate, four loadline certificates and two radio certificates were found to be out of date. In most other cases it was stated that these certificates were still valid, but it was only in a few instances that the Committee was able to see the certificates and check these statements. Frequently the certificates were said to be with the agents, or the master was not aboard and therefore they could not be produced. Special reference must be made to one ship which had obtained a provisional certificate for the one voyage which she had just completed when visited. After being laid up for years waiting to be sold for scrap, she was examined by one prospective buyer, who had holes bored in all the plates so as to test their thickness. She was then bought by a company, which had the holes patched up and used her to bring cargo from North Africa to a Belgian port. The master said he had no idea whether or not she had been surveyed before being granted the provisional certificate. Members of the crew stated that water had leaked into one hold during the voyage, and that one of the crew's cabins could not be used for some days because of water coming in.

In 19 of the 30 ships the lifeboats were either certified or appeared to the Committee to be adequate in number, in good condition and carrying the necessary equipment. In only one case was the capacity inadequate: a vessel with a crew of 26 had boats certified to carry a maximum of 19 persons. In three ships the lifeboats which had been carried for many voyages had been condemned by surveyors in the countries where the ships were laid up when inspected, and orders had been given to replace two or more in each ship before she could sail. In another ship there were serious cracks in the lifeboats, which it was admitted had not been in the water for nine months. The Committee was not able in most cases to examine the lifeboat equipment, but there were three cases in which much of that equipment was missing. In one case a water container collapsed when lifted for inspection. In these cases the masters stated that the equipment was "somewhere around", but it could not be produced. For 10 ships it was stated that lifeboat and fire drills were held once a month or more frequently, in five approximately once every two months, and in
four only very seldom. In other cases it was doubtful whether such drills were held, and one master stated that there was "no time for such things". In only 14 cases out of 30 were lifeboat drills entered in the ship's log. The fire-fighting equipment seemed sufficient in most cases, but in a few instances it seemed inadequate. In five of the ships seen the loading gear and deck equipment seemed in neglected condition and there was no recent certificate of testing. The situation as regards radio watches was as follows in the ships for which information was obtained: 12 carried one operator and had an auto alarm; nine had one operator and no auto alarm; three had continuous radio watches.

Social and Labour Standards

The results of the inspections are summarised below in the order of the points in the questionnaire (cf. Appendix VI), which, it will be recalled, is based on the relevant international labour Conventions. It was not possible to obtain answers to all the questions in all the ships visited: in some cases the persons questioned were unable or unwilling to give the answers, while in others the ship had been laid up for some time and no one on board had any knowledge of past practices. In most instances, however, comparatively full information was obtained.

Conditions of Engagement.

In only four cases was the crew engaged through an official exchange or shipping master, and in three cases through a seamen's union. In all other cases the crew was recruited by the owners or their agents or directly by the master. In three ships it was admitted that men had sometimes paid fees to the agents to obtain employment, and in another it was admitted that this might occasionally occur. No instances were found of young persons being employed below the ages laid down in the relevant Conventions. In seven cases no medical examination was required when men were signed on. In 19 ships it was stated that contracts were duly signed in the presence of the Panamanian consul; in six cases it was stated that this was done "when possible", and in three instances it was admitted that this was not usually done. The standard form of Panamanian articles was used in 24 cases, in four of which these articles were supplemented by additional clauses. In other cases the articles made no reference to Panama-
FINDINGS OF THE COMMITTEE

Canadian law as governing conditions of employment. Six instances were found in which the terms of the contracts differed for various members of the crew. The persons questioned were in many cases in considerable doubt as to the notice required on either side to terminate the contract. In 16 ships this period of notice (varying from 24 hours to one month) was specified in the contract, but even in one or two of these cases certain members of the crew expressed the view that their contracts could be terminated by the master without notice if he so wished. In the other cases, where the contract did not specify any period of notice, a man who left the ship without the master's consent would lose all his rights.

As regards competency certificates, practically all the officers had valid certificates from their countries of origin, and in addition a Panamanian certificate, but a few did not possess the latter, which is required under Panamanian law. There was only one instance of an officer with no certificate; in three cases officers were being employed in a grade higher than that for which they held certificates. In every case the radio operators were said to be duly certificated, but in only a few ships was the Committee able to verify this.

Wages, Hours and Manning.

The most striking feature as regards wages was the great diversity between the rates on various ships. Because of the difficulty of selecting an appropriate rate of exchange, no attempt has been made to compare the wages recorded on a uniform basis. In a few cases the rates were those laid down by the National Maritime Board of the United Kingdom, in one case the rates of the Italian national collective agreement, and in two other cases 10 and 20 per cent. respectively above the Italian rates. The monthly pay of a first officer ranged from £45 to £115 in cases where sterling rates were quoted; in ships having Italian officers the pay ranged from 79,000 to 100,000 lire; in one case it was $250, and in one case 4,200 Portuguese escudos. The monthly pay of an A.B. ran from £15 to £30 (in four ships it was below the British basic rate of £20); when quoted in lire it varied between 36,000 and 64,000; in U.S. currency it ranged from $70 (for a Chinese crew) to $170; in one case it was 1,300 Portuguese escudos, and in one case (for Senegalese) it was 15,000 French francs. In two cases crew members stated that they had not been paid at the rate promised to them. The first of these instances concerned a
number of men who could not read; they claimed that when their contract was read out to them they were promised £30 a month, but later they were told their wage was £18. In the other case a man was engaged as fireman at £20, which was later reduced to £15. He left the ship but was persuaded to return on a promise of higher pay—only to find that he still got £15. As a displaced person he was obliged to accept such employment as he could find. In the first of these cases the statement was made in the presence of the master who did not deny it. In the second case, the statement was made before the Panamanian consul, who said that from his own knowledge several other complaints by the same man had proved correct, and the consul is trying to obtain redress. In yet another case, no wages had been paid for six weeks and the ship may be sold for scrap in order to raise the money.

Overtime was said to be paid in 21 ships, but in two of these cases members of the crew complained that it was not paid in practice or that the full amount due was not paid. In seven ships no provision was made for overtime; in one of these time off was said to be sometimes given in compensation, and in another case the rates of pay were said to allow for up to 40 hours of overtime a month.

Hours of work were invariably reported to be eight in the day, frequently with 10 in the day for catering staff. Where overtime is paid it is for work in excess of these hours. There were two cases in which members of the crew suggested that the ship was undermanned, but the masters, when questioned, alleged that the manning was adequate but the crew lazy and poor seamen. In three other cases it was suggested that the catering department was shorthanded. The Committee is unable to pass any definite judgment on these points. In several ships it is the practice to engage, as far as possible, a crew of the same nationality. A few of the ships seen had crews of very mixed nationalities (in one case six and in another seven), but in only two cases was it suggested that this caused any difficulty as regards discipline or efficiency.

**Holidays with Pay.**

Annual leave with full pay was granted in eight of the ships seen; in 18 there was no provision for leave. In the former group, the amount of leave ranged from 18 to 30 days a year for officers and 12 to 24 days for ratings; in one instance, both officers and ratings had 63 days' leave annually. Where paid leave was granted, there were three cases in which subsistence
allowance was paid in addition to wages. Where no leave was granted, it was explained in two cases that some time off was granted when circumstances permitted, but this depended on the goodwill of the master. In two cases cash compensation was given at the end of the engagement—either 18 or 30 days’ pay for each year of service. In yet another instance, a cash allowance in lieu of leave was to be granted in future in partial compensation for a cut in wages. Two instances came to the notice of the Committee in which crew members claimed compensation for leave on the basis of Panamanian law. They were backed by the Panamanian consul, but in only one instance was the claim eventually successful after lengthy negotiations.

Shipowners’ Liability and Social Security.

The Committee found that on these points the answers to its questions were in most cases very vague. Sometimes the masters (or other persons interviewed) stated that they thought the shipowner was covered by insurance against his liability towards sick or injured seamen, but on closer questioning they expressed doubts as to whether illness would be covered beyond a very short period and as to whether repatriation would be covered. In other cases the persons questioned said no case had arisen to their knowledge, and therefore they did not know what might happen. Others admitted that they had no real guarantees in their contracts and that they probably could not enforce any claims they might have. The Committee has received evidence in a number of cases of the difficulty which seafarers or their dependants have in enforcing their claims to compensation which may be due to them under Panamanian law. The claimant may be in Sweden or China. The agent may be in Panama and the actual owner in New York or London or Buenos Aires. If the claim is brought before the Panamanian courts, legal expenses may swallow up most of the claim. If a settlement is attempted through the Panamanian consul in the country of origin, it is a matter for negotiation between the parties, and the local courts may well declare themselves incompetent if recourse is had to them.

In the ships visited, the Committee was informed (but had no means of verifying the statement) that the shipowners’ liability was fully covered, usually by commercial insurance, in 17 cases out of 30. In two cases it was stated that the shipowner had no liability in the event of sickness or injury, and in three cases doubts were expressed as to whether any liability would be acknowledged.
In two cases it was doubted whether repatriation at the end of illness would be covered, and in one case it was stated that medical treatment would probably be granted only for a very short period. As regards social security, there were only five ships in which the crews were insured (these were all Italian). In 18 cases it was definitely stated that there was no social security coverage of any kind. In two ships certain members of the crews were covered by voluntary group insurance in the United States. However, even in certain cases where there was no insurance it was stated that compensation under Panamanian law had been paid to permanently disabled men or to the dependants of seafarers who died on service. But it appeared that this was usually only after pressure had been brought on the owners by the Panamanian consular authority.

Crew Accommodation.

As has been pointed out, the Committee took as a basis for most of its judgments the relevant international labour Conventions. In the case of crew accommodation, the Convention adopted at Seattle in 1946, although not yet in force, has been ratified by Finland, France, Norway and Sweden. In addition, the regulations in force in the United Kingdom and the United States of America are very substantially in agreement with, and in some cases more progressive than, the terms of the Convention. On the other hand, it must be pointed out that the Convention, like the corresponding national regulations, allows a considerable measure of exemption for “existing ships”. In all the countries mentioned, therefore, it would doubtless be possible to find ships which fall short of the prescribed standards. But in these countries efforts are made to eliminate these ships progressively or to bring them closer to the required standards when opportunity occurs.

In the ships inspected, the crew accommodation was located forward in 11 cases, amidships in four and aft in 13; in other cases some of the crew lived forward and some aft. The number of ratings per room was two in two ships, three or four in nine, six in five, eight in three and 10 or more in five. The area of floor space per person was considered adequate in many ships (especially in the steam tankers), doubtful in several others and definitely inadequate in four cases—only 8, 11½ or 14 square feet per man—and in one of these ships there was no messroom, so that the crew had their meals in their cramped sleeping quarters.

Only one ship had three tiers of bunks. The bunks were of steel in 19 ships and wood in eight; in 20 cases the bunks had
spring bottoms. Six ships had straw mattresses, which, like wooden bunks, are liable to harbour vermin. Three ships had no lockers for the men's clothes; in 11 others the number of lockers was less than one per man. Only six ships had in addition drawer space. Half the ships had no seats or an inadequate number of seats in the cabins, and 11 had no table. There were no lockers for oilskins in 21 of the ships. The floor was the bare steel deck in five cases, in seven cases worn wood, while in 12 ships the outer wall was the bare ship's side, with no insulation. In four cases there was no heating of any kind, and in two ships coal stoves were used. The lighting was poor in nine cases, and ventilation non-existent in 11 cases (except for the port-holes) and poor in four others. Only two ships did not supply bedding to the crew. The bedding was said to be changed weekly in 10 ships and fortnightly in four, but even in some of these the sheets were filthy. In three ships it was admitted that the bedding had not been changed for a long time. In one ship the men had only one thin blanket and complained of the cold in the northern port where they were lying.

Five ships had no messrooms, so that the crew had to have their meals in their sleeping quarters or on deck. In eight ships there was only a single messroom for ratings of all departments, and the accommodation was not sufficient for the number of persons who needed to use it at one time.

Sanitary facilities were inadequate in about half the ships, and in very many cases in a bad state of repair. Whether one takes as a basis of comparison the Convention standards (one bath or shower and one water closet for eight men, and one wash basin for six men) or the regulations in force at the end of last century or early this century in Norway, the United Kingdom and other countries (approximately one shower, water closet and basin for every 10 men), the above statement still holds good. Four ships had no baths or showers at all, and in 10 others the number of showers ranged from one per 12 to one per 35 men. Three ships had no water closet, but only a single urinal for from 15 to 20 men. Seven other ships had one closet for from 12 to 35 men. One ship had one wash basin (out of use) for 20 men, while eight others fall below the standards mentioned above. In addition, usually in the same ships, there were several broken taps, cracked pipes, etc., which rendered certain facilities useless. In several cases there was no water for flushing the urinals or closets. Again among the same ships, the sanitary facilities were frequently grouped in a single
compartment, with no partitions to ensure privacy, and the com-
partment was so filthy and stinking that it did not appear to have
been cleaned for weeks, or even months. These defects in sanitary
facilities, it should be noted, are not simply a matter of comfort;
they constitute a grave danger to the health of the crew.

Thirteen ships had hot and cold fresh water laid on in
wash places, and six others had facilities for heating the fresh water.
Four had only cold fresh water, and five had no water at all in the
crew quarters. Only five ships had good facilities for washing
and drying clothes. Finally, only three ships had no sick bay,
but in seven of those which had a sick bay it was used for other
purposes—storeroom, sleeping room for an apprentice, etc.
CHAPTER III

CONCLUSIONS OF THE COMMITTEE

The conclusions of the Committee may be put forward under three heads: whether the legislation of Panama is in accordance with recognised international standards or progressive national standards; whether that legislation is being effectively enforced; and whether, in the light of the findings under the first two heads, there is foundation for the charges brought by the I.T.F.

THE LEGISLATION OF PANAMA

The Committee finds that—

(1) the legislation of Panama on maritime questions, including seafarers' conditions, is too scattered and at times appears to contain conflicting provisions;

(2) the legislation must be considered inadequate so long as on certain points seafarers' conditions are deemed, in the absence of specific provision, to be governed by the general sections of the Labour Code, which in many cases are not applicable to the special conditions of employment at sea;

(3) it is not clear whether the social insurance legislation is intended to apply to foreign seafarers, but in practice it does not;

(4) there are no regulations to give effect to the Safety of Life at Sea Convention and the Loadline Convention;

(5) there are no regulations concerning crew accommodation, Manning requirements, hours of work and overtime in sea transport, food and catering on board ship, certification of ships' cooks or inspection of seafarers' conditions of work;

(6) there are no remedies for enabling seafarers to recover arrears of wages;

(7) there is no provision for the maintenance of seafarers when repatriated;
(8) the legislation only partially meets the requirements of the Seamen's Articles of Agreement Convention\(^1\) and of the Shipowners' Liability Convention.\(^2\)

**APPLICATION OF THE LEGISLATION**

The Committee finds that—

(1) the Consular Service of Panama is not yet large enough or sufficiently experienced to secure enforcement of Panamanian legislation;

(2) owners and masters are frequently not aware of the provisions of Panamanian law and of their obligations to the seafarers under that law;

(3) wages and other conditions of employment in Panama ships are extremely diverse and in several cases well below international or good national standards;

(4) the crews of many Panama ships have no social security coverage, and in some instances have had difficulty in making good their claims under shipowners' liability;

(5) in a few ships conditions of safety fall short of the standards laid down in international Conventions ratified by Panama;

(6) crew accommodation is very poor in a number of ships.

**JUSTIFICATION FOR THE I.T.F. CHARGES**

The Committee wishes it to be clearly understood that it made no attempt to establish the motives for which ships are transferred to the Panama flag. Apart from the fact that it would be virtually impossible to do so, the charge made by the I.T.F. is rather that transfer to the flag of Panama enables the owner to evade safety and labour standards. Thus, what the Committee had to discover was whether in fact it was possible to impose on the crews of ships under the Panama flag conditions of safety and employment which fall below recognised international or progressive national standards. The Committee would emphasise again that the ships inspected were not ones which had been specially condemned by the I.T.F., since the Federation did not supply the Committee with a list of the ships which it proposed to boycott. Nor were

\(^1\) See p. 14.
\(^2\) See p. 16.
the ships selected on any principle; they were merely those which happened to be in various ports at the dates at which the Committee or its members went there.

Taking the I.T.F. charges one by one, the Committee has come to the following conclusions regarding (a) the age of ships under the Panama flag, (b) evasion of safety standards and (c) evasion of social and labour standards.

Age of Ships

About 47 per cent. of the ships on the Panama register when the enquiry began (for which information could be obtained) were about 30 years old or older. This percentage was more than borne out in the ships inspected. There is therefore ample justification for the I.T.F. allegation that the Panamanian fleet contains a large number of old ships, some of which in the Committee's opinion are obsolete.

Evasion of Safety Standards

Panama has virtually no laws or regulations regarding safety of life at sea; some Panama ships are overdue for survey or have lost their classification because of deficiencies, yet they appear to continue sailing. Thus there is some foundation for the charge that under the Panama flag it is possible to evade safety standards. The fact that a large proportion of the ships inspected maintained adequate standards of safety appears to be due mainly to the owners' sense of responsibility and not to strict supervision by the Panamanian authorities.

Evasion of Social and Labour Standards

The legislation of Panama concerning seafarers is inadequate. Much of what exists is based on progressive modern principles, but it needs to be consolidated and supplemented. This legislation, moreover, is frequently unknown to masters, and the Panama Consular Service has not been strong enough to secure its enforcement. The crews cannot normally appeal to their unions to remedy grievances, because the unions can protect only those of their members who are employed in national ships. In practice it is extremely difficult for a crew member or his dependants to enforce against the owner a claim which is valid under Panamanian
law or the articles of agreement. Consequently, it is correct to say that under the Panama flag the possibility exists of evading social and labour standards, and in practice these standards were found by the Committee to be very low in a number of instances.

Certain qualifications should be added. The Committee is convinced that in many ships under the flag of Panama conditions are good. As has been stated above, it all depends on the shipowner or the master. But as there are bad shipowners, and as the possibility exists for them to exploit the seafarers under the Panama flag, something must be done to put an end to the existing abuses and to prevent the possibility of the evasions of standards which take place at present. It must also be added that the Panamanian authorities now seem to be alive to the situation and to realise the responsibilities which a large merchant fleet implies. The Panama Merchant Marine Conference of March 1949 made a number of recommendations which the Committee will endorse in its own recommendations below. The strengthening of the Consular Service has already led to some improvement in the enforcement of good working conditions. The Committee wishes to express its appreciation of the good intentions now being shown by the Government of Panama, and of the efforts it is making to meet the views of the I.T.F. and to bring about an agreement between the Federation and the owners of ships under the Panama flag. It is in the hope of furthering these efforts and helping in a satisfactory solution of the whole problem that the Committee ventures, in the final part of its report, to make a number of recommendations which, if implemented, would in its opinion go far to ensure decent working and living conditions for all the seafarers concerned.
CHAPTER IV

RECOMMENDATIONS OF THE COMMITTEE

The Committee's recommendations fall under two heads — those concerning Panamanian legislation and those concerning its enforcement. The Committee suggests that the Government of Panama might give consideration to the following steps.

LEGISLATION

(1) Adoption of additional legislation concerning seafarers so as to fill the existing gaps. This legislation should, as far as possible, be based on the I.L.O. maritime Conventions, which should be submitted to the national legislative body if this has not already been done.

(2) Compilation of the existing and new legislation in a single comprehensive Seafarers' Code, to be published in Spanish, English and French, and in other languages as may be necessary.

(3) Inclusion in that Code of rules governing the protection of wages and of a clear and detailed statement of shipowners' liability and of the rights which the seafarer or his dependants can claim in the event of sickness, injury, death and termination of contract.

(4) Adoption of regulations to give effect to the Safety of Life at Sea Convention and the Loadline Convention.

(5) Concentration in the hands of a single central authority of the responsibility for all matters concerning shipping and seafarers.

ENFORCEMENT

(1) Distribution to all owners and masters of copies of the Seafarers' Code, which should be compulsorily carried in all Panama ships, in a language which the master can understand.
(2) Strengthening of the Consular Service, including—

(a) training of suitable candidates;

(b) appointment of trained and experienced career consuls in all ports at which Panama ships frequently call;

(c) provision of assistants to the consuls in all ports where the volume of work justifies such a step;

(d) supervision and co-ordination of the consular offices by an experienced official (such as has recently been provided for in the case of Europe and the Mediterranean in Decree No. 278 of 17 September 1949).

(3) Arrangements with one or more recognised classification societies to carry out surveys of all Panama ships at prescribed intervals, such surveys to cover all factors affecting the safety and efficient running of the ship, and to include crew accommodation, the standards for which should follow those laid down in the Accommodation of Crews Convention (Revised), 1949.

(4) Adoption of measures to compel shipowners and masters to submit their ships to survey at the prescribed intervals, and imposition of penalties (possibly including withdrawal of registration) for non-compliance.

(5) Adoption of measures to secure the rapid and inexpensive settlement of disputes concerning the liability of shipowners.

(6) Adoption of measures to ensure the strict verification of the validity of officers’ national competency certificates before Panamanian certificates are issued or renewed.

(7) Promotion, as already contemplated, of the adoption of a standard collective agreement, to be drawn up in consultation between representatives of the I.T.F. and the owners of ships under the Panama flag, such an agreement to prescribe minimum conditions of employment to be observed in all ships flying that flag.

(Signed) Herman Vos, Chairman.

A. Dalgleish.

A. G. Fennema.

APPENDICES
APPENDIX I

DEVELOPMENTS IN THE THREATENED BOYCOTT OF PANAMA SHIPS BY THE I.T.F.

At its Congress held at Oslo in July 1948, the International Transport Workers' Federation (I.T.F.) adopted the following resolution:

That this Congress of the I.T.F., meeting in Oslo on 21 July 1948, declares after mature consideration of all the relevant factors, and being satisfied that the registration of ships in Panama and Honduras is for the purposes of evading whether it be wages, working conditions, social and safety standards or dodging taxation, that the unions affiliated to the I.T.F. in the seafarers' and dockers' section will no longer tolerate the menace which is threatening seafarers' conditions everywhere, and that on a date to be determined by the I.T.F. an international boycott of Panama and Honduras ships will be applied by both the seafarers and the dockers, believing that it is only through such drastic action that the menace can be eliminated.

In November of the same year the Seafarers' Section of the I.T.F. met in Geneva and adopted the following resolution:

RESOLUTION ON SPURIOUS TRANSFERS

Whereas seafarers have for the past 25 years condemned the practice of transferring ships to the Panamanian, Honduran and similar registries;

Whereas they are satisfied that the purpose of the practice is the evasion of taxation, currency regulations, safety, social and labour standards, and that if allowed to continue unchecked the practice will undermine all that the seafarers have fought for through organised effort over the years;

Whereas during the inter-war years the practice of spurious transfers endangered the conditions of employment of seafarers of all countries and is one which cannot be regarded as in the best interests of bona fide shipping industry;

Whereas seafarers are opposed to the practice and determined to fight these transfers of ships whatever the flag used as a subterfuge;

Whereas the Seafarers' Section of the International Transport Workers' Federation on the occasion of the Oslo Congress held in July this year gave full consideration to the matter and decided that action should be taken by the seafarers to remedy the situation:

This Conference of the Seafarers' Section of the International Transport Workers' Federation, meeting at Geneva on 23 and 24 November 1948, in furtherance of the Oslo decision and subject to consultation with the Dockers' Section of the International Transport Workers' Federation,

Proposes to take effective action as from 1 May 1949 against the spurious transfer of ships and in the intervening period advises officers and seamen in their own interests to terminate their employment in such ships and the owners concerned to take the necessary remedial action;

Decides that a permanent Boycott Committee to organise the proposed action should be set up;

Requests the Management Committee of the International Transport Workers' Federation to convene a joint conference of the Dockers' and
Seafarers’ Sections to consider the detailed method of application, and the Secretariat to maintain an up-to-date schedule of ships against which action is to be taken and to bring to the notice of dockers’ unions the decision come to at this conference.

In February 1949, a conference of dockers’ and seafarers’ representatives affiliated to the I.T.F. was held in London. On this occasion the conference appointed an International Boycott Committee of eight members to be responsible for organising the boycott and drawing up a list of ships against which complaints had been made as regards conditions on board. The conference also adopted the two resolutions reproduced below:

**Obsolete and Uneconomic Tonnage**

This International Dockers’ and Seafarers’ Conference, Held in London from 15 to 17 February 1949 under the auspices of the International Transport Workers’ Federation, Having heard reports from Britain, Holland, Norway and Sweden about the sale to Panamanian registry of ships which are obsolete or uneconomic or which could not continue operation under their original flags because they no longer satisfy the survey, safety and other requirements of those countries, and Considering that tonnage so found unfit for use under the flag of one maritime country should not be allowed to sail under another, and that measures should be taken in the countries concerned with a view to scrapping obsolete or uneconomic tonnage; Condemns the practice as menacing the established standards of the shipping industry and calculated to place the traditional maritime countries at a serious disadvantage; Calls on affiliated seafarers’ unions to draw the attention of the national authorities concerned to this undesirable practice and urges them to take steps to put a stop to it; and further Decides to bring the matter to the notice of the Preparatory Committee of the Inter-Governmental Consultative Maritime Organisation and the Economic and Social Council of the United Nations, in order that they may consider what remedial action can be taken.

**E.R.P. ‘Cargoes**

This International Dockers’ and Seafarers’ Conference, meeting in London from 15 to 17 February 1949 under the auspices of the International Transport Workers’ Federation, has given consideration to the question of cargoes carried under the European Recovery Programme. It is of the opinion that these cargoes should not be carried in ships which have been placed on registers such as the Panamanian, Honduran and the like, since this would retard the economic recovery of the countries participating in the E.R.P., particularly by reducing their income from shipping services. It decides, therefore, to draw the attention of the E.R.P. administrative authorities to the matter and calls on affiliated unions to take appropriate action.

The threat of a boycott naturally caused concern to the Government of Panama, and when a tripartite subcommittee of the Joint Maritime Commission met at Geneva in November and December 1948 to discuss measures to speed up the application of the Seattle Conventions, the Government representative of Panama on the subcommittee took the opportunity of raising the question of the proposed boycott. He submitted a draft resolution requesting the subcommittee to decide
that a tripartite committee be appointed by the I.L.O. to investigate the charges made by the I.T.F. The resolution was not seconded and the Chairman of the subcommittee suggested to the delegate of Panama that the best course would be for his Government to approach the Governing Body of the I.L.O. directly with a similar request. As a result, the Minister of Foreign Affairs of the Republic of Panama sent the following telegram to the Governing Body:

(Translation)

Government of Panama urges that by means of tripartite delegation Governing Body should decide to carry out official enquiry into charges made against Panama merchant marine by maritime unions who wish to boycott it. New Panamanian labour code is based on progressive modern principles of social law with a view to raising and protecting the standards of the proletarian classes and providing proper safeguards for workers in general and seamen in particular. Panamanian laws regulating the merchant marine are detailed and strict in regard to activities permitted to Panama ships and Government of Panama would be grateful if Governing Body would submit to it a complaint concerning any case coming to its knowledge of a Panama ship operating clandestinely so that its registration may be cancelled if it is engaged in illegal activities.

This was submitted to the Governing Body at its 107th Session in December 1948 and the Governing Body decided to appoint a tripartite committee of three members to carry out the enquiry. The groups nominated three members, and these nominations were approved by the Governing Body at its 108th Session in March 1949.

At the end of March 1949 the Government of Panama convened a Merchant Marine Conference, the main purpose of which was to discuss the proposed boycott. This Conference was attended by delegates from the Government of Panama, lawyers representing shipping firms operating under the Panama flag, individual representatives of shipping firms, representatives of Panamanian seamen's unions and representatives of three important classification societies—Lloyd's Register of Shipping, the American Bureau of Shipping, and the Bureau Veritas. It may be noted that neither the I.L.O. nor its Committee of Enquiry was invited to be represented at the Conference. The Conference adopted 14 resolutions, the texts of which are reproduced or summarised in Appendix II.

The I.L.O. Committee began its work as soon as it had received from the Government of Panama the necessary basic information concerning the maritime legislation of Panama and the machinery for securing its effective application, and data concerning the composition and ownership of the Panama merchant marine. The Committee wishes to express to the Minister of Foreign Affairs of the Republic of Panama its thanks for the readiness with which he and the officials dealing with maritime questions provided the Committee with this basic information.

While the Committee was proceeding to study the question, conversations were going on between the I.T.F. Boycott Committee and a representative of the Government of Panama. As a result, it was announced on 3 May 1949 that the boycott had been postponed on the understanding that the Government of Panama should inform the I.T.F. as to its intentions regarding the regulation of working conditions, the application of international rules for safety at sea, and the introduction of a system of inspection of Panama ships by one or other of the leading classification societies. The Government of Panama sub-
sequently convened a meeting to be held at Washington, D.C., from 29 July 1949 onwards, to which it invited representatives of the I.T.F. and of the owners of ships sailing under the Panama flag. According to press reports, the Conference was attended by only two shipowners' representatives, who between them owned eight ships out of the total of over 700 in the merchant fleet of Panama. The I.T.F. representatives immediately issued a statement to the press announcing that the boycott would be imposed at an unspecified date, because the shipowners clearly "had no intention of dealing with the unions or of accepting the efforts of the Government of Panama to mediate the difficulties between seafarers and themselves".  

The Permanent Merchant Marine Committee of Panama, set up by decision of the First National Merchant Marine Conference in March 1949, met in Panama on 11 August and decided to submit the following resolution to the National Executive:

(1) Whereas, in a resolution adopted in plenary session on 30 March 1949 the First National Merchant Marine Conference decided to recommend to the Executive Authorities to request the International Labour Office to undertake a full investigation into conditions of seaworthiness, safety, hygiene and labour on board ships registered under the flag of Panama;

(2) Whereas this action was taken by the National Government through the appropriate authorities;

(3) Whereas the Tripartite Committee appointed for this purpose by the International Labour Office has not so far submitted its report;

(4) Whereas, under pressure from the International Transport Workers' Federation, the Ministry of Labour, Social Welfare and Public Health found it necessary to convene a preliminary conference in our Embassy in Washington on 29 July 1949 to which were invited representatives of the workers and of the shipowners operating ships under the flag of Panama;

(5) Whereas, before the above-mentioned Conference was held, the Permanent Merchant Marine Committee, at its meeting of 21 July 1949, agreed to recommend to the Ministry of Labour, Social Welfare and Public Health that as no report on the inspection of Panama ships had been received from the Tripartite Committee appointed by the International Labour Office, which was already carrying out its investigations, the meeting to be held in Washington should not be considered as a Conference at which decisions would be taken, agreements reached and recommendations made, but that it should be considered as an opportunity for informal conversations concerning the possibility of holding a maritime conference in Panama;

(6) Whereas, as a result of the fact that the shipowners are legally represented by local firms whose correspondents reside abroad and act as channels of communication with the owners of ships flying the flag of Panama and of the fact that the date of the meeting on 29 July was not fixed until 15 July, it proved impossible to appoint in time the 12 shipowners' representatives who were expected to attend that conference;

(7) Whereas, in view of the small number of shipowners' representatives at the conference, the workers' group withdrew and stated that it intended to maintain its original position, which was that it favoured a boycott of Panama ships;

(8) Therefore, the Permanent Committee makes the following recommendations to the Executive Authorities:

(a) that the workers' organisations which were represented at the Washington Conference should be informed of the circumstances which prevented shipowners' representatives from attending;

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(b) that the workers should further be informed that the Government is still extremely anxious that the problems of the Panama merchant marine should be fully and formally discussed at some future conference at which all the interests involved would be represented;

(c) that the Government should insist on knowing the specific concrete charges brought against Panama ships and on receiving proof in support of these charges through the tripartite Committee of Enquiry appointed by the I.L.O.;

(d) that the desires of the workers’ representatives should be clearly and specifically stated so that the conference to be held in the near future should have before it all the necessary information for the analysis, study and solution of these problems.¹

On 29 August a meeting of representatives of the seafarers’ and dockers’ sections of the I.T.F. opened in Rotterdam to discuss, among other things, the proposed boycott of Panama ships. The Government of Panama sent to Rotterdam Mr. Carlos Berguido, Jr., Consul-General in Philadelphia and Panamanian Co-ordinator of Shipping, to discuss the matter with the I.T.F. representatives. As a result of these conversations an agreement was reached on the following lines:

(1) A tripartite meeting will be called by the Government of Panama at Geneva on 5 December 1949, to be attended by representatives of the Panamanian Government, the I.T.F. seafarers’ unions and Panama shipowners.

(2) Pending this meeting, the I.T.F. resolution on the Panama shipping boycott will be laid on the table.

(3) The Panamanian delegate gave a strong undertaking that his Government would persuade and require Panamanian shipowners to appear in person at or send accredited representatives to the Geneva meeting.

(4) The task of the meeting will be to draw up a collective agreement, the draft of which will be submitted by the I.T.F. to Mr. Carlos Berguido in ample time before the meeting.

(5) The meeting will further afford an opportunity to discuss the questions affecting Panama ships and crews, such as safety measures, crew accommodation, manning scales, food and social security provisions.

(6) Pending the holding of the Geneva meeting, the I.T.F. reserves the right to take action against any Panama ship in which conditions are below proper standards, on the understanding that the I.T.F. representatives will inform the local consular representatives of Panama as well as the Co-ordinator of Shipping before taking such action.

(7) The Panamanian representative finally gave a strong assurance that it was his Government’s intention to submit for ratification at the sessions of the National Assembly, which open in Panama at the beginning of October next, all of the I.L.O. Conventions adopted at the Seattle Conference of June 1946, as amended at Geneva in June 1949.²

¹ *La Nación*, 20 Aug. 1949.
² *Lloyd’s List and Shipping Gazette*, 1 Sept. 1949.
APPENDIX II

RESOLUTIONS
OF THE PANAMA MERCHANT MARINE CONFERENCE

Resolution No. 1

Whereas the existing legislation concerning the merchant marine is scattered over a number of separate texts which are not all available to the masters of Panama ships, the Conference resolves—

To recommend to the Ministry of Finance and the Treasury to compile all the existing legislation applicable to the merchant marine and to have it published in one or more volumes, and to make it compulsory for every ship registered in Panama to carry a copy on board as an official document.

Resolution No. 2

Provides for fuller definition in the legislation of the reasons for cancelling the registration of a ship—e.g., engaging in illicit trade.

Resolution No. 3

In view of the growth of the Panama merchant marine and the increased responsibility which devolves on Panama as a result, the Conference recommends the creation of a National Maritime Board to study and make recommendations to the proper authorities on all matters concerning the merchant fleet.

Resolution No. 4

Whereas Section 14 of Act No. 8 of 1925 instructed the Executive Authority to issue a Decree concerning shipping policy which would contain all the necessary provisions concerning navigation rules and the conditions on national ships, in so far as these were not already laid down in the existing commercial and financial legislation; and

Whereas the Executive Authority accordingly issued Decree No. 50 of 1928; and

Whereas that Decree refers only to shipping policy in respect of national and foreign ships within the territorial waters of the Republic and contains no provisions applicable to national ships outside these waters, thus making it impossible to ensure supervision of the enforcement of the laws by such ships; and

Whereas Decree No. 50 does not contain the necessary provisions for securing supervision of the enforcement of the relevant existing legislation;

The more important resolutions are given in full; the others are summarised.
The Conference resolves—
To recommend to the Executive Authority to repeal Decree No. 50 of 1928 and replace it by a new Decree concerning shipping policy which will fill all the gaps that the said Decree contains.

The new Decree should include provisions concerning the penalties to be imposed for offences committed by national ships when outside territorial waters or offences connected with such ships.

Resolution No. 5

Calls for the enforcement, as far as possible, of the rule requiring 25 per cent. of the crew to be Panamanian nationals, this percentage to include apprentices, so as to build up a body of trained seafarers.

Resolution No. 6

Whereas experience has shown that the provisions of the Labour Code, which was enacted mainly for the benefit of workers and salaried employees in shore occupations, cannot be applied to seafarers;

The Conference recommends—
That the Executive and Legislative Authorities enact special provisions to be applied to seafarers employed in Panama ships engaged in international trade.

Resolution No. 7

The Ministry of Finance and the Treasury to be the sole body responsible for the merchant marine;
Articles of agreement to be drawn up through the port captains and other bodies approved by the Ministry.

Resolution No. 8

Whereas the International Transport Workers' Federation decided at the meetings held at Oslo on 21 July 1948 and at Geneva on 23 and 24 November 1948 to boycott, as from 1 May 1949, ships registered in the Panama merchant marine; and
Whereas the said Federation, in the statement of reasons for the boycott, ventured to make fantastic and baseless charges which infringe our sovereign status and would bring into disrepute our institutions and our standing as a responsible nation; and
Whereas it is the duty of this first National Merchant Marine Conference to expose those charges and to make known the protection and guarantees offered to workers in the national merchant marine by our institutions, our Constitution and our laws;

This first National Merchant Marine Conference resolves—
To recommend to the Executive Authorities to submit to the next extraordinary or ordinary session of the National Assembly proposals for the ratification of the Conventions adopted at the Seattle Conference;
To recommend to the Executive Authorities to undertake a publicity campaign through the local and foreign press, utilising the services of the Press and Propaganda Secretariat and the Co-ordinating Department of Economic, Social and Cultural Affairs in the Ministry of Foreign Affairs to refute categorically the unjust charges that have been brought against us and to provide those responsible for them with information concerning those parts of our legislation which refer to the registration
of ships, the relations between employers and workers and the conditions of employment on board vessels flying our flag;

To recommend to the Executive Authorities to continue the action taken through the International Labour Office with a view to ensuring that the Governing Body of that organisation carries out, at the earliest possible moment, an official investigation into the conditions of seaworthiness of vessels flying the flag of Panama, the conditions of safety of life at sea, and the conditions of employment of seafarers on board those vessels.

Resolution No. 9

Whereas Articles 4 and 5 of Book II, Part I, Chapter 2, of the Labour Code prescribe the procedure to be followed in dealing with complaints and giving decisions in disputes between workers and employers; and

Whereas this procedure, as practised by the Labour Magistrate and the Supreme Labour Court, has proved to be unduly slow, resulting in delays which are harmful both to the shipowners or their agents and to the seafarers;

The Conference resolves—

To recommend to the Executive Authority, when issuing special provisions concerning the relations between shipowners and seafarers in ships engaged in international trade, to prescribe a summary procedure for settling disputes arising between the said parties.

Resolution No. 10

Proposes an amendment to the Civil Code to clarify the situation concerning mortgages on ships.

Resolution No. 11

Whereas it is necessary to regulate the registration of ships and to issue regulations concerning the Safety of Life at Sea Convention and concerning the technical aspects of telecommunications;

The Conference resolves—

1. To recommend to the Executive Authority to issue supplementary regulations concerning the registration of ships, in addition to those laid down in Acts No. 8 of 1925 and No. 54 of 1926, whereby it shall be compulsory, in order to obtain a provisional licence, to produce the following documents:

(a) certificate of measurement and tonnage;
(b) certificate of wireless safety;
(c) engine and boiler certificate;
(d) hull inspection certificate;
(e) loadline certificate;
(f) safety certificate, and passenger certificate for passenger ships;
(g) application for a wireless licence;
(h) health certificate.

For the above purposes, the Republic of Panama shall recognise only the certificates issued by one of the following institutes, except as regards the health certificate: Lloyd's Register, American Bureau of Shipping, Bureau Veritas.
2. The regulations shall require the owners of vessels to maintain in force the conditions under which each of the above certificates was granted; in the case of the loadline certificate an inspection shall be required approximately once every 12 months.

3. As regards wireless and telecommunications, the regulations should take into account—
   
   (a) the necessity for ensuring that the officials responsible for registration transmit the necessary forms and information as rapidly as possible to the Postal and Telecommunications Department;
   
   (b) the necessity for imposing penalties on officials who do not comply with the above requirement.

4. The Decree concerning shipping policy should provide for penalties to be imposed on masters who do not have the valid certificates and documents required by the legislation.

5. The regulation should include the rules laid down by the Safety of Life at Sea Convention and the rules governing the transport of passengers and immigrants.

6. While the Executive Authority should issue rules under the Safety of Life at Sea Convention, the classification societies which issue safety certificates should regulate the details not covered by that Convention and which affect the comfort and health of the passengers, e.g., hospital accommodation, health equipment, etc., such as are applied by other countries on passenger and immigrant ships.

Appendix to Resolution No. 11 by the Postal and Telecommunications Department.

(a) More than 300 Panama ships are sailing without wireless licences.

(b) Many ships whose licences have expired have changed ownership or name, or there has been a change in the person responsible for paying the international wireless fees, or these ships have delayed giving notice that they have ceased to belong to our merchant marine.

(c) In some cases, the managements of the companies responsible for the payment of wireless fees have submitted incomplete or inaccurate information to the office responsible for issuing licences, as was the case, for example, of the nine ships registered in Manila, Philippines, in December 1948, which reported only the name of the company without indicating the address, country, etc.

(d) It is essential that the office which issues licences should, as soon as permission for registration is granted, receive complete information about the ship in question so as to know what class of licence is required.

(e) There are vessels entered on the register of the national merchant marine of which the Radiocommunications Office has no knowledge. Very often the office learns of the existence of these ships only through reports of offences committed or through requests from those responsible for wireless accounts.

(f) It is compulsory for those ships to be equipped with wireless telegraphy apparatus in accordance with the international agreement laid down in the Safety of Life at Sea Convention, adopted in London in 1929 and revised there in 1948, and also in the international Convention and Regulations drawn up in Madrid in 1932 and revised at the
Conferences held in Cairo in 1938 and Atlantic City in 1947. The latter Convention has not been ratified by Panama and came into effect only on 1 January 1949.

\((g)\) These Conventions and Regulations prescribe the conditions to be satisfied, as regards wireless communications, by all ships engaged in international trade, the ships which may be exempted by the national authorities, the frequencies to be used, the distress signals and replies, the number of operators and other technical details.

\((h)\) It is compulsory to submit monthly a list of national steamships, with such details as are required by the international regulations, to the International Telecommunications Union at Geneva, for publication and distribution to all countries and companies concerned. In addition, every ship must carry the necessary documents concerning wireless telegraphy.

**Appendix submitted by Mr. S. T. Bryden of Lloyd's Register of Shipping.**

1. The international Safety of Life at Sea Convention, 1929, in Rule XXIII (2) \((a)\) of Appendix I, requires signatory countries to promulgate regulations to give effect to the Convention.

2. Many maritime countries have regulations for the transport of passengers and immigrants and issue passenger certificates in addition to, or combined with, safety certificates for all vessels carrying passengers or immigrants.

3. Safety certificates and passenger certificates are reciprocally recognised by the countries which issue them.

4. Safety certificates are not granted without a complete inspection of the vessel, its hull, engines, boilers, bulkheads, lifeboats and rafts.

5. The international Loadline Convention of 1930 recommends that there should be a periodical inspection to confirm the validity of loadline certificates, and many countries require an annual inspection for this purpose.

6. Every loadline certificate is valid for at most five years and cannot be renewed without a complete inspection.

**Appendix by the Reporter**

Act No. 8 of 1925 concerning the registration of ships under the national flag should be supplemented by adequate regulations.

This is all the more necessary because Panama is a party to various international agreements the ratification of which necessitates the adoption of provisions to give effect to them.

Act No. 8 of 1925 empowers the Panamanian consular authorities to grant provisional registration abroad, and for this purpose there should be definite regulations.

**Resolution No. 12**

Provision for ships to show necessary documents renouncing their previous flag before registration in Panama.
Resolution No. 13
Provision for a training school for seafarers.

Resolution No. 14
Provision for duplicate documents.
APPENDIX III

PROVISIONS OF PANAMANIAN LAW
GOVERNING THE EMPLOYMENT OF SEAFARERS

Act No. 8 of 12 January 1925

Article 10. That the vessel is provided with modern life-saving equipment sufficient for all the passengers and crew of the vessel and that she carries aboard full sets of rescue signals and rockets such as are required in case of accident.

The Port Inspector in Panama and the Panamanian consuls abroad shall prohibit the departure of any vessel which fails to show that its hull is staunch and seaworthy and its machinery and tackle in perfect working order.

Article 16. National vessels engaged in international traffic are required to give employment to Panamanian citizens in the proportion of 10 per cent. at least of their crews, provided those applying for employment are up to the physical and moral standards required for the posts.

Act No. 54 of 11 December 1926

Article 8. Every national vessel shall undergo a periodical examination of its hull, machinery and life-saving appliances at intervals as hereunder:

Vessels of more than 10 tons capacity, engaged in passenger or cargo service between the various ports of the Republic, every six months. Those of less capacity every three months.

Article 9. National merchant vessels shall further undergo an additional examination after they have been careened, grounded, boarded, or suffered any serious damage.

Commercial Code of 22 August 1916, Book II, Title I

Chapter I, Article 1080. Merchant vessels belonging in whole or in part to Panamanian citizens or to foreigners domiciled in the Republic and with more than five years of residence therein, or to commercial societies having their headquarters in Panama, shall be held as Panamanian, provided they be registered and enrolled as such and their owners submit expressly to the legal provisions of the Republic concerning navigation.

Chapter II, Article 1094. The owners or joint owners, if there be any, shall be personally liable under the provisions of common law for claims made by the crew arising from contracts of employment or wage agreements.
They shall likewise be answerable for any injury which one member of the crew may inflict on any other in the discharge of his duty or in connection therewith.

Such liability shall be computed on the basis of the interest held by each in the ownership of the vessel.

Chapter III, Article 1103. In order that a vessel fully appareled and equipped may be able to engage in trade it must ply necessarily under the name and direct responsibility of a ship’s husband (managing owner or attorney) who shall manage it for the account and at the risk of the owner or partners, if it should belong to several persons.

Article 1114. Before a vessel clears for sea the husband may if he sees fit dismiss the master or any members of the crew whose engagement is not for any fixed time or voyage, paying them the salaries accruing according to their contracts, and without any indemnification whatever, unless where expressly agreed upon otherwise.

Chapter IV, Article 1120. Any officer or other individual of the crew who, after having been enrolled, should abandon the ship before beginning the voyage or absent himself before concluding it, is liable to be held for non-fulfilment of contract at the end of the voyage, to return all advances made and to serve one month without pay.

The expenses which may be made in such cases shall be deducted from the wages due the delinquents, who shall likewise be held responsible for any damages to which their acts may have given rise.

Article 1140. The roll or matriculation shall be drawn up at the port at which the vessel is fitted out and shall contain—

1. the names of the ship, its master, officers and members of the crew, stating the age, civil status, nationality, domicile and employment of every one aboard;
2. the port of departure and the destination of the ship;
3. the wages agreed upon, specifying whether they are for the voyage, by the month, for a fixed sum, or on share in freight or profits;
4. the amounts advanced to the crew or promised to be paid on account of wages.

Chapter VI, Article 1200. Contracts of employment of seamen shall be drawn up in writing before the proper authority of the port and, when in a foreign port, before the Panamanian consul.

If the contract should be drawn up in a foreign port in which there is no Panamanian consul, it shall be entered and signed in the log-book. In this latter case the log shall be admissible as evidence in the event of disagreement arising over the terms of such contracts, provided the book appears to be kept in accordance with the requirements of the law.

Article 1202. The crew shall be entitled to be properly fed while aboard, without prejudice to their wages or to the conventional or legal indemnifications which may be due to them.

Article 1203. In the absence of any specific mention in the roster or in any other written document as to the duration of the contract, even though a monthly agreement might have been made, it shall always be understood that this was meant for the outward voyage and back to the place of enrolment.

Article 1206. If the voyage agreed upon should not take place owing to acts of the owners, the master or the charterers, the seamen are
entitled to retain as indemnification the advances made to them on account of wages, or, if they so prefer, may demand one month's pay, and if the engagement was made for the voyage the amount may be reckoned by dividing the total sum agreed upon by the number of days of the probable duration of the voyage, this being estimated by experts.

In whatever way the engagement might be made the men shall be entitled to compensation according to the usage of the place for the time spent in getting the vessel ready for sailing.

Article 1207. If the interruption of the voyage should take place after the vessel has left port, they shall be entitled to the whole amount which they would have drawn had the voyage been completed. If the engagement was made by the month, the estimated duration of the voyage shall be the basis of calculation. They shall also be entitled to transportation to the place where the voyage should end or to the port of departure, at their option.

Article 1208. If the voyage should be cancelled before it is begun as a result of circumstances beyond control or force majeure, the seamen shall be entitled only to wages due or advances received, nor may they claim any other indemnification.

Under force majeure shall be included—

1. a declaration of war or of prohibition of commerce with the country to which the voyage was to be made;
2. the blockade of the port of destination, or an outbreak of pestilence there;
3. a prohibition against the discharging at that port of the cargo carried by the vessel;
4. the arrest or attachment of the vessel, when bond for its release is refused;
5. any disaster befalling the ship which renders it absolutely unseaworthy.

Article 1209. If, in the event of the voyage having once started, any of the first three cases mentioned in the preceding article should occur, the seamen shall be paid off, at any port at which the master may deem it most convenient to call in the interests of the ship or its cargo, for the time they may have served, and their engagements shall thereupon be cancelled. If the vessel is to continue on the voyage they may demand of the master the fulfilment of their contracts for the time agreed upon.

In the fourth case, the men shall be paid one half the wages to which they are entitled, if engaged by the month, provided the detention or embargo does not exceed three months. If it should last beyond this period, the engagement shall be rescinded, without liability by the ship for any indemnification whatever.

If engaged for the voyage, they shall fulfil their contracts according to the terms stipulated up to the end of the voyage.

Nevertheless, if the owner of the ship should be indemnified for the embargo or detention, he shall be liable for the payment of wages in full to those engaged by the month and proportionately to those taken on for the voyage.

In the fifth case the crew shall have no claim against the husband other than for wages due, but if the disablement of the vessel should be due
to wilfulness or negligence of the master or mate, the liability of the culprit shall include indemnification of the crew for the damages occasioned them.

Article 1210. If the voyage should be prolonged voluntarily the wages of the crew contracted for the voyage shall be increased in proportion, but if shortened voluntarily, they shall not suffer any reduction of pay.

Article 1212. In case of the total loss of the vessel and its cargo from shipwreck, capture or other similar cause, the crew shall not be entitled to wages for the voyage during which the disaster occurred, but they may retain any advances which have been made them.

Article 1216. Any seaman wounded or hurt in the service of the vessel or who may fall ill during the voyage shall be entitled to wages and to proper treatment and care at the expense of the ship. In case of mutilation he shall be indemnified according to agreement, and in default thereof, according to the finding of experts. The expenses of treatment and maintenance shall be for account of the vessel and its cargo if the illness, injury or mutilation should have occurred while in the service of the vessel. If the injuries should be received while the seaman is fighting in defence of the ship, the expenses and indemnification shall be apportioned pro rata among the vessel, freight and cargo in the form of general average.

Article 1217. A seaman who falls ill or receives injury or mutilation shall be entitled not only to wages up to the time of his recovery but up to the day on which he shall be fit to return to the port of his enrolment, and shall further be entitled to a reasonable sum for his return expenses.

Article 1218. If the sick or injured seaman should be in unfit condition to continue the voyage the master shall leave funds sufficient to cover the expenses of his treatment and maintenance.

Article 1219. If the sickness, wound or injury should have befallen the seaman while ashore without leave he shall be entitled only to wages due; his treatment and maintenance shall be at his own expense, and he may further suffer dismissal for his fault if the master should deem it desirable in the interests of the ship.

Article 1220. If a seaman engaged by the month should die during the voyage, his wages up to the day of his death shall be included in his effects.

If he was engaged for the voyage, and death occurred while on the outward trip, he shall be due one half the amount agreed upon; if on the homeward trip, the whole amount shall be due him.

If his engagement should have been on the basis of a share of the profits on freight or cargo, his full share shall be allowed him.

If he should have suffered death while in the defence of the vessel, his full wages or share shall also be allowed on arrival of the ship at a safe port.

Article 1222. Should a master dismiss any of his officers or seamen on lawful grounds, he shall pay them their dues according to agreement up to the day of their dismissal, computed on the basis of the distance travelled.

If the dismissal be made before the beginning of the voyage, they shall be paid for the days on which they have served.
**Article 1223.** The following shall be deemed to be reasonable cause for dismissal:

1. insubordination;
2. habitual drunkenness;
3. quarrelling and fighting aboard ship;
4. cancellation of the voyage for lawful reasons;
5. leaving the ship without permission;
6. unfitness of the party concerned to perform the tasks and fulfil the duties of his post.

**Article 1224.** In the circumstances mentioned in the foregoing article the man dismissed shall be entitled to wages up to the time of his return to the port at which he was taken on, unless there was good reason for the dismissal, subject to the provisions of Article 1211.

**Article 1225.** A seaman who shall prove he was dismissed without just cause after having begun the voyage shall be entitled by way of indemnification to full wages and return expenses to the port at which he was taken on. This indemnification shall be reduced to one third part of his wages if the seaman was dismissed before the voyage was begun.

A master liable for the indemnifications mentioned shall have no claim to reimbursement against the ship.

**Article 1226.** Contracts with seamen may be rescinded on the following grounds:

1. change of destination of the ship before starting on the voyage for which they were engaged;
2. a declaration of war endangering the ship, either before or after setting out on the voyage;
3. the occurrence of epidemic disease aboard or at the port of destination;
4. the death or dismissal of the master before the vessel has left port.
5. the lack of convoy when it was stipulated that the voyage should be made under escort of warships;
6. sickness of the seaman incapacitating him for the performance of the duties for which he was engaged.

**Article 1227.** The obligations of a seaman shall be terminated—

1. on the expiration of the term of his engagement or the conclusion of the voyage for which he was contracted;
2. on his death;
3. on his dismissal from the service;
4. on the sale, seizure or attachment of the vessel;
5. on a change of destination of the ship;
6. on the cancellation of the voyage, whether voluntary or obligatory.

**Article 1230.** Seamen are prohibited from instituting any action whatever against the master or the vessel before the end of the voyage under penalty of forfeiting all their wages.
Nevertheless, when a vessel is in port, a seaman who has been mistreated by the master or underfed may apply for the rescission of his contract to the consul of the Republic or the proper local authority.

*Decree No. 199 (of 5 August 1947) to Issue Regulations under the Provisions in Force concerning the Protection of Seamen*

The President of the Republic,

In exercise of the legal power conferred upon him by paragraph 17 of Article 144 of the Constitution, and

*Whereas:*

Under Decree No. 31 of 14 August 1945, the Ministry of Labour, Social Welfare and Public Health was made responsible for the supervision and execution of the provisions regulating relations between employers and workmen,

It behoves the State to use all means at its disposal to guarantee for the workers such conditions as will permit a reasonable standard of living, and

It is essential for this purpose to make regulations under the provisions in force relating to the Panamanian mercantile marine,

*Decrees:*

1. Every master of a vessel flying the Panama flag who engages in foreign trade shall be required to obtain a form of agreement for the engagement of seamen from the Ministry of Labour, Social Welfare and Public Health or from the appropriate Panamanian consul according to the port of departure. The articles of agreement and the names of the crew shall be entered in a single document in such manner that there are no members of the crew whose engagement is not duly shown.

2. The agreement shall contain—

(a) the name of the vessel;

(b) the actual number of the crew;

(c) the type of engagement (for a single voyage, for one or more months, or for shares in the proceeds);

(d) the voyage or voyages to be undertaken by the vessel;

(e) the full name, age, nationality, place of residence and civil status of the seaman;

(f) the address of his next of kin;

(g) the number of the seaman's certificate;

(h) the capacity in which the seaman is to serve;

(i) the remuneration, wages or salary of the seaman;

(j) the place and date of engagement;

(k) the place and date of signature of the agreement;

(l) the rights and obligations of each party (which shall in no case be contrary to Panamanian legislation).
3. The agreement shall be signed in triplicate by the master (or person acting on his behalf) and by the seaman, in the presence of the appropriate Panamanian authority, who shall certify it.

4. The master (or person acting on his behalf) shall be required to post a copy of the agreement for the information of the seamen in a conspicuous place to which they have free access. A printed copy bearing the signature of the master and of the Panamanian authority concerned shall be procured for the purpose.

5. No deletion, erasure, interlineation or alteration in an agreement shall be permitted unless it is made with the knowledge of the parties and in the manner prescribed in the foregoing sections.

6. All new engagements which subsequently take place during the voyage or voyages undertaken by the vessel in accordance with the agreement shall be entered in the copy held by the master and in two original copies of a form supplied for the purpose by the Panamanian authority before whom the engagement is effected.

7. The procedure indicated in the last preceding section shall also be followed when seamen are discharged.

8. No intermediary carrying on such business for pecuniary gain shall intervene in the process of engagement. Any person, firm, company or agency found to be engaged in the shipping of seamen for pecuniary gain shall be punished with a fine of not less than 50 and not more than 100 balboas. Where the offence occurs outside the jurisdiction of the Republic, the fine shall be imposed upon the master (or person acting on his behalf) and the ship in which the offence was committed shall be liable for payment thereof.

9. It shall not be lawful to engage any person under 18 years of age.

10. If any person or persons are carried to sea as members of the crew without an agreement having been signed in the manner prescribed in this Decree, the ship shall be held responsible. A fine of 200 balboas shall be inflicted for each person so carried to sea.

11. Every master of a ship to whom this Decree applies shall, whenever he puts in at any port in Panamanian territory (including a port subject to jurisdictional limitations under international treaties) for six hours or more, submit all his documents to the Department of Labour in the Ministry of Labour, Social Welfare and Public Health.

12. Every seaman shall obtain from the office of the appropriate Panamanian authority a certificate containing the following means of identification:

- (a) the number of the certificate;
- (b) a photograph of the bearer;
- (c) the full name, date of birth, place of birth, nationality, place of residence and civil status of the seaman;
- (d) special peculiarities;
- (e) the seaman's signature.

13. The following particulars shall be entered in the seaman's certificate, in the presence of the appropriate Panamanian authority:
(a) the name and class of vessel in which the seaman has undertaken to serve or from which he is discharged;
(b) the place and date of engagement;
(c) the capacity in which he is to serve;
(d) the place and date of signature of the agreement;
(e) the signatures of the master and of the appropriate Panamanian authority.

14. Every master of a Panama ship shall be required to ensure that not less than 10 per cent. of the crew are seamen of Panamanian nationality or aliens married to a Panamanian woman or to the son or daughter of a Panamanian mother and resident in the Republic of Panama.

15. The Department of Labour may, after verifying that there are no Panamanian seamen available in the Republic of Panama, temporarily permit a reduction of the percentage of Panamanians required by law.

16. Where for any reason beyond the control of the master the percentage of Panamanians in the crew alters, the consul of the Republic of Panama in the port where the alteration takes place shall permit the ship to leave after verifying that there are no Panamanian seamen in that port.

17. The Department of Labour shall maintain a register of the seamen serving in the Panama merchant marine.

18. The consuls of the Republic of Panama shall maintain a register of all Panamanian seamen who are unemployed.

19. The Panamanian authorities shall carry out inspections of ships for the purpose of ascertaining the conditions under which seamen are employed. A report of each such inspection shall be drawn up and signed by the master.

20. The Panamanian authority concerned shall have power to call upon the master, seamen, or any other person on board to furnish such information as it deems necessary for the due performance of its duties. Any disclosure of information of a confidential character by the Panamanian authority shall involve the appropriate criminal liability.

21. It shall be the duty of the Department of Labour in the Ministry of Labour, Social Welfare and Public Health to supervise the execution of the provisions of this Decree.

22. The consuls of the Republic of Panama shall act as representatives of the Department of Labour in all matters relating to the supervision and execution of the provisions of this Decree.

23. The consuls shall be required to submit to the Department of Labour a monthly report on their activities in relation to these provisions. They shall also be required to forward one of the copies of every agreement and additional sheet annexed thereto which is signed in their presence, and to furnish any information requested.

24. The following fees shall be payable for services provided under this Decree:

(a) certification of agreements under Article 3 of this Decree—seven balboas (No. 48 of Article 18 of the Consular Tariff);
(b) certification of copies or preparation of certified copies of agreements showing that the original agreement was duly attested—five balboas (Article 22 of the Consular Tariff);

(c) witnessing of the signature of a seaman on engagement or discharge, on the original contract or on a certified copy—two balboas (Article 22 of the Consular Tariff);

(d) certification of copies or preparation of certified copies of individual engagements or discharges—five balboas (Article 22 of the Consular Tariff).

25. The Department of Labour and the consuls of the Republic of Panama shall have power to impose penalties for contravention of the provisions of this Decree.

26. This Decree shall come into operation on the fifth day of September 1947, and repeals all earlier provisions which are contrary thereto.
APPENDIX IV

MEMORANDUM ON REGISTRATION IN THE PANAMA MERCHANT MARINE

The Panama Merchant Marine is composed of ships which have been registered for two distinct types of service and trade, as follows: (a) home trade—coastwise transport; (b) foreign trade—international transport.

Coastwise transport is undertaken by shallow draught ships of low tonnage registered for the purpose at an approved port in the Republic. Such shipping is supervised by the port authorities of Panama (port inspectors).

International transport is undertaken by deep draught ships registered in the Foreign Trade Register of the Panama Merchant Marine, having a capacity of over 500 net tons, and also by ships of lower tonnage which have been approved for the foreign trade by the Executive. The Panamanian consular officials are responsible for supervising such shipping.

This study will be concerned only with shipping in the foreign trade.

For the purpose of greater clarity the procedure for provisional transfer to the Panama flag and permanent registration, and in the event of any changes affecting a ship, is shown in separate chapters, as follows:

Chapter I: Provisional registration and transfer to the Panama flag.

Chapter II: Permanent registration in the Foreign Service Registry of the Merchant Marine.

Chapter III: Filing of proof of ownership with notary, and registration in the Property Register.

Chapter IV: Alterations to the ship after its registration.

Chapter V: Cancellation of registration.

Chapter VI: Miscellaneous.

CHAPTER I

PROVISIONAL REGISTRATION AND TRANSFER TO THE PANAMA FLAG

Sources

Constitution of Panama; Commercial Code; Code of Bustamante; Act No. 8 of 1925; Act No. 54 of 1926; Tariff of Consular Fees.

\footnote{Supplied by the Government of Panama (translated by the I.L.O.).}
Summary

(a) Procedure conferring Panamanian nationality (provisional registration).

(b) Issue of provisional navigation permit (permission to navigate for six months).

(c) Hoisting of Panama flag.

Any ship exceeding 500 net tons may be provisionally transferred and registered in the Foreign Service Register of the Panama Merchant Marine at any port of the Republic or at a Panamanian consulate abroad.

For this purpose the following fiscal duties must be paid and the documents required by law and listed below must be produced.

Duties.

(1) Registration fee: one balboa per net ton or fraction of a ton (2 per cent. as fees for the consul).

(2) Annual tax: 10 centesimos per net ton, payable annually in advance (10 per cent. as fees for the consul).

(3) Provisional permit: 20 balboas (50 per cent. as fees to honorary consuls only).

(4) Permanent permit: 25 balboas (no consular fees).

(5) Miscellaneous fees: include fees for attestation of signatures, opening and closing of books, certificates of competency, certification of engagement and discharge of crew, approval of stamped paper, and any other incidental charges listed in the tariff of consular fees. The percentage to be retained by the consuls was prescribed in Decree No. 28 of 1942.

Documents Required.

(1) Bill of sale (which must be bilateral).

(2) Official certificate showing that the ship has renounced its previous nationality.

(3) Certificate of survey (issued by the American Bureau of Shipping or Lloyd's Register of Shipping, though a certificate from another surveying company may be accepted temporarily).

(4) Power of attorney given by the owner to his agent, attorney or representative, for the purpose of the transfer.

(5) The following additional certificates: (a) efficiency of radio telegraphic apparatus; (b) seaworthiness; (c) inspection of machinery; (d) loadline; (e) other certificates.

(6) Application for licence for the ship's radio station (the form must be filled in by a radio specialist).

Procedure at Consulates

An application shall be made in writing to the consul for the provisional registration of the ship in the Merchant Marine Register, accompanied by the fees already mentioned, and the appropriate documents. Certain of the documents need not be submitted if the persons concerned are temporarily unable to obtain them, on condition that they are produced within a reasonable time.

However, no transfer can take place unless at least the following documents are submitted:

(1) Bill of sale.

(2) Certificate of renunciation of nationality.

(3) A certificate of survey.

(4) Power of attorney.

(5) Certificate of seaworthiness.
All these documents must be duly legalised and be submitted in Spanish or accompanied by a Spanish translation made by a public interpreter (signature to be witnessed).

After verifying that the correct sum has been paid and the documents are in order, the consul will apply to the Consular and Shipping Division of the Ministry of Finance and Treasury for permission to carry out the transfer. He must apply by cable and the persons concerned pay the cost of the cablegrams exchanged between the consulate and the Division. The cablegram applying for permission must contain the following particulars:

(a) Name of ship.
(b) Net and gross tonnage.
(c) Name of owner.
(d) Name of agent or representative of owner in Panama.

If the Shipping Division authorises the transfer the consul will prepare an instrument conferring Panamanian nationality and a provisional navigation permit in triplicate.

The consul will then visit the ship, and, in company with the captain or officer in charge, hoist the Panama flag, and prepare the record of transfer.

The paper used for all applications and translations must, of course, be approved, and the signatures of the persons acting in regard to the transfer must be witnessed by the consul.

After this has been done the provisional transfer is complete. The final registration of the ship takes place as soon as the consul has remitted the sums collected (less his fees), and the documents submitted for the transfer, to the Consular and Shipping Division.

CHAPTER II

PERMANENT REGISTRATION IN THE FOREIGN SERVICE REGISTRY OF THE MERCHANT MARINE

Summary

(a) Approval of the provisional transfer by the Executive (through the Ministry of Finance and Treasury).
(b) Issue of permanent navigation permit (by the Inspector of the Port of Panama).
(c) Recording of the permanent permit in the Register of Shipping (for the Public Register).

The fees collected by the consul, the documents produced and duly legalised, two copies of the instrument conferring Panamanian nationality and one copy of the provisional permit must be forwarded to the Consular and Shipping Division for its consideration.

If the fees have been correctly paid, and the documents are in order, and the persons concerned apply in writing to the Ministry of Finance and Treasury for the permanent registration of the ship, an Executive Order will be issued:

(a) declaring the ship to be of Panamanian nationality;
(b) ordering it to be registered in the Merchant Marine Register;
(c) ordering the Inspector of the Port of Panama to issue a permanent navigation permit.

The Inspector of the Port of Panama will then issue a permanent navigation permit which must be forwarded to the Public Register for registration.

After registration, the permanent permit shall be handed to the representative or agent in Panama, or to the consul who undertook the transfer.

As soon as the permanent permit reaches the ship, the captain must return the provisional permit for cancellation.
CHAPTER III

FILING OF PROOF OF OWNERSHIP WITH NOTARY AND REGISTRATION IN THE PROPERTY REGISTER

Summary

(a) Transformation of bill of sale into a public document (filing with notary or Panamanian consul).

(b) Registration of the public document in the Property Registry (by the owner or his representative).

As this part of the procedure of transfer is of a private character, the owner of the ship is responsible for carrying it out, either directly or through an agent or representative in Panama.

The proof of ownership or bill of sale (in Spanish or with a Spanish translation) must be transformed into a public document by applying to a public notary or to a Panamanian consul having the powers of a notary.

After the document has been filed in the manner described the owner or his representative must submit it to the Property Registry for registration.

The tariff of charges for the registration of documents in the Public Register will be found at the end of these instructions.

For the purpose of clarity, some brief remarks are included concerning bills of sale.

Bills of Sale.

As these are synallagmatic documents or, in other words, bilateral contracts by which the parties recognise mutual obligations, the law provides that the contracting parties must expressly declare that they have accepted the bill of sale.

The vendor must prove that he is qualified to sell the ship, that is to say, that he is the owner of the ship or is authorised to sell it. If that fact is not shown clearly in the document, the bill of sale will not be accepted by the Property Registry.

In practice, the following procedure is used to complete such documents:

(a) A certificate is obtained from the notary taking part in the transaction to the effect that the vendor is qualified to sell the ship. In order to simplify this requirement the Property Registry will accept a short and simple notarial certificate such as the following:

I certify, after examining documentary proof submitted to me, that Mr. ... (the vendor), who has produced the bill of sale, was at the date of this certificate the duly registered owner of the said steamship, and had at that date legal capacity to undertake the sale of the steamship.

(b) In the case of ships which are registered in the merchant marine of other countries, the owner may prove that he owns the ship by submitting a certificate from the register of shipping in that country, or from the appropriate authority carrying out such duties in the country under whose flag the ship sails.

In practice it is commonly found that bills of sale only contain a declaration by the vendor. In order to complete this document it is necessary for the purchaser to declare in writing that he has taken delivery, or that he accepts the declaration of the vendor. This declaration must be annexed to the bill of sale, which must be filed with a notary in order that it may be transformed into a public document. It will be remembered that the law has entrusted Panamanian consuls with notarial functions.
CHAPTER IV

ALTERATIONS TO THE SHIP AFTER ITS REGISTRATION

Summary

(a) Change of Provisional or Permanent Permit.
   (1) Change of name of ship.
   (2) Change of tonnage or structure.
   (3) Loss of or damage to original permit.
   (4) Change of owner.
   (5) Other changes.

(b) Issue of Order.
   (1) Cancellation of permit.
   (2) Ordering issue of new permit.
   (3) Extending validity of permit.

(c) Registration of New Proof of Ownership.
   (1) Filing of the document with a notary.
   (2) Registration in the Property Registry.

Whenever a Panama ship undergoes any of the changes mentioned under (a) above, a new navigation permit showing the change must be obtained. The permission of the Consular and Shipping Division is required for the change of permit, and generally the persons concerned are liable to pay the following charges:

(1) Issue of a provisional permit (while permanent permit is being obtained in Panama): 20 balboas (of which 60 per cent. goes to honorary consuls).

(2) Extension of the validity of a provisional permit at the request of the persons concerned: five balboas (of which 60 per cent. goes to honorary consuls).

(3) Issue of new permanent permit: 10 balboas (no consular fees).

(4) Certificate of discharge of taxation liabilities: 10 balboas (of which 50 per cent. goes to honorary consuls).

(5) Fee payable for each sheet of approved paper used in applications: 50 centesimos (no consular fees).

(6) Other charges such as the witnessing of signatures, certificates, and checking of photostatic copies, etc.

The permission of the Consular and Shipping Division must be obtained for the change of a ship’s permit as above, and the persons concerned must:

(a) send an application to the consul asking him to issue the ship with a new navigation permit taking account of the change;

(b) send an application to the Ministry of Finance and Treasury asking for a new permanent navigation permit.

When the change has been authorised, the consul will issue the appropriate certificate of discharge of taxation liabilities, and will issue an order cancelling the current permit of the ship and ordering a new provisional permit, incorporating the changes, to be issued until the permanent permit is issued to the ship by the Inspector of the Port of Panama.

The consul will deliver the new provisional permit and withdraw the current permit.

A copy of all proceedings must be sent to the Consular and Shipping Division in order that a new permanent permit may be issued.
The persons concerned must pay five balboas for registration of the order cancelling the permit in the Public Registry, and an additional five balboas for registering the new permit issued by the Inspector of the Port of Panama (total: 10 balboas). In the case of a change of permit arising from a change of owner, the consul must draw attention to the fact that the new document of ownership must be registered in the Property Registry. The person concerned will have this done through his representative or agent in Panama. When the fees have been paid and the application and other documents signed by the consul have been studied, an Executive Order will be issued to cancel the old permit and instruct the Inspector of the Port to issue a new permanent permit, to be registered in the Shipping Register.

As soon as the permit has been registered it will be handed to the representative of the owner in Panama, or sent direct to the consul undertaking the arrangements.

As soon as the new permanent permit reaches the captain of the ship he must immediately return the provisional permit held by him to the Consular and Shipping Division.

CHAPTER V

CANCELLATION OF REGISTRATION

Summary

(a) Cancellation Order.

(1) When a ship is transferred to the registry of another country.
(2) When the ship is wrecked or abandoned (total loss).
(3) If the ship assists an enemy country in wartime.
(4) If the ship regularly engages in contraband, illicit trade or piracy.

(b) Cancellation of the Entry in the Property Registry.

The entry of a ship in the Merchant Marine Register may be finally cancelled for any of the reasons mentioned in (a) above.

The procedure for cancellation is more or less similar to that followed when a ship’s permit is changed, except that the registration and permit are declared to be cancelled. It must be noted that the persons concerned must send an application to the consulate and to this Ministry so that the registration of the ship may be cancelled.

When cancellation results from the causes mentioned under (3) and (4) above, no application from the persons concerned is naturally required, but evidence of the offences committed by the ship must be produced.

The fees which are generally payable in this case are as follows: 10 balboas for the certificate of discharge of taxation liabilities; 10 balboas for a copy of the cancellation order issued by the consul; 5 balboas for the registration of the cancellation order, and other charges in respect of approved paper, witnessing of signatures, certificates, closing of books, etc., at the rates shown in the tariff of consular fees.

In this case also, permission must be obtained from the Consular and Shipping Division for the cancellation of registration. The consul must indicate in the cancellation order the reasons for the cancellation of registration and, in the mandatory part of the order, the particulars of the ship must be given in full as follows: tonnage, material of which the hull is constructed, place and date of construction, name of builder and name of owner. The permit held by the ship will at the same time be declared to be cancelled.

The above document must be sent to the Consular and Shipping Division in order that it may be confirmed by the Executive.

It should be recalled that just as registration in the Public Registry was a matter for the owners themselves through their representatives, it is also the duty of the representative to cancel the registration of the ship in the Public Registry on behalf of the owners.
CHAPTER VI

MISCELLANEOUS

Summary

(a) Consular and Shipping Division.
   (1) Instructions.
   (2) Payment of fees collected to the Treasury.

(b) Additional Instructions,
   (1) Applications (approved paper, attested signatures).
   (2) Forms (certificates of nationality, provisional permits, certificates of competency, applications for radio licences).
   (3) Attestation of signatures.
   (4) Translations.
   (5) Checking of copies.
   (6) Powers of attorney.
   (7) Identification of ships.

(c) Consular Supervision.
   (1) Responsibility.
   (2) Copy of documents for each ship.
   (3) Accounts and collection of taxes.
   (4) Power of compulsion.

As in fiscal matters the consuls are directly subordinated to the Consular and Shipping Division in the Ministry of Finance and Treasury, all instructions and forms relating to the collection of consular fees and navigation charges must be obtained from the said Division. Similarly, all sums collected by the consuls must, after deduction of their fees, be remitted to the Division for payment to the Treasury.

Every application submitted to a consul or any other official must be made on approved paper and the signature of the applicant must be attested.

Forms for the transfer of ships to the Panama flag must be prepared in triplicate and distributed as follows: the original of the instrument conferring Panamanian nationality must be kept in the archives of the consulate and two copies must be sent to the Consular and Shipping Division; the original of the provisional permit must be handed to the captain of the ship, one copy must be retained by the consulate, and the other kept by the Shipping Division. Three copies of the application for a radio licence must be sent to the Shipping Division.

Attestation of Signature.

Every document or request submitted to a consulate by way of a proof or application and liable to result in future consequences or proceedings must be duly authenticated, so as to prove that it has been legitimately made by the person or persons signing it. Attestation of the signatures by the Panamanian consul will be proof of authenticity.

Translations.

Every document drawn up in a foreign tongue must be accompanied by a Spanish translation, which will not be valid unless it has been made by an authorised public translator. The signature of the interpreter making the translation must also be authenticated.
Power of Attorney.

No person may act in the name of, or as a representative of, any other person or persons (whether natural or incorporated), unless he possesses a power of attorney. As a general rule powers of attorney are documents executed before a notary. In certain cases they may be merely private documents but, in whatever form they are prepared, they will be without value unless they are clearly expressed and comply with legal forms, and the signature of the conferrer is authentic.

Identification of Ship.

In many cases ships are transferred under a name other than that shown in the bill of sale and the certificate of survey. In such cases the owner or his legal representative must make a declaration to the effect that the ship is the same as that indicated in the said documents, and that it will in the future bear such and such a name.

Responsibility.

The responsibility for transfers of ships abroad lies directly with the consular official carrying out such transfer.

Copy for Each Ship.

The consul must prepare and file a separate collection of documents for each ship which is transferred (the files being supplied by the Shipping Division).

Shipping Accounts.

As responsibility for the transfer falls upon the consul carrying it out, the same consul must collect the taxes from the ship, keeping a special account sheet or book. When the ship is transferred the consul will collect the annual tax for one year in full, and in the following year will collect such part of the tax as is due up to 31 December. If the tax is paid after the date when it becomes due, an additional 10 per cent. will be payable. The consul retains 10 per cent. of the sums collected by way of fees.

Compulsion.

As the Panamanian consuls are responsible for the safe keeping of all books and papers belonging to Panama ships in the foreign trade, and for supervision of their navigation, they may apply to the port authorities in their area for co-operation and assistance in preventing any Panama ship leaving port without complying with the law. If in any case the said authorities do not provide the co-operation desired, the consuls must inform the Shipping Division of the irregularities and omission committed by the ship, and also of the direction, course and destination taken by it.

Licence for Radio Station.

Applications for such licences must be carefully prepared by a specialist (a radio operator), in order to avoid error. It is essential that the exact name and address of the owner of the radio station and of the person or company paying the radio accounts is indicated, otherwise the accounts will be sent to the Government.

Instructions.

All consuls who transfer ships to the Panama flag must fully instruct owners, captains and officers directly connected with the ships in the following matters:

(1) Panama ships are, and will continue to be, protected by our laws.

(2) All acts connected with the ships must be carried out and determined by the Panamanian authorities (consuls, captains and judges).
(3) Whenever a ship arrives at a port, the captain must present his books, documents and papers to the consul for safe keeping, examination, and endorsement, and must pay the charges for the various services.

(4) No ship may be sold unless it is free from all obligation to the Treasury in respect of taxes. The Shipping Division will certify this by cablegram in urgent cases, and the consul concerned with the sale will issue a certificate. It is also necessary to obtain a certificate from the Property Registry, indicating that the ship is free from lien or mortgage. (The latter certificate must be obtained directly from the Registry by cablegram or through the representative in Panama.)

(5) All engagements and discharges of crew must be endorsed by the consul.

(6) It will be found advisable to file bills of sale with a Panamanian consul or notary in order to assure that they fulfil the legal requirements.

(7) When any change takes place in a ship (name, owner, tonnage, etc.) a new navigation permit must be obtained indicating what change has taken place.

(8) Every Panama ship must:

(a) engage in the trade indicated in its permit;
(b) limit itself to lawful trade;
(c) be in good condition for navigation and safe for crew and passengers.
<table>
<thead>
<tr>
<th>Name of ship</th>
<th>Former registry</th>
<th>Transfer to Panama</th>
<th>Owner or agent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anastassia</td>
<td>U.S.A.</td>
<td>1946</td>
<td>Dos Oceanos Cia.</td>
</tr>
<tr>
<td>Arenados</td>
<td>U.S.A.</td>
<td>1947</td>
<td>French owner</td>
</tr>
<tr>
<td>Atlantic</td>
<td>U.S.A.</td>
<td>1948</td>
<td>Fratelli Cosulich</td>
</tr>
<tr>
<td>Cairo</td>
<td>Palestine</td>
<td>1948/9</td>
<td>Zarati s/s Co.</td>
</tr>
<tr>
<td>California</td>
<td>U.S.A.</td>
<td>c. 1946</td>
<td>May s/s Co.</td>
</tr>
<tr>
<td>Capetan Lefteris</td>
<td>Portugal</td>
<td>1949</td>
<td>Cia. Nav. Elsevel</td>
</tr>
<tr>
<td>Charlestown</td>
<td>U.S.A.</td>
<td>1948</td>
<td>Panama Transport Co.</td>
</tr>
<tr>
<td>Choctaw Trail</td>
<td>U.S.A.</td>
<td>1948</td>
<td>Overseas Tankship Co.</td>
</tr>
<tr>
<td>Continental</td>
<td>U.S.A.</td>
<td>1946</td>
<td>Tidal Water Co.</td>
</tr>
<tr>
<td>Derna</td>
<td>France</td>
<td>1948</td>
<td>Dos Oceanos Cia.</td>
</tr>
<tr>
<td>El Segundo</td>
<td>?</td>
<td>1938/9</td>
<td>Stella Maritima Nav.</td>
</tr>
<tr>
<td>Gypsum Prince</td>
<td>None</td>
<td>1947</td>
<td>Panama Gypsum Co.</td>
</tr>
<tr>
<td>Hellenic Nymph</td>
<td>Australia</td>
<td>1947</td>
<td>E.P. Yannoulatos</td>
</tr>
<tr>
<td>Hermes</td>
<td>Sweden</td>
<td>1948</td>
<td>Cia. Naviera Minores</td>
</tr>
<tr>
<td>Ispahan</td>
<td>France</td>
<td>c. 1948</td>
<td>Greek</td>
</tr>
<tr>
<td>Katoomba</td>
<td>Australia</td>
<td>1946</td>
<td>Cia. Maritima del Este</td>
</tr>
<tr>
<td>Marilyn</td>
<td>U.S.A.</td>
<td>1948</td>
<td>U.S. owner</td>
</tr>
<tr>
<td>Medex</td>
<td>Canada</td>
<td>1946</td>
<td>Internat. Shipping Co.</td>
</tr>
<tr>
<td>Norma</td>
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<td>1947</td>
<td>Nephtol Shipping Co.</td>
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<tr>
<td>Pachitea</td>
<td>U.S.A.</td>
<td>1947</td>
<td>Panama Shipping Co.</td>
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<td>Penelopi</td>
<td>U.K.</td>
<td>c. 1938</td>
<td>Polar Cia. de Navegación</td>
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<td>Poucou</td>
<td>U.S.A.</td>
<td>1944</td>
<td>Blidberg-Rotschild</td>
</tr>
<tr>
<td>Rena</td>
<td>U.K.</td>
<td>1946</td>
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</tr>
<tr>
<td>Roul</td>
<td>Greece</td>
<td>c. 1946</td>
<td>Peltekis</td>
</tr>
<tr>
<td>Samaria</td>
<td>Honduras</td>
<td>1948/9</td>
<td>Marine Trpt. and Trading Co.</td>
</tr>
<tr>
<td>Santiago</td>
<td>Greece</td>
<td>1939</td>
<td>Santiago s/s Co.</td>
</tr>
<tr>
<td>Terpsichore</td>
<td>Italy</td>
<td>c. 1946</td>
<td>Blue Line</td>
</tr>
</tbody>
</table>

1 Stated by the Government of Panama to have been removed from its register. Renamed Asimena and reported by press as again under Panama flag.

2 Name recently changed to Columbia.
<table>
<thead>
<tr>
<th>Nationality of master</th>
<th>Type</th>
<th>Built</th>
<th>Gross tonnage</th>
<th>Trade</th>
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<tbody>
<tr>
<td>Greek</td>
<td>Tramp</td>
<td>1919</td>
<td>5,869</td>
<td></td>
</tr>
<tr>
<td>British</td>
<td>Tramp</td>
<td>1919</td>
<td>4,861</td>
<td></td>
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<tr>
<td>Italian</td>
<td>Passenger</td>
<td>1927</td>
<td>22,300</td>
<td>Transatlantic</td>
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<td>Greek</td>
<td>Passenger</td>
<td>1907</td>
<td>1,334</td>
<td>Venezuela-North Africa</td>
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<tr>
<td>Italian</td>
<td>Tanker</td>
<td>1918</td>
<td>6,762</td>
<td></td>
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<td>1905</td>
<td>4,295</td>
<td></td>
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<td>Italian</td>
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<td>10,195</td>
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<td>Timber carrier</td>
<td>1998</td>
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<td>Greek</td>
<td>Pass./cargo</td>
<td>1915</td>
<td>12,000</td>
<td>Europe-Australia</td>
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<td>Greek</td>
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<td>3,668</td>
<td>Persian Gulf</td>
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<td>Cargo</td>
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<td>East Canada-U.S.A.</td>
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<td>1,316</td>
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<td>Tramp</td>
<td>1919</td>
<td>5,636</td>
<td></td>
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<td>1,000</td>
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<td>771</td>
<td>From Persian Gulf</td>
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<td>1930</td>
<td>2,480</td>
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<td>Italian</td>
<td>Tramp</td>
<td>1918</td>
<td>5,428</td>
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</tbody>
</table>
APPENDIX VI

QUESTIONNAIRE ON CONDITIONS IN PANAMA SHIPS

S.S. ........................................ lying at .............. date ......

I. GENERAL

Former name(s) of ship
Former registry
Date of transfer to Panama register
Home port
Owner/agent
Nationality of master
Type of ship
When and where built
Gross tonnage
Trade (ports of call)

II. SAFETY

Classified by (name of society)
Classification
Date, place and nature of last survey
When last in dry dock
Date of last machinery survey
Date of last boiler survey
Date of validity of Safety of Life at Sea Certificate
Date of validity of Loadline Certificate
Date of validity of Radio Certificate
By whom were these certificates issued?
Life-saving equipment:
   Lifeboats (number, capacity, equipment and condition)
   Lifejackets (number)
Fire-fighting equipment:
   Gas nozzles in holds
   Fire hydrants and pumps
   Portable extinguishers
Frequency of lifeboat and fire drills
Are these entered in log?
Condition of falls for lifeboats
Condition of loading gear and deck equipment
Certificate for testing
Navigational aids
What radio watches are kept?
III. SOCIAL AND LABOUR STANDARDS

(Reference is made to the relevant international labour Conventions)

A. Method of Engagement (Convention No. 9)
1. How were seafarers engaged (through employment exchange, trade union or other agency)?
2. Was any seafarer charged a fee to obtain employment?

B. Young Persons (Conventions Nos. 7, 15, 58)
1. Are any of the crew under 15 years of age?
2. Are any trimmers or stokers under 18 years of age?

C. Medical Examination (Conventions Nos. 16, 73)
1. Were medical certificates of fitness, sight, etc., required before signing on?
2. If so, how old were these certificates?
3. Are persons under 18 re-examined annually?

D. Articles of Agreement (Convention No. 22)
1. Were contracts signed in presence of Panamanian consul?
2. Was opportunity given to study and understand articles before signing?
3. Do articles contain reference to Panamanian law or any stipulation contrary to that law?
4. Do articles clearly state rights and obligations of parties?
5. Are there differences between individual contracts?
6. What is period of notice for terminating contract?
7. Are crews signed off in presence of Panamanian consul?

E. Competency Certificates (Convention No. 53)
1. What countries issued officers' certificates?
2. Is any officer employed in a higher grade than that for which he holds certificate?
3. Are radio operators duly certificated?

F. Wages, Hours and Manning (Conventions Nos. 57, 76)

(a) Wages.
1. What are rates of pay of 1st officer and 2nd engineer?
2. What is rate of pay of (a) A.B., (b) fireman, (c) assistant steward?

(b) Overtime.
1. In what circumstances is overtime paid?
2. What are the overtime rates on weekdays, Saturdays, Sundays?

(c) Working Hours.
What are the normal working hours: (a) deck, (b) engine room, (c) catering—
At sea?
In port?
Arrival and sailing days?
(d) Manning.
1. How is the ship manned? (Consult crew list.)
2. What is the system of watches?
3. How many different nationalities?
4. Are there difficulties in working together?
5. Is any department thought to be undermanned?

G. Holidays with Pay (Conventions Nos. 53, 72)
1. Is annual leave with full pay granted to officers and ratings?
2. How many days for—
   (a) officers?
   (b) ratings?
3. After what qualifying period?
4. Is proportionate leave granted to a seafarer discharged earlier through no fault of his own?
5. Is subsistence allowance granted during leave?
6. What public holidays are observed?

H. Shipowners' Liability (Conventions Nos. 23, 55, 70)
1. In case of sickness or injury, are seafarers entitled to—
   (a) adequate medical care until recovery?
   (b) board and lodging until they find employment or are repatriated?
   (c) repatriation?
2. Is shipowner obliged to insure against the above liability?
3. Do contracts provide for—
   (a) repatriation on termination of contract away from home port?
   (b) if so, to what port?
   (c) subsistence allowance during repatriation?
4. Are all these rights granted in practice?

J. Social Security (Conventions Nos. 56, 70)
1. Are seafarers covered by any social security scheme?
2. Does the shipowner contribute to any social security scheme?
3. Do the seafarers contribute to any social security scheme?
4. What rates of compensation are actually paid—
   (a) to a permanently disabled seafarer?
   (b) to the dependants of a seafarer who dies as a result of injury or disease?
5. How do seafarers or their dependants make good their claims to cash compensation in such cases?

K. Crew Accommodation (Convention No. 75)
1. Where situated?
2. Number of ratings per room?
3. What is floor space per person in sleeping rooms?
4. What is height of sleeping rooms?
5. Fitting out of sleeping rooms:
   (a) Tiers of bunks
   (b) Material of bunks
   (c) Spring bottoms
   (d) Material of mattresses
APPENDICES

(e) Lockers, drawers, seats, table
(f) Curtains
(g) Lockers for oilskins
(h) Floor covering
(i) Insulation
(j) Heating, lighting, ventilation

6. Is bedding supplied by ship? How often changed?

7. Messrooms:
   (a) Separate for each department
   (b) Adequate for all who need to use them at one time
   (c) Lockers for mess utensils
   (d) Facilities for washing up

8. Are mess utensils supplied by ship?

9. Sanitary facilities:
   (a) Number of baths and showers
   (b) " " water closets
   (c) " " wash basins

10. How often is accommodation—
    (a) cleaned?
    (b) inspected?

11. Is hot and cold fresh water available in wash places?

12. What are facilities for washing and drying clothes?

13. What is capacity of sick bay and where located?

14. Is sick bay used for other purposes?

15. Is medical chest properly stocked?
APPENDIX VII

OBSERVATIONS OF THE GOVERNMENT OF PANAMA

EXTRACTS FROM THE LETTERS OF THE REPRESENTATIVE OF PANAMA TO THE DIRECTOR-GENERAL OF THE I.L.O.

(Translation)

I

MME-026 28 December 1949.

Sir,

On the occasion of the session of the Governing Body which opens in India on 5 January 1950, I have the honour to inform you of the views of my Government concerning the results of the investigation carried out in 30 ships of Panama's merchant marine.

My Government further wishes to point out that its high purpose in ensuring the full application of social justice in the ships of its registry, and its firm decision to heed the just and fair claims of the seafarers, would be seriously antagonised by the hurried publication of a document which, whatever its conclusions may be, suffers from two important technical limitations which should be the subject of the gravest consideration:

(1) The number of ships visited does not exceed 30, which is a trifling number indeed, being less than 4 per cent. of the ships in the registry. Such a scanty percentage forbids any substantial generalisation about conditions in the merchant marine.

(2) In order to express opinions on safety, health and labour on board, the Committee of Enquiry adopted as a standard of reference the Seattle Conventions, which cannot be applied because they have not been ratified by Panama. This method of expressing opinions necessarily makes some of the conclusions unreal and hypothetical, exactly as they would be in regard to any of the important maritime countries, none of which has so far ratified these Conventions.

Being eager on the one hand to clear up any misrepresentation concerning the enquiry authorised by Panama into ships of its registry, and convinced of the upright intentions which impel both the Director-General and the Governing Body of the International Labour Office to help find a solution to the question, which my Government is resolved to deal with adequately in all its aspects, as was already pointed out in its letter MM-005 of 5 October 1949, I formally repeat to the Director-General, and through him to all members of the Governing Body, the
desire of the Government of Panama to be acquainted with the results of the enquiry which it alone authorised and requested of the International Labour Office, so that a decision in this important matter may be reached.

Being entrusted by my Government with questions regarding the merchant marine of Panama in Europe, the Mediterranean, Palestine and Asia Minor, I have remained for some months in Geneva, where I shall be pleased to receive any communication which the Director-General may wish to send me, and to consider with him, and with any members of the Governing Body who so desire, any points concerning this matter, as I am convinced that a spirit of goodwill among all parties concerned will make it possible to reach, in every case, the most equitable and reasonable solution.

I have the honour to be, etc.

(Signed) MIGUEL AMADO,
Minister of Panama.

II

MME-048
Geneva, 30 April 1950.

Sir,

My Government has already stated and repeats today that it is anxious to take account of any recommendations made by the I.L.O., by the International Transport Workers' Federation, or by any other technical or occupational bodies, with a view to promoting the general improvement of its maritime services and making certain that all ships sailing under its flag fully comply with the regulations concerning health, cleanliness, safety on board, wages, social conditions, etc. My Government considers, nevertheless, that Panama, as a sovereign State, cannot agree to those provisions being influenced by threats or by compulsion, and insists that they must be the expression of the national will, freely formulated within the framework of its democratic institutions.

Panama has paid due heed to, and will continue to study with interest, all matters pertaining to its merchant marine. The desire of my Government to protect and improve its shipping services is of no recent date, as can indeed be amply proven by the facts. Although the insinuation is often made, for example, that Panama has not adopted the Safety of Life at Sea and Loadline Conventions (cf. Lloyd's List and Shipping Gazette of 4 January 1950), both those Conventions have been incorporated in the legislation of Panama for the past 13 years in virtue of Act No. 7 and Act No. 13 of 1937. In a letter I/T of 4 January 1937 my Government authorised Lloyd's Register to issue safety, loadline and radio and telegraph certificates in accordance with the requirements of the Panama Rules on the Registration of Ships. This real and effective interest in our national shipping has continued down to the present day. That such is the case should be evident from a survey of the past few months. In November 1948 my Government sent a special representative to Geneva to find out what were the desires of the International Transport Workers' Federation. In December 1948 it
authorised an investigation into whatever concrete charges the workers' unions might formulate, so that definite measures could be taken to put a stop to irregularities, if any (page 46 of the report). In March 1949 it convened a maritime conference, the recommendations of which have been supported by the International Labour Organisation (page 40 of the report). In July 1949 it attempted to convene an informal meeting of representatives of shipowners and seafarers at its Embassy in Washington. In August of the same year it sent a special representative to Rotterdam to reach agreement on certain specific general points with the workers' unions. In September, it decreed a number of measures which have also received favourable comment from the I.L.O. (page 40 of the report, second paragraph). Finally, my Government has announced that it intends to suspend the licence of any ship under its flag in which conditions are unsatisfactory and further to adopt such supplementary regulations as may be necessary in its own view and under the provisions of Regulation XXII of Annex I of the Safety of Life at Sea Convention drawn up in London. All this, however, cannot be done at one time, nor can the internal affairs of the State become subordinate to the will of institutions alien to the country.

Panama's legislation is clear and effective. It does not condone injustices nor does it encourage any kind of irregularities by shipowners, masters or members of the crew. In Panama, as in practically all other countries, the legal provisions on maritime questions are to be found in codes, laws, decrees and special regulations. The most important sources of law on this subject are: the Labour Code of 1947, some of the provisions of which are more favourable to the workers than those of the international labour Conventions, as is stated on page 16 of the report; and the Administrative, Civil, Commercial, Fiscal and Penal Codes. The laws at present in force concerning the merchant marine are: No. 2 of 1916, No. 8 of 1925, No. 54 of 1926, Nos. 15 and 34 of 1928, No. 83 of 1930, No. 25 of 1934, Nos. 7 and 13 of 1937 and No. 134 of 1943. The decrees are: No. 50 of 1928, No. 41 of 1936, Nos. 106 and 199 of 1947, No. 11 of 1948 and No. 278 of 1949. Practically all countries, including Belgium, France and Great Britain, have their maritime legislation in this form. In any concrete case, a decision as to the applicability of the legal provisions requires, for Panama as for any other country, an expert knowledge of jurisprudence. Consequently, the impressions of persons without legal training can have no bearing on this question, but such impressions do permeate the report, as for instance on page 11, second paragraph, and pages 15-16.

The basis of comparison selected by the Committee of Enquiry is not any given maritime practice and has no legal foundation in fact. As the workers' unions failed to respond to the invitation to define more clearly the charges brought against the merchant marine of Panama,... the Committee of Enquiry found itself obliged to adopt standards of comparison against which the general and vague charges could be judged. Instead of choosing for this purpose the current practice of any given merchant marine, the Committee decided to take as a basis the provisions of the Conventions. Often the charge has been advanced that Panama has failed to ratify the international labour Conventions, also known as the Seattle Conventions. Of these the most important is without

Translator's note: This refers to the 1929 Convention. Regulation XXII refers to the initial and subsequent inspections of vessels.
doubt Convention No. 76, which deals with wages, hours of work and manning on board ship. But the truth is that not a single one of these Conventions is in force, since they themselves stipulate that they will become effective only six months after they have been ratified by nine countries, among which Panama is not listed. This has not yet come to pass.

The Committee of Enquiry ventures to deal with internal matters concerning the consular representation of Panama. When the Governing Body, at its session in India, finally acknowledged the right of my Government to be acquainted with the report, which it alone had asked for and authorised, the attention of the Panamanian authorities was drawn to the considerable space which was devoted to the Consular Corps. More than 10 per cent. of the whole report is devoted to pointing out defects, criticising and finding fault with the Panamanian Consular Services, although my Government had never in any way authorised any such flagrant intrusion in its internal affairs and in its public institutions.

The number of "inspections" does not permit of any generalisation. In order to arrive at conclusions on some 800 ships of the national registry which sail the seven seas and which hold fourth place in the world as regards tonnage, the Committee of Enquiry has relied on a summary investigation carried out by means of questionnaires which provide no guarantee beyond the judgment of the individual filling them up and which refer only to 30 ships, of which about 24 were anchored in the ports nearest to Geneva (page 26 of the report). Thus the Committee of Enquiry presents as reliable a number of most serious observations based on less than 4 per cent. of the total number of ships. No investigator in any field of human activity, whether scientific, technical or merely statistical, would venture to draw far-reaching conclusions concerning 97 individuals from data collected by precarious means on three or four of them. My Government cannot conceal the fact that it must cherish legitimate doubts as to the reliability of an institution which would insist upon the usefulness of such conclusions.

On the other hand, fundamental information has been left out of the report. The merchant marines of all maritime powers, with the exception of the United States, suffered heavily from losses during the last war. The older and slower vessels proved particularly vulnerable. At no point has the Committee of Enquiry considered the development of Panamanian tonnage, which was doubled between 1946 and 1947, as the result of the acquisition of modern ships, as is shown in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of ships</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1942</td>
<td>357</td>
<td>1,382,566</td>
</tr>
<tr>
<td>1943</td>
<td>375</td>
<td>1,381,463</td>
</tr>
<tr>
<td>1944</td>
<td>377</td>
<td>1,384,517</td>
</tr>
<tr>
<td>1945</td>
<td>388</td>
<td>1,320,940</td>
</tr>
<tr>
<td>1946</td>
<td>406</td>
<td>1,334,940</td>
</tr>
<tr>
<td>1947</td>
<td>613</td>
<td>2,547,816</td>
</tr>
<tr>
<td>1948</td>
<td>654</td>
<td>3,965,428</td>
</tr>
</tbody>
</table>
In 1947 one out of every three ships in our merchant marine was a tanker. The conditions prevailing on board tankers in general are excellent, thanks to the insurance premiums which they are required to pay and the solvency of the undertakings concerned. At the end of 1948, 35 per cent. of the total number of vessels registered under the flag of Panama were only five years old or less (page 6 of the report). Many ships which fly the Panama flag are distinguished by their high standards in every respect, and these doubtless constitute the majority; but this is not the impression which the report gives. By the middle of 1949, of eight ships chartered by the International Refugee Organisation to transport emigrants to Australia, all, with a single exception, were denied permission to return by the Australian authorities, the one exception being the only ship which flew the flag of Panama, because in that ship conditions were thoroughly satisfactory. According to Lloyd's Register Shipbuilding Returns, during the quarter ending 31 December 1949, there were 19 vessels under construction for registration in Panama; one, under Allied control, in Japan; seven in Great Britain; and 11 in the United States of America. In all these cases, without exception, high standards of shipbuilding are being applied with a view to registration with Lloyd's or with the American Bureau of Shipping. It should further be noted in this table that, while Panama occupies second place as regards tonnage (254,180 tons) which will give a powerful impetus to its merchant marine, it holds undisputed first place as regards the size of the vessels under construction, the average of which is above 10,000 tons. This definitely is not an "over-age" merchant marine without any comfort or safety, as the attempt has been made to make it appear. On the contrary, information in the possession of my Government seems to show that the average wage paid on board ships registered in Panama, although less than the average paid in United States ships, is above the average paid in ships of the European merchant fleets. Moreover, certain workers' organisations have admitted in trustworthy documents that the engagement of their members on board Panama ships in no wise impaired their social prerogatives or their pay. The Committee of Enquiry further forgot to point out that whenever my Government has had knowledge of and proved the existence of any offence committed on board a ship flying its flag, it has immediately taken decisive steps. There would appear to be allusions to this in the report on page 8, second paragraph, last sentence, and on page 40. Nor did the Committee of Enquiry take into account, as legitimate explanations for the development of Panamanian tonnage, the advantages of a stable currency, which is at par with the dollar; the absence of obstacles artificially devised to corner profits through exchange measures; the collection of reasonable fiscal charges. These are considered to be "very technical questions... outside the competence of the I.L.O." (page 3 of the report). Instead the Committee preferred to find explanations for the steady growth of the Panama merchant fleet, notwithstanding the figures for 1946 and 1947 quoted above, in the charges which the workers' unions, despite repeated requests, have been unable to substantiate, and in the information precariously collected through questionnaires filled up by a single inspection and limited to 3 or 4 per cent. of all the vessels in question...

My Government has also been informed of the decision recently repeated by certain workers' unions, notwithstanding the goodwill shown by the Panamanian authorities, proposing to put into effect a

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1Cf. Appendix IX.
boycott, not against certain ships, but against the entire merchant marine of Panama in general, without considering that such an arbitrary measure would not only constitute a precedent, the consequences of which for other merchant marines and for other countries it would be hazardous to foretell, but in view of the tonnage involved, would seriously hamper the international exchange of goods and services and would undermine the efforts that are today being made, despite artificially created difficulties, to ensure the rehabilitation and the peace of the free nations.

I have the honour to be, etc.

(Signed) MIGUEL AMADO,

Minister of Panama.
APPENDIX VIII

STATEMENT BY THE GOVERNING BODY OF THE I.L.O.,
112TH SESSION, JUNE 1950

In authorising publication of the report, the Governing Body unanimously approved the following statement, in which the Government of Panama concurs:

(a) The report will be published in accordance with the decision of the Governing Body and in agreement with the Government of Panama.

(b) At the request of the Government of Panama, the relevant parts of the letters MME-026 of 28 December 1949 and MME-048 of 30 April 1950 from the representative of the Government of Panama to the Director-General, containing the observations of the Government of Panama on the report, will be appended to the published report.¹

(c) The Governing Body accepts the conclusions of the report, whether favourable or unfavourable, as valid for the 30 ships inspected by the Committee. As the Committee, in the short time at its disposal, was able to inspect only a very small proportion (approximately 4 per cent.) of the total tonnage under the Panama flag, which occupies fourth place in world tonnage, the Governing Body does not feel justified in drawing any conclusions concerning the merchant marine of Panama as a whole.

(d) The Governing Body notes the additional statistical information supplied by the Government of Panama in the letter of 30 April 1950, which indicates that the tonnage of the merchant marine of Panama was more than doubled during the years 1947 and 1948. It further notes that the Government of Panama states that this fact means that an increasing proportion of the Panama merchant marine consists of new and safe vessels.

(e) The Governing Body also notes the information published by Lloyd’s Register Shipbuilding Returns for the quarter ending 31 December 1949 ², which indicates a further addition of new vessels under construction for the Panama merchant marine.

(f) The Governing Body takes formal note that the Government of Panama has made an earnest endeavour to improve conditions in its merchant marine, as mentioned in the report and outlined in Document MME-048.

(g) The Governing Body suggests to the Government of Panama the desirability of its giving all appropriate assistance to promote negotiations for collective agreements between shipowners and seafarers.

¹ Appendix VII.
² Appendix IX.
(h) The Governing Body commends to the attention of the Government of Panama the portions of the report which suggest improvements to be achieved by Government action.

(i) The Governing Body declares that nothing in the report may be construed as an intrusion into the sovereign rights of the Republic of Panama or as a breach of the full respect due to its institutions.

(j) The Governing Body authorises the Director-General to give any further assistance within his power which the Government of Panama may desire to supplement the information already collected or to secure implementation of some of the recommendations of the report.

The Governing Body further decides to—

(a) convey to the Government of Panama its warm thanks for the facilities which it accorded to the Committee of Enquiry and for its co-operation in considering the questions raised in connection with the report;

(b) express its opinion that good conditions based on satisfactory national standards constitute the foundation for good relations in any industry, resulting from collective agreements, and express the hope that this principle will be developed in the solution of the problems of the Panama merchant marine;

(c) express the hope that, as the maintenance of good standards of safety and social conditions as well as the settlement of conditions of employment would appear to be equally in the interests of the Government of Panama, the shipowners and the seafarers, all the parties will co-operate in a spirit of goodwill which alone can ensure the peaceful settlement of differences in forms satisfactory to all concerned.
**APPENDIX IX: REGISTRATION OF NUMBER AND GROSS TONNAGE OF STEAMERS AND MOTORSHIPS FOR REGISTRATION IN GREAT BRITAIN AND NORTHERN IRELAND**

<table>
<thead>
<tr>
<th>Country of build</th>
<th>Other British Commonwealth countries</th>
<th>Belgium</th>
<th>Denmark</th>
<th>Finland</th>
<th>France</th>
<th>Holland</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Tons</td>
<td>No.</td>
<td>Tons</td>
<td>No.</td>
<td>Tons</td>
</tr>
<tr>
<td>Great Britain and Northern Ireland</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Other British Commonwealth countries</td>
<td>31</td>
<td>96,400</td>
<td>3</td>
<td>9,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>14</td>
<td>96,403</td>
<td>3</td>
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<tr>
<td>Belgium</td>
<td>4</td>
<td>1,368</td>
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<tr>
<td>Brazil</td>
<td>1</td>
<td>800</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>1</td>
<td>800</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Denmark</td>
<td>5</td>
<td>24,332</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Egypt</td>
<td>2</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Finland</td>
<td></td>
<td></td>
<td>3</td>
<td>9,000</td>
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</tr>
<tr>
<td>France</td>
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<td>2</td>
<td>5,000</td>
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<td>Greece</td>
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<td>Honduras</td>
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<tr>
<td>Iraq</td>
<td>1</td>
<td>150</td>
<td></td>
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<td>Liberia</td>
<td></td>
<td></td>
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<tr>
<td>Norway</td>
<td>38</td>
<td>224,186</td>
<td>1</td>
<td>3,000</td>
<td>6</td>
<td>34,475</td>
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<tr>
<td>Panama</td>
<td>7</td>
<td>75,090</td>
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<td>Peru</td>
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<td>Portugal</td>
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<td>15,105</td>
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<tr>
<td>Russia</td>
<td>1</td>
<td>11,000</td>
<td>1</td>
<td>11,000</td>
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<tr>
<td>Sweden</td>
<td>5</td>
<td>35,750</td>
<td>3</td>
<td>5,010</td>
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<td>Turkey</td>
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<tr>
<td>Venezuela</td>
<td></td>
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<td>4</td>
<td>2,240</td>
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<tr>
<td>Yugoslavia</td>
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<tr>
<td>For sale, or country not stated</td>
<td>1</td>
<td>1,600</td>
<td>1</td>
<td>1,600</td>
<td>1</td>
<td>11,000</td>
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<tr>
<td>For registration in other countries</td>
<td>129</td>
<td>758,479</td>
<td>9</td>
<td>16,800</td>
<td>8</td>
<td>30,590</td>
</tr>
<tr>
<td>For registration in country of build</td>
<td>239</td>
<td>1,235,712</td>
<td>28</td>
<td>63,915</td>
<td>10</td>
<td>35,800</td>
</tr>
<tr>
<td>Total under construction</td>
<td>368</td>
<td>1,994,191</td>
<td>37</td>
<td>80,755</td>
<td>18</td>
<td>65,800</td>
</tr>
</tbody>
</table>


*Including ships for registration in the Irish Republic. * Average size about 10,000 tons. * Average size about 10,000 tons.
<table>
<thead>
<tr>
<th>Country of build</th>
<th>Italy</th>
<th>Japan</th>
<th>Norway</th>
<th>Sweden</th>
<th>U.S.A.</th>
<th>Uruguay</th>
<th>Other countries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>Tons</td>
<td>No. Tons</td>
<td>No. Tons</td>
<td>No. Tons</td>
<td>No. Tons</td>
<td>No. Tons</td>
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<tr>
<td>0</td>
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</table>

* Average tonnage per ship over 10,000 tons for Panama as against about 7,500 tons for Norway, which has the largest total tonnage under construction abroad. * 50 per cent. for Panama out of total tonnage built for foreign flag.