



PANAMA MARITIME AUTHORITY
MERCHANT MARINE CIRCULAR MMC-262

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To: Ship-owners/Operators, Company Security Officers, Legal Representatives of Panamanian Flagged Vessels, Panamanian Merchant Marine Consulates and Recognized Organizations (ROs).

Subject: Maritime Labour Convention, 2006 (MLC, 2006), Employment Agreements.

Reference: Maritime Labour Convention, 2006 (MLC,2006)

1. The purpose of this Circular is to inform users of the Panamanian Registry about the minimum requirements that shall be contained in the employment agreements of seafarers rendering services on board Panamanian flagged vessels engaged in international navigation in accordance to the established by Regulation 2.1 and Standard A2.1 of the Maritime Labour Convention, 2006 (MLC,2006).

2. The employment agreements of seafarers shall contain the following information:

- a. Full name, date, place of Birth and nationality of seafarer.
- b. Name and address of the shipowner.
- c. Place and date of the employment agreement.
- d. Funciones que desempeñará la gente de mar.
- e. Basic salary or consolidated monthly wage, according to the case or formula used for the calculation.
- f. Number of days of annual vacations to be paid or formula used for the calculation.
- g. Conditions for termination of employment agreement, including the following information:
- h.
 - i. if the agreement considers an undetermined period of duration, the conditions for termination of the employment agreement established in the Executive Decree, as well as the prior-notice period;
 - ii. if the agreement considers a determined period of duration, the expiry date, and
 - iii. if the agreement considers a voyage, the port of destination and the period after arrival into port for the of the termination of the seafarer agreement to take place;
- i. Health care benefits to be provided by the shipowner to seafarers as well as social security.
- j. Places at which seafarers will have the right to be repatriated.
- k. Maximum period of uninterrupted service on board at which seafarers shall have the right of repatriation.
- l. Reference to the collective convention if applicable.
- m. Hours of rest.
- n. Additional benefits received by the seafarers, if any.
- o. Way of Payment.

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

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

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- a. Shipowners may consider the working relationship as terminated in advance and indefinitely, by notifying in writing to the seafarer with a minimum of fifteen (15) days in advance, paying the salary for the rendered service, proportional vacations, repatriation and indemnification stated by national law. The prior-notice period starts from the first day following the notification of the anticipated termination of the working relationship and whenever the shipowner notifies fifteen days in advance, the sum corresponding to the prior-notice shall be paid.

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

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

5. Overtime hours shall be paid with an extra fee of twenty percent (25%) of the basic salary per hour. This charge applies also to the overtime hours of the consolidated wage and those exceeding the corresponding to the consolidated wage.

6. The regular working day shall consist of a maximum of eight (8) daily with a weekly resting as well as the resting days corresponding to the official holidays, notwithstanding the more favorable regulations established by the collective conventions.

7. The official holidays for seafarers shall be regulated by the employment agreement or applicable collective conventions, however, the amount days shall not be less than four (4) paid days.

8. Seafarers have the right to annual paid vacations at a rate of 2.5 calendar days per month of employment, notwithstanding a more favorable provision in an applicable collective convention.

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

9. The minimum Lumber of resting hours shall not be less than:

- a. 10 hours per each 24 hours-period, nor
- b. 77 hours per each seven day-period

10. The maximum duration of the uninterrupted service on board, at the end of which seafarers have the right of repatriation, shall be less than twelve (12) months.

11. Seafarers have the right to be repatriated to the following places:

The place where you agreed to join the ship

- a. The place at which the seafarer was hired;
- b. The place stated in the collective convention;
- c. The country of residence of the seafarer or;
- d. Any other place agreed between the parties at the time of the hiring.

December, 2012

Inquiries concerning the subject of this Circular or any request should be directed to:

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