



**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).**

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

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

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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. The seafarer's full name, date of birth or age and place of birth;
- b. The shipowner's name and address;
- c. The place where and date when the seafarer's employment agreement is entered into;
- d. The capacity in which the seafarer is to be employed;
- e. The amount of seafarer's wages or, where applicable, the formula used for calculating them;
- f. The amount of paid annual leave or where applicable, the formula used for calculating it;
- g. The termination of the agreement and the conditions thereof, including:
  - i. if the agreement has been made for an indefinite period, the conditions entitling either party to terminate it, as well as the required notice period,
  - ii. Which shall not be less for the shipowner than for the seafarer; if the agreement has been made for a definite period, the date fixed for its expiry, and
  - iii. if the agreement has been made for a voyage, the port of destination and the time which has to expire after arrival before the seafarer should be discharged;
- h. The health and social security protection benefits to be provided to the seafarer by the shipowner;
  - i. The seafarer's entitlement to repatriation.
- j. Maximum period of uninterrupted service on board at which seafarers shall have the right of repatriation.
- k. Reference to the collective bargaining agreement, if applicable; and
- l. Any other particulars which national law may require.

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

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

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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 five percent (25%) of the basic salary per hour. This charge applies also to the overtime hours of the consolidated wage and those exceeding the corresponding to the consolidated wage.

6. The regular 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 hours of rest shall not be less than:

- i. ten hours in any 24-hour period; and
- ii. 77 hours in any 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.

12. The maximum duration of a definite seafarers employment agreement shall be no more than one (1) year, initially; nevertheless this agreement could be extended for an additional period of six (6) months, as far as both parties mutually agree.

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The extension of the seafarer employment agreement shall be in writing, must be signed by both parties, the seafarer and the shipowner, and must be attached to the main contract.

The right of repatriation that the seafarer has, once the main contract has ended, shall be moved to the time in which the extension period of the contract ends.

**August, 2013** – *New point 12 included*

**April, 2013** – *Change of contact points below*

**December, 2012**

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

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