

AGREEMENT N° 37

(of July 14, 2000)

“Whereby the Regulation on Navigation in Panama Canal Waters is amended”

**THE BOARD OF DIRECTORS
OF THE PANAMA CANAL AUTHORITY**

WHEREAS:

Article 63 of Law 19 of June 11, 1997, establishes that the Authority may claim indemnity for damages caused to the Canal, its workers, and property of the Authority after an investigation conducted by the Board of Inspectors determines that such damages are the result of fault or negligence attributable to the shipowner or ship operator, vessel, master, crew, cargo, or passengers.

In accordance with article 78 of Law 19 of June 11, 1997, the Authority may require, as a previous condition for transit, that vessels clearly establish the financial responsibility and guarantees for payment of a reasonable and adequate amount, consistent with the rules of international practice, to cover any damages that may result from their transit through the Canal.

Article 18.5 e of Law 19 of June 11, 1997, establishes that the Board of Directors is responsible for the approval of the Regulations applicable to the admeasurement and inspection of vessels, Canal navigation, marine traffic control, vessel pilotage, the procedures for investigation of accidents, the formulation and recognition of claims arising from accidents in the Canal, and other matters relative to Canal navigation.

Pursuant to Agreement No. 13 of June 3, 1999, the Board of Directors of the Panama Canal Authority approved the Regulation on Navigation in Panama Canal Waters; however, this instrument lacks a general legislation to protect the interests of the Authority regarding the collection of indemnity or credits, to which it is entitled as a result of any damages caused to it, or of sanctions it has imposed, for violations to navigation safety.

It has been deemed appropriate to include in the aforementioned regulations, the Authority's power to ensure due compliance with the obligations which arise from damages caused by negligence or fault incurred by vessels, or from penalties imposed for violations of the safety of navigation in Canal waters.

AGREES:

Article 4.A, which reads as follows, is added to the Regulation on Navigation in Panama Canal Waters:

“Article 4.A: The Authority may deny the departure of any vessel which has caused damages to the Canal, its personnel, equipment, property or facilities, or which violates any Canal navigation safety rule, until such time as she has posted a suitable payment warranty, to the Canal Administration’s satisfaction.

To ensure enforcement of this rule, the Authority may require the assistance of the Public Force. The cost of this assistance shall be charged to the vessel, and shall be included in the warranty.

Given in the city of Panama, on July fourteen, of the year two thousand.

TO BE PUBLISHED AND ENFORCED

Ricardo Martinelli B.

Diógenes de la Rosa

Minister for Canal Affairs

Secretary