



Ministerio de Trabajo y
Desarrollo Laboral
República de Panamá



Labor Office of the Republic of Panama
(MITRADEL by its acronym in Spanish)

THE PANAMANIAN LABOR CODE AND ITS APPLICATION TO THE EXPANSION PROJECT WORKS

Speaker

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- Panamanian labor legislation and the Canal Expansion
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The labor regime of the Panama Canal Authority.

- The Panamanian Constitution regulates all matters related to the Panama Canal under Title XIV.
- The Panama Canal Authority is subject to a *special labor regime* based on a merit system, which maintains, as a minimum, the same terms and rights that ruled on December 31, 1999. (art.322)



The labor regime of the Panama Canal Authority.

- The labor regime mentioned in art. 322 of the Constitution, is developed in the organic law of the ACP (Law 19 of June 11, 1997), under chapter V, titled “Personnel Administration and Labor Relations,” and only regulates the relations between the ACP and its workers; that is to say, personnel related to the operation of the Canal.



Panamanian labor legislation and the Canal Expansion

- ❖ The proposal for the expansion of the Canal was approved by Law 28 of July 17, 2006, which law mandates that said proposal be submitted to referendum for approval.
- ❖ From the contents of this law it is understood that all works related to the expansion of the Canal and the construction of the third set of locks shall be contracted with third parties and that such works are different from those connected to the regular operation of the Canal.

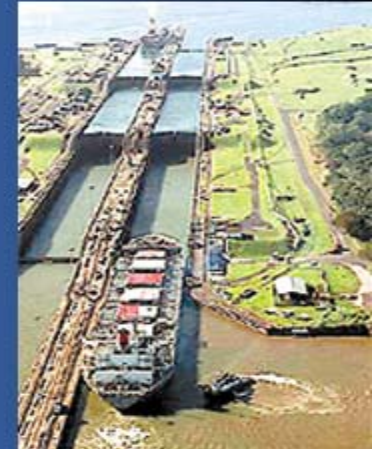


Panamanian labor legislation and the Canal Expansion

The activities developed by these third parties or corporations, be them national or international, who will undertake the expansion works and the construction of the third set of locks, shall be subject to the national Labor Code and other provisions related to labor contracting.

Panamanian labor legislation and the Canal Expansion

- Consequently, all Canal expansion labor relations and those of the construction of the third set of locks, shall be ruled by, among other, the following individual provisions:
 - Labor contracting systems
 - Indefinite contracts
 - Time-framed contracts
 - Contracts for specific works.
 - Work schedules
 - Extraordinary working hours and their surcharges
 - Resting hours and days.
 - Vacations
 - Thirteenth month pay (end of the year bonus)
 - Seniority premium
- Collective regulations shall also apply.





Panamanian labor legislation and the Canal Expansion

- ☀ The works executed by the companies contracted by ACP for the expansion and the construction of the third set of locks are considered as maintenance works for the waterway.
- ☀ Therefore, the minimum wage that shall be paid for working in the Canal expansion and the construction of the third set of locks shall be B/.2.90 per hour, pursuant to Decree 3 of March 4, 1980, without prejudice to the provisions of collective contracts and agreements executed between workers and contractors.
- ☀ This minimum wage shall be paid by the contractor, the subcontractor, or any other entity who may generate a working relationship.





Panamanian labor legislation and the Canal Expansion

- ✦ MITRADEL shall ensure that all international labor standards be followed during all activities related to the Canal expansion and the construction of the third set of locks. These standards include those established in conventions such as the WLO, which Panama has undersigned, such as the following:
 - 29 Obligatory and forced labor
 - 105 Forced labor abolition
 - 87 Labor union liberty and protecting the right to establish a labor union
 - 98 The right to establish a labor union and collective bargaining
 - 100 Equality of remuneration for men and women
 - 111 About discrimination (employment and occupation)
 - 138 Minimum working age, abolition of child labor
 - 182 On the worse types of child labor

Panamanian labor legislation and the Canal Expansion

☀ MITRADEL shall promote:

- Decent jobs.
- Gender equality.
- The compliance with all provisions for the handicapped.
- The eradication of child labor.



Modernizing MITRADEL and the Canal Expansion.

For the purposes of addressing these tasks, MITRADEL will undertake:

- The creation of a coordination agency for all labor issues related to the Canal expansion.
- The technological innovation of processes and equipment (Call Centers, Public job service, digitalization of contracts, work permits and other).
- The modernization of customer services (labor orientation, mediation, and placement, among other)
- The reinforcement of work related accident prevention programs, as well as work inspection, occupational health and other programs.

Modernizing MITRADEL and the Canal Expansion.

- ❖ The implementation of a new organic law that is oriented to promoting social dialogue, tripartism, compromising, equity and balance in labor relations.
- ❖ The consolidation of a human resource who is highly qualified in labor issues
- ❖ The development of tools to reduce the difference between labor offer and demand.
- ❖ The transformation of MITRADEL'S website in order to offer quality information and services to workers as well as to businessmen and investors interested in the labor aspects of the Canal expansion.



Thank you.