

REPUBLIC OF PANAMA

Ministry of Finance and Treasury

Office of the Directorate of Merchant Marine Circular No. 95

Consular and Maritime Affairs

To: Shipowners/Operators, and Masters of Panamanian Flag Vessels,
Subject: Implementation of the ISM Code

The International Safety Management (ISM) Code was adopted by the Assembly of the International Maritime Organization (IMO) on 4 November 1993. Its intent is to foster the Safe Operation of Ships and for Pollution Prevention. The 1994 Amendments to the International Convention for the Safety of Life at Sea, 1974, included a new chapter "CHAPTER IX" - Management for the safe operation of ships, making the application of the Code mandatory to ships, regardless of the date of construction, as follows:

1. passenger ships including passenger high-speed craft, not later than 1 July 1998;
2. oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high speed craft of 500 gross tonnage and upwards, no later than 1 July 1998; and
3. other cargo ships and mobile offshore drilling units of 500 gross tonnage and upwards, not later than 1 July 2002.

Since the Flag State Administration, in this case Panama, is ultimately responsible for the implementation of the Code for its vessels, this Administration issues this Merchant Marine Circular as part of a continuing series of reminders to cognizant parties in its Registry as to the urgency of accomplishing the objectives of the Code.

The two types of certificates called for by the Code are the Document of Compliance (DOC), issued by the Administration or an organization recognized by the Administration to the ship owning company (with a copy to each of its ships), and the Safety Management Certificate (SMC) issued to each ship, again by the Administration or by an organization recognized by the Administration. Both certificates are valid for 5 years. The DOC (Document of Compliance) is re-evaluated annually. The SMC (Safety Management Certificate) is subject to an Intermediate Verification to be completed between the second and the third anniversary date. New ships are given a temporary SMC for up to 1 year.

As to the present date, the following organizations have been authorized by this Administration to assess and certify Panamanian registered vessels for the ISM Code:

- Lloyds Register of Shipping
- American Bureau of Shipping
- Det Norske Veritas
- Nippon Kaiji Kyokai
- Bureau Veritas
- Germanischer Lloyd

- Registro Italiano Navale
- China Classification Society
- Korean Register of Shipping
- Hellenic Register of Shipping

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As further reminders:

1. If a vessel does not have the SMC by the due date, then, in all likelihood, it would be detained by a Port State Authority;
2. The company and/or operator with hands-on involvement in the operation of a ship must have a DOC;
3. For companies with multi-fleets (vessels under different flags), duplication of DOCs can be avoided by agreement of the Flag State Administrations involved.

(APPENDIX A)

"CHAPTER IX" SOLAS, 1974"

Management For The Safe Operation of Ships

Regulation 1
Definitions

Fort the purpose of this Chapter, unless expressly provided otherwise:

1. International safety Management (ISM) Code means the International Management Code for the Safe Operation of Ships and for Pollution Prevention adopted by the Organization
2. by resolution A.741(18), as may be amended by the Organization, provided that such amendments are adopted, brought into force and take effect in accordance with the provisions or article VIII of the present Convention concerning the amendment procedures applicable to the annex other than Chapter I.
3. Company means the owner of the ship or any other organization or person such as the manager, or the bareboat charterer, who has assumed the responsibility for operation of the ship from the owner of the ship and who on assuming such responsibility has agreed to take over all the duties and responsibilities imposed by the International Safety Management Code.
4. Oil Tanker means an oil tanker as defined in regulation II-1/2.12.
5. Chemical tanker means a chemical tanker as defined in regulation VII/8.2.
6. Gas carrier means a gas carrier as defined in regulationVII/11.2.
7. Bulk carrier means a ship which is constructed generally with single deck, top-side tanks and hopper side tanks in cargo spaces, and is intended primarily to carry dry cargo in bulk, and includes such types as ore carriers and combination carriers.
8. Mobile offshore drilling unit (MODU) means a vessel capable of engaging in drilling operations for the exploration for or exploitation of resources beneath the sea-bed such as liquid or gaseous hydrocarbons, sulphur or salt.

9. High-speed craft means a craft as defined in regulation X/1.2.

Regulation 2

Application

1. This Chapter applies to ships regardless of the date of construction, as follows:

- passenger ships including passenger high-speed craft, not later than 1 July 1998;

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- o oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high-speed craft of 500 gross tonnage and upwards, not later than 1 July 1998; and
- o other cargo ships and mobile offshore drilling units of 500 gross tonnage and upwards, not later than 1 July 2002.

2. This chapter does not apply to government-operated ships used for non-commercial purposes.

Regulation 3

Safety management requirements

1. The company and the ship shall comply with the requirements of the International Safety Management Code.
2. The ship shall be operated by a company holding a Document of Compliance referred to in regulation 4.

Regulation 4

1. A Document of Compliance shall be issued to every company which complies with the requirements of the International Safety Management Code. This document shall be issued by the Administration, by an organization recognized by the Administration, or at the request of the Administration by another Contracting Government.

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2. A copy of the Document of Compliance shall be kept on board the ship in order that the master can produce it on request for verification.
3. A Certificate, called a Safety Management Certificate, shall be issued to every ship by the Administration or an organization recognized by the Administration. The Administration or organization recognized by it shall, before issuing the Safety Management Certificate, verify that the company and its shipboard management operate in accordance with the approved safety-management system.

Regulation 5

Maintenance of conditions

The safety-management system shall be maintained in accordance with the provisions of the International Safety Management Code.

Regulation 6

Verification and control

1. The Administration, another Contracting Government at the request of the Administration or and organization recognized by the Administration shall periodically verify the proper functioning of the ships safety-management system.
2. Subject to the provisions of paragraph 3 of this regulation, a ship required to hold a certificate issued pursuant to the provisions of regulation 4.3 shall be subject to control in accordance with the provisions of regulation XI/4. For this purpose such certificate shall be treated as a certificate under regulation I/12 or I/13.
3. In cases of change of flag State or company, special transitional arrangements shall be made in accordance with the guidelines developed by the Organization.

(APPENDIX B)

THE INTERNATIONAL SAFETY MANAGEMENT CODE)

1 GENERAL

1.1 Definitions

- 1.1.1 " International Safety Management (ISM) Code" means the International Management Code for the Safe Operation of Ships and for Pollution Prevention as adopted by the Assembly, as may be amended by the Organization.
- 1.1.2 "Company" means the Owner of the ship or any other organization or person such as the Manager, or the Bareboat Charterer, who has assumed the responsibility for operation of the ship from the Shipowner and who on assuming such responsibility has agreed to take over all the duties and responsibility imposed by the Code.
- 1.1.3 "Administration" means the Government of the State whose flag the ship is entitled to fly.

1.2 Objectives

- 1.2.1 The objectives of the Code are to ensure safety at sea, prevention of human injury or loss of life, an avoidance of damage to the environment, in particular, to the marine environment, and to property.
- 1.2.2 Safety management objectives of the company should, inter alia:
- provide for safe practices in ship operation and safe working environment;

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- establish safeguards against all identified risks; and
- continuously improve safety management skills of personnel ashore and aboard ships, including preparing for emergencies related both to safety and environmental protection.

1.2.3 The safety management system should ensure:

- compliance with mandatory rules and regulations; and
- the applicable codes, guidelines and standards recommended by the organization, Administrations, classification societies and maritime industry organizations are taken into account.

1.3 Application

The requirements of this Code may be applied to all ships.

1.4 Functional requirements for a Safety Management System (SMS)

Every company should develop, implement and maintain a Safety Management System (SMS) which includes the following functional requirements:

- a safety and environmental protection policy;
- instructions and procedures to ensure safe operation of ships and protection of the environment in compliance with relevant international and Flag State legislation;
- defined levels of authority and lines of communication between, and amongst, shore and shipboard personnel;
- procedures for reporting accidents and non-conformities with the provisions of this Code;
- procedures to prepare for and respond to emergency situations; and
- procedures for internal audits and management reviews.

2 SAFETY AND ENVIRONMENTAL PROTECTION POLICY

2.1 Safety and Environmental Protection Policy

The company should establish a safety and environmental protection policy which describes how the objectives, given in paragraph 1.2 will be achieved.

2.2 Implementation of the Safety and Environmental Protection Policy

The company should ensure that the policy is implemented and maintained at all levels of the organization both ship-based as well as shorebased.

3 COMPANY RESPONSIBILITIES AND AUTHORITY

3.1 If the entity who is responsible for the operation of the ship is other than the owner, the owner must report the full name and details of such entity to the Administration.

3.2 The company should define and document the responsibility, authority and interrelation of all personnel who manage, perform and verify work relating to and affecting safety and pollution prevention.

3.3 The company is responsible for ensuring that adequate resources and shore based support are provided to enable the designated person or persons to carry out their functions.

4 DESIGNATED PERSON(S)

To ensure the safe operation of each ship and to provide a link between the company and those on board, every company, as appropriate, should designate a person or persons ashore having direct access to the highest level of management. The responsibility and authority of the designated person or persons should include monitoring the safety and pollution prevention aspects of the operation of each ship and to ensure that adequate resources and shore based support are applied, as required.

5 MASTERS RESPONSIBILITY AND AUTHORITY

Masters Responsibility and Authority

The company should clearly define and document the masters responsibility with regard to:

- implementing the safety and environmental protection policy of the company;
- motivating the crew in the observation of that policy;

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- issuing appropriate orders and instructions in a clear and simple manner;
- verifying that specified requirements are observed; and
- reviewing the SMS and reporting its deficiencies to the shore-based management.

5.2 The company should ensure that the SMS operating on board the ship contains a clear statement emphasizing the Masters authority.

The company should establish in the SMS that the master has the overriding authority and the responsibility to make decisions with respect to safety and pollution prevention and to request the company's assistance as may be necessary.

6 RESOURCES AND PERSONNEL

6.1 The company should ensure that the master is:

- properly qualified for command;
- fully conversant with the company's SMS; and
- given the necessary support so that the master's duties can be safely performed.

6.2 The company should ensure that each ship is manned with qualified, certificated and medically fit seafarers in accordance with national and international requirements.

6.3 The company should establish procedures to ensure that new personnel and personnel transferred to new assignments related to safety and protection of the environment are given proper familiarization with their duties. Instructions which are essential to be provided prior to sailing should be identified, documented and given.

6.4 The company should ensure that all personnel involved in the company's SMS have an adequate understanding of relevant rules, regulations, codes and guidelines.

6.5 The company should establish and maintain procedures for identifying any training which may be required in support of the SMS and ensure that such training is provided for all personnel concerned.

6.6. The company should establish procedures by which the ship's personnel receive relevant information on the SMS in a working language or languages understood by them.

6.7 The company should ensure that the ship's personnel are able to communicate effectively in the execution of their duties related to the SMS.

7 DEVELOPMENT OF PLANS FOR SHIPBOARD OPERATIONS

The company should establish procedures for the preparation of plans and instructions for key shipboard operations concerning the safety of the ship and the prevention of pollution.

The various tasks involved should be defined and assigned to qualified personnel.

8 EMERGENCY PREPAREDNESS

8.1 The company should establish procedures to identify, describe and respond to potential emergency shipboard situations.

8.2 The company should establish programs for drills and exercises to prepare for emergency actions.

8.3 The Safety management system should provide for measures ensuring that the company's organization can respond at any time to hazards, accidents and emergency situations involving its ships.

9 REPORTS AND ANALYSIS OF NON-CONFORMITIES, ACCIDENTS AND HAZARDOUS OCCURRENCES

9.1 The SMS should include procedures ensuring that non-conformities, accidents and hazardous situations are reported to the company, investigated and are analyzed with the objective of improving safety and pollution prevention.

10 MAINTENANCE OF THE SHIP AND EQUIPMENT

- 10.1 The company should establish procedures to ensure that ship is maintained in conformity with the provisions of the relevant rules and regulations and with any additional requirements which may be established by the company.
- 10.2 In meeting these requirements the company should ensure that:
- inspections are held at appropriate intervals;

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- any non-conformity is reported with its possible cause, if known;
- appropriate corrective action is taken; and
- records of these activities are maintained.

10.3 The company should establish procedures in SMS to identify equipment and technical systems the sudden operational failure of which may result in hazardous situations. The SMS should provide for specific measures aimed at promoting the reliability of such equipment or systems. These measures should include the regular testing of stand-by arrangements and equipment or technical systems that are not in continuous use.

10.4 The inspections mentioned in 10.2 as well as the measures referred to in 10.3 should be integrated in the ship's operational maintenance routine.

11 DOCUMENTATION

11.1 The company should establish and maintain procedures to control all documents and data which are relevant to the SMS.

11.2 The company should ensure that:

- valid documents are available at all relevant locations;
- changes to documents are reviewed and approved by authorized personnel and
- obsolete documents are promptly removed.

11.3 The documents used to describe and implement the SMS may be referred to as the "Safety Management Manual". Documentation should be kept in a form that the company considers most effective. Each ship should carry on board all documentation relevant to that ship.

12 COMPANY VERIFICATION, REVIEW AND EVALUATION

12.1 The Company should carry out internal safety audits to verify whether safety and pollution prevention activities comply with the SMS.

12.2 The Company should periodically evaluate the efficiency and, when needed, review the safety management system in accordance with procedures established by the Company.

12.3 The audits and possible corrective actions should be carried out in accordance with documented procedures.

12.4 Personnel carrying out audits should be independent of the areas being audited unless this is impracticable due to size and the nature of the Company.

12.5 The results of the audits and reviews should be brought to the attention of all personnel having responsibility in the area involved.

12.6 The management personnel responsible for the area involved should take timely corrective action on deficiencies found.

13 CERTIFICATION, VERIFICATION AND CONTROL

13.1 The ship should be operated by a Company which is issued a document of compliance relevant to that ship.

13.2 A document of compliance should be issued for every Company complying with the requirements of the ISM Code by the Administration, by an organization recognized by the Administration or by the Government of the country, acting on behalf of the Administration in which the Company has chosen to conduct its business. This document should be accepted as evidence that the Company is capable of complying with the requirements of the Code.

13.3 A copy of such a document should be placed on board in order that the master, if so asked, may produce it for the verification of the Administration or organizations recognized by it.

13.4 A Certificate, called a Safety Management Certificate, should be issued to a ship by the Administration or organization recognized by the Administration. The Administration should, when issuing a certificate, verify that the Company and its shipboard management operate in accordance with the approved SMS.

13.5 The Administration or an organization recognized by the Administration should periodically verify the proper functioning of the ship's SMS as approved.

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