

**A STATEMENT
OF THE
LAWS OF
PANAMA**

In Matters Affecting Business



PAN AMERICAN UNION

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LAWS OF PANAMA**

In Matters Affecting Business

• **Second Edition** •

by

UNIVERSITY OF PANAMA
School of Law and Political Science

PAN AMERICAN UNION

General Secretariat, Organization of American States
Washington, D. C. 1966

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Washington, D.C.

FOREWORD

This is one of the series of studies published for the purpose of providing businessmen, lawyers, and other interested persons with a summary of the basic legislation in force in each American republic. Emphasis is given to laws and regulations pertaining to commercial matters.

The material for this second edition, which supersedes the 1952 edition, was supplied by the Section of Legal Research of the School of Law and Political Science of the University of Panama. Under the general supervision of Dulio Arroyo C., Dean of the School of Law and Political Science, and Lino Rodríguez-Arias B., Coordinator-Researcher of the Section of Legal Research, it was prepared by the following researchers: Rubén Arosemena Guardia, Pedro A. Barsallo, Aura E. Guerra de Villalaz, and Sonia Mendieta R.

This Statement constitutes a summary of the pertinent constitutional, statutory, and regulatory provisions in force in March 1966. Needless to say, counsel should be consulted in any specific undertaking since it may be necessary to study and evaluate the full text of legislation, regulations, and court decisions, as well as to ascertain what changes may have taken place since publication.

The material received in Spanish was translated, reviewed, and edited by the staff of the General Legal Division.

Paul A. Colborn
Chief, General Legal Division

July 1966

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1

CONSTITUTION AND FORM OF GOVERNMENT

A. Fundamental Provisions of the Constitution

The present Constitution is that of 1946.* Including the previous constitutions of 1904 and 1941 the country has had three in all.

Article 1 of the Constitution defines the Panamanian Nation as "a unitary and independent state. Its system of government is republican, democratic, and representative, and its name is the Republic of Panama". The public power emanates only from the people and is exercised by the state through the legislative (National Assembly), executive (president and ministers), and judicial (Supreme Court and other courts of justice) organs.

1. Civil Rights and Constitutional Guarantees

The authorities of the Republic of Panama are established for the purpose of protecting the life, honor, and property of all nationals wherever they may be and of aliens under its jurisdiction and for ensuring the effectiveness of individual and social rights and duties and for observing and enforcing the Constitution and the laws (Art. 19).

All Panamanians and aliens are equal before the law. There shall be no personal privileges or distinctions by reason of race, birth, social class, sex, religion, or political ideas (Art. 21).

In general terms the Constitution (Arts. 19 to 53) recognizes the same fundamental rights and guarantees that are affirmed in other modern democratic constitutions: equality before the law; prohibition against deprivation of liberty except by the written order of an authority; prohibition against the extradition of nationals; habeas corpus in behalf of a person illegally detained; the right to refuse to testify in a criminal case against one's self or one's spouse; inviolability of the home; freedom of transit anywhere in the national territory; prohibition against harsh punishment in prisons; inviolability of correspondence; prohibition of the death penalty, expatriation, and confiscation of property; no one to be tried except by competent authority and according to legal formalities; freedom of religious worship; freedom of speech and expression of thought; freedom of assembly; freedom to form associations and companies; freedom to engage in any profession or occupation; right to present complaints and petitions to officials; no retroactive effect of laws except those of public order and in criminal matters if favorable to the accused; expropriation for reasons of public benefit pursuant to judicial judgment and with prior compensation; protection of intellectual property.

* As amended by Legislative Acts 1 and 2 of 1956 (approved October 24, 1956); Legislative Act 1 of 1959 (approved January 25, 1961); and Legislative Acts 1 and 2 of 1963 (approved January 31, 1965).

2. Protection of Rights

The basic function of the remedy known as amparo is to guarantee the inviolability of the rights and guarantees set forth in the Constitution in behalf of citizens. Article 51 of the Constitution provides as follows: "Every person against whom a public official shall issue or execute a mandatory order or an injunction violating the rights and guarantees established by this Constitution shall have the right to have the order revoked, upon his petition or that of any other person. The law shall determine the form of this summary proceeding for protection of the constitutional guarantees. The remedy to which this article refers shall be within the jurisdiction of the courts of law."

Pursuant to this article, Law 46 of 1956 (Sobre Instituciones de Garantía) governs the subject of the constitutional right of amparo.

3. Labor and Social Provisions

Articles 63 to 76 of the Constitution relate to "Labor", as part of the general "Individual and Social Rights and Duties".

Labor is both a right and a duty. The state is to use whatever resources are at its disposal to provide work for everyone and to ensure to every worker the economic conditions necessary for a decent existence.

Every worker in the service of the state or of a public or private enterprise or of a private individual is guaranteed a minimum wage or salary.

The minimum wage or salary is unattachable except for obligations of support as established by law. Working tools are likewise unattachable.

An equal wage or salary shall always be paid for equal work under identical conditions, regardless of the person who performs it, without distinction as to sex or nationality.

The right of union organization is recognized for employers, employees, workers and professionals. Boards of directors of these associations shall be composed exclusively of Panamanians.

The right to strike and to a lockout is recognized.

The maximum working day is eight hours and the working week 48 hours. The maximum for night work is seven hours. Overtime must be remunerated with extra payment.

In addition to weekly rest, every worker is entitled to paid vacations.

Maternity of working women is protected. A woman who is pregnant may not be discharged on that account.

The contracting of outside laborers who might impair the working conditions or standards of living of domestic workers is prohibited.

Every worker discharged without justifiable cause and without the formalities established by law is entitled to be indemnified by his employer.

A labor jurisdiction is established to which are submitted all controversies that originate between capital and labor.

4. Right to Property and Expropriation

The Constitution guarantees the ownership of private property acquired according to law by natural or juridical persons and this may not be disregarded or impaired by subsequent laws. But it also provides that, "Private property implies obligations on the part of its owner by reason of the social function which it must fulfill".

For reasons of public benefit or of social interest defined by law, property may be expropriated upon court order and with prior compensation. Law 57 of 1946 enumerates the reasons of public benefit on which expropriation may be based. In the event of war, serious disturbance of the public order or urgent social interest requiring prompt action, the executive may order the expropriation or seizure of private property, and compensation need not be made in advance. If the return of the seized property is feasible, the seizure shall be only for the duration of the circumstances that gave rise to it.

The state is always responsible for expropriations that the executive carries

out and for loss and damages caused by the seizure and shall pay the amount thereof as soon as the determining cause of the expropriation or seizure ends.

Confiscation of property as a penalty does not exist.

No foreign government or foreign official or semiofficial entity or institution may acquire title over any part of the national territory (Art. 231).

No foreign person or entity, or national entity of part foreign capital, may acquire ownership of national or private lands situated less than 10 kilometers from the frontiers or the ownership of islands which are under the jurisdiction of the republic. Nevertheless, vested rights existing at the time the Constitution became effective are respected; but the respective property may be expropriated at any time upon payment of the corresponding indemnity (Art. 232).

In all cases in which privately-owned property may be converted by law into property for public use, the owner thereof will be indemnified (Art. 209).

5. Suffrage and Elections

This subject is governed by Articles 102 to 105 of the Constitution and by the Electoral Code, Law 25 of 1958, as amended by Law 21 of 1959; Law 31 of 1959;

- a) Suffrage is universal and free; the vote is equal, direct, and secret.
- b) Every popular election, and those held by public entities wherein more than two citizens are to be elected, shall be conducted by any method that will ensure the proportional representation of all parties.
- c) It is an obligation of every citizen to obtain a personal identity card which will serve as identification when voting.
- d) The authorities are obligated to guarantee impartial freedom and honesty of voting.
- e) The following are prohibited: direct or indirect official support of candidates for office by popular election, even if the means used are guarded; partisan propaganda and activities in public offices; collection of contributions from public employees for political purposes, even on the pretext that they are voluntary; any act which may hinder or prevent a citizen from obtaining, holding, or personally presenting his identity card.

The formation of any party on the basis of sex, race, or religion or which is intended to destroy the democratic form of government is prohibited.

The following acts or omissions of a public official, under the protection of his authority or functions, personally or through an intermediary, directly or indirectly, constitute an offense: (a) to coerce, because of the office, or to induce an employee or private citizen to support or vote for or against a specific party or candidate; (b) to authorize, allow, or carry out a withholding or deduction of any part of wages for political purposes; (c) to employ or offer employment to any person by virtue of his promise to support or oppose a specific party or candidate; (d) to hinder or prevent any person from obtaining his identity card or from presenting it for voting.

The Electoral Tribunal, independent of the executive and judicial branches, has been established for the purpose of guaranteeing the freedom, honesty, and efficiency of the suffrage. This court has exclusive jurisdiction over the interpretation and application of the electoral law and in directing, supervising, and inspecting all phases of the electoral process.

The Electoral Tribunal, with jurisdiction throughout the country, is composed of three magistrates elected for terms of 12 years: one by the National Assembly, one by the executive branch; and one by the Supreme Court of Justice, all of whom must be independent of those entities.

The election of the president, vice president, and deputies is held on the second Sunday of May and of the municipal officers on the Sunday following, every four years beginning with 1960.

6. Budget and Finances

These subjects are covered by Title X of the Constitution (Arts. 208 to 222). Article 219 expressly states, "No public expenditure may be made that has not been authorized in accordance with the Constitution and the law. Likewise, no item may be transferred to an object not established in the respective budget."

All receipts and disbursements to and from the public treasuries must be included and authorized in the respective budget of revenues and expenditures. No revenues shall be collected through taxes unless established by law and no expenses shall be paid unless included in the budget.

Whenever the National Assembly is in recess and an expenditure for which insufficient funds or no funds have been voted becomes imperative, supplementary or extraordinary funds may be granted to the respective ministry. For such purposes, the cabinet council shall request an opinion from the comptroller general of the republic as to the practicability and suitability of the said appropriation and may submit the matter to the Permanent Legislative Committee so that it may approve or disapprove by a majority vote. All those who intervene in the matter shall be held responsible for their action.

In each case there is to be prepared and sent to the National Assembly a request for the legalization of the appropriation which has been granted. If the Assembly disapproves of any of these, the matter is referred to the Supreme Court of Justice to rule on the validity of the appropriation voted and on the consequent responsibilities in the event of invalidation.

The Fiscal Code contains a special section on the "Administration and Supervision of the National Treasury", comprising Articles 1058 to 1164. The budget of revenues and expenditures is governed by Articles 1103 to 1163 of the Fiscal Code. Law 47 of 1962 amended the Fiscal Code and established the functioning of the fiscal

B. Structure of the State

1. Legislative Branch

The legislative branch consists of a body known as the National Assembly, composed of one deputy for every 25,000 inhabitants in an electoral district plus an additional deputy for a remainder of not less than 15,000.

Every deputy, upon election, represents the entire nation, is not subject to any mandate, and obeys only the dictates of his own conscience.

To be a deputy to the National Assembly it is necessary to be a citizen in the exercise of his rights and to be at least 25 years of age.

Members of the National Assembly are not liable for opinions expressed and votes cast in the discharge of their duties.

The National Assembly has legislative, judicial, and administrative functions. The legislative functions consist in the enactment of laws necessary for carrying out the purposes and performing the functions of the state, and especially the following (Art. 113):

- a) To enact, put into effect, amend, or repeal the national codes;
- b) To determine the number and titles of the ministries of state and to distribute among them the business of the administration;
- c) To create or abolish offices and to determine their functions, duties, obligations, terms of office and salaries;
- d) To enact the general law on public employees' salaries, upon the proposal of the executive branch;
- e) To approve or reject public treaties signed by the executive;
- f) To approve or disapprove contracts or agreements signed by the executive with any natural or juridical persons;
- g) To grant authority to the executive to make contracts, negotiate loans, alienate national property, real or personal, the value of which exceeds 5,000 balboas;
- h) To declare war;
- i) To establish or alter the political divisions of the national territory;
- j) To organize the services established by the Constitution;
- k) To grant amnesty for political offenses;
- l) To appropriate the expenditures of the administration on the basis of the budget submitted by the executive;
- m) To impose taxes, duties, revenues, and public monopolies necessary to carry out public services;

- n) To determine the standard, weight, value, form, type, and denomination of the national currency;
- o) To invest the executive temporarily, when the latter so requests, with precise extraordinary powers, which shall be exercised through decree-laws;
- p) To create administrative departments with internal autonomy, interministerial agencies and technical boards, for the purpose of ensuring the efficacy of the administrative functions, coordinating the action of the various official divisions, and technically planning and developing the labors of the public administration.

The judicial functions of the National Assembly are (Art. 119):

- a) To take cognizance of accusations or charges lodged against the president of the republic and justices of the Supreme Court of Justice and to try them, if there are grounds therefor, for acts performed in the exercise of their duties to the prejudice of the free functioning of the public power or in violation of the Constitution or the laws;
- b) To take cognizance of accusations or charges lodged against deputies to the National Assembly.

The administrative functions of the National Assembly include (Art. 120):

- a) To examine the credentials of its own members and to decide whether or not the credentials are in the form prescribed by law;
- b) To accept or decline the resignation of the president of the republic;
- c) To grant leave of absence to the president of the republic to leave his post for a period up to six months and to leave the national territory pursuant thereto;
- d) To approve or disapprove appointments made by the executive and which by a provision of this Constitution or a law require ratification by the National Assembly;
- e) To appoint the attorney general of the nation (Procurador General de la Nación) and the comptroller general, and to approve or disapprove the appointments of justices of the Supreme Court of Justice;
- f) To appoint committees to investigate any matter connected with acts performed or measures proposed by the executive and to report to the Assembly thereon;
- g) To pass a vote of censure against ministers of state when they, in the opinion of the Assembly, are responsible for excessive or illegal acts or grave errors which have been obviously prejudicial to the interests of the state;
- h) To rehabilitate those who have lost their nationality or citizenship.

Enactment of laws. Articles 124 to 135 of the Constitution prescribe the manner in which laws are to be enacted by the National Assembly.

No bill shall become law unless it has been approved by the Assembly in three readings on different days and sanctioned by the executive. The first reading of any bill is that which takes place in the appropriate committee, which may seek advice from experts and seek information from private individuals or public or private entities affected by the subject matter under discussion. Upon expiration of the period of study, the committee shall report to the Assembly whether or not it is in order to legislate on the matter to which the bill refers, with a clear and methodical statement as to the conclusions reached.

A bill may also proceed to second reading whenever a majority of the Assembly, at the request of one of its members, revokes the opinion of the committee and gives its approval to the bill.

When a bill has been finally approved it is sent to the executive and if it is sanctioned it shall be promulgated as law. If it is not sanctioned he must return it with objections to the Assembly.

The executive is allowed a period of six working days to return a bill with objections if it does not contain more than 50 articles; 10 days, if it consists of more than 50 and less than 200 articles; and 15 days, if it contains 200 or more articles.

If the executive does not return the bill with his objections within the prescribed periods, he must sanction it and order it promulgated. But if the Assembly has adjourned within the said periods, the executive must publish the bill, approved or vetoed, within 10 days after adjournment of the Assembly.

A bill vetoed in its entirety by the executive is to be returned to the Assembly for third reading. If it has been vetoed only in part, it is returned to second reading, for the sole purpose of considering the objections made. If, after the National Assembly has considered the objections, the bill is approved by two thirds of the deputies composing the Assembly, the executive must sanction it and have it promulgated without the power to offer new objections. If it does not obtain the approval of that number of deputies, the bill is rejected.

Whenever the executive objects to a bill as unconstitutional and the Assembly, by the aforementioned majority, insists on its adoption, the executive shall refer it to the Supreme Court of Justice to rule upon its constitutionality. A decision of the Court declaring the bill constitutional compels the executive to sanction it and order its promulgation.

2. Executive Branch

The executive branch is constituted in a magistrate who is called the president of the republic, with the indispensable cooperation of the ministers of state. In each particular case the president, with the minister of the respective department, represents the executive branch.

The president of the republic is elected by direct popular suffrage and by a majority of votes for a term of four years. A first and a second vice president are elected in the same manner and for the same term to replace the president in his absence.

The citizen who has been elected president of the republic may not be reelected to the same post in the two terms immediately following.

Whoever is elected president or vice president must be Panamanian by birth and must have reached 35 years of age.

The powers which the president may exercise by himself are (Art. 143):

- a) Appoint and remove freely the ministers of state;
- b) Supervise the regular functioning of the administration and the preservation of the public order;
- c) Supervise the collection and administration of the national revenues;
- d) Supervise the proper conduct of public agencies;
- e) See that the National Assembly meets on the date specified by the Constitution or by a decree convoking a special session;
- f) Present at the beginning of each legislative session, on the first day of its regular meetings, a message concerning the affairs of the administration.

The powers and duties which the president of the republic must exercise with the cooperation of the appropriate minister, the Cabinet Council, or the Permanent Legislative Committee, as the case may be, include those to (Art. 144):

- a) Sanction and promulgate the laws, obey them, and see that they are properly enforced;
- b) Appoint and dismiss freely the governors of the provinces and the chiefs and officers of the public force and of the National Police Corps;
- c) Inform the Assembly of vacancies occurring in positions which the latter must fill;
- d) Appoint the persons who are to hold offices or positions, the appointment of whom does not pertain to any other official or body;
- e) Send to the National Assembly, within the first 10 days of its regular sessions, the budget of revenues and expenditures, the plan for public works for the following fiscal year, and the proposed bill for salaries, if deemed appropriate;
- f) Submit to the National Assembly such reports as it may request from him;
- g) Enter into administrative contracts for the performance of services and the execution of public works, with the obligation of rendering an account thereof to the Assembly;

- r) Appoint, subject to unanimous agreement of the cabinet council and subject to the approval of the National Assembly, the justices of the Supreme Court of Justice and their alternates;
- s) Exercise the precise extraordinary powers granted by the National Assembly to legislate by decree-laws.

The president of the republic may be held responsible only in the following cases: for exceeding his constitutional powers; for acts of coercion or violence in the course of the electoral process or for impeding the meeting of the National Assembly; and for the crime of high treason.

During the temporary or permanent absence of the president, his functions shall be exercised by one of the vice presidents, in the order in which they were elected.

Ministries. At the present time (1965) there are the following ministries in the Panamanian government: Interior and Justice; Presidency; Education; Public Works; Labor, Social Welfare, and Health; Agriculture, Commerce, and Industry; Treasury; and Foreign Affairs. The ministers (Ministros de Estado) are the heads of their respective departments and cooperate with the president of the republic in the performance of his functions in accordance with the Constitution and the law.

No person who is a relative of the president within the fourth degree of consanguinity or second degree of affinity may be appointed as minister. Likewise, two or more persons related within the indicated degrees may not be appointed as ministers in the same cabinet.

Meetings of the ministers, necessarily presided over by the president of the republic, constitute the Cabinet (Consejo de Gabinete). Ministers have the right to speak in the National Assembly.

The functions of the Cabinet include the following (Art. 162):

- a) To act as an advisory body on matters submitted to it by the president of the republic and on those matters that should be heard by virtue of the Constitution or the law.
- b) During adjournment of the National Assembly, to empower the president of the republic to settle or submit to arbitration litigious matters in which the nation has an interest. In such cases, the favorable opinion of the attorney general of the nation and a unanimous vote of the Cabinet and of a majority of the Permanent Legislative Committee is required.
- c) To approve, with the president of the republic and by unanimous vote, the appointment of the justices of the Supreme Court of Justice.
- d) To agree upon, under the collective responsibility of all its members and those of the Permanent Legislative Committee, decrees which the president may issue concerning the suspension of guarantees or in the exercise of extraordinary powers, whenever he may be invested with them.
- e) To order, under the collective responsibility of all its members and those of the Permanent Legislative Committee, supplementary or extraordinary appropriations.

3. Judicial Branch

The judicial branch consists of the Supreme Court of Justice, the higher courts (tribunales) and lower courts (juzgados).

The Supreme Court is composed of nine justices, appointed by the president of the republic with the unanimous consent of the Cabinet and subject to approval by the National Assembly. The Court is divided into sections (Salas) composed of three permanent and two rotating members. At the present time there are four sections—civil, criminal, contentious-administrative and labor, and general business.

To be a justice of the Supreme Court a person must be: a Panamanian by birth or by naturalization with more than 15 years of residence in the country, at least 35 years of age, in full enjoyment of civil rights, a law graduate having completed a period of 10 years in the practice of law or the position of magistrate, attorney general of the nation, attorney (fiscal) of a superior court, circuit judge, or professor of law in a public educational institution.

In order of rank, below the Supreme Court of Justice are the district superior courts (Tribunales Superiores de Distrito Judicial), four in number: primer tribunal superior de distrito judicial, civil (in Panama City); segundo tribunal superior de distrito judicial, penal (in Panama City); tercer tribunal superior de distrito judicial (in the city of Penonomé); and the cuarto tribunal superior de distrito judicial (in the city of David).

Next below in rank are the circuit courts (juzgados de circuito), of which there are six in the city of Panama, four civil and two criminal.

In addition to its powers under the Constitution or laws, the Supreme Court also has the following: (a) guardianship of the integrity of the Constitution, that is, to determine the constitutionality of laws, decrees and acuerdos; (b) to exercise contentious-administrative jurisdiction, under which it may annul acts claimed to be illegal; to reestablish a violated private right; to establish a new provision in place of one that is challenged; and to render an advance opinion as to the meaning and scope or the legal validity of an administrative act.

Magistrates and judges are independent in the performance of their functions and are subject only to the Constitution and the law. They may not be removed or suspended except in those cases and according to formalities prescribed by law. They may not be detained or arrested except upon written order of an authority competent to judge them.

4. Regional Government

Panama is divided into nine provinces—Panamá, Colón, Darién, Coclé, Herrera, Los Santos, Veraguas, Chiriquí, and Bocas del Toro; and the Intendencia of San Blas.

Each province has a governor who is freely appointed and removable by the president of the republic; he serves as agent and representative of the president for the municipalities within his province.

5. Local Government

The state consists of a community of autonomous municipalities (municipios). A municipality is the political organization of the local community, established within a specified territory in accordance with neighborhood links and with sufficient economic capacity to maintain its own government under suitable conditions. The territory over which a municipality exercises authority is termed a district (distrito).

Municipal organization must be democratic in form and serve the essentially administrative needs of local government. Municipal authorities have the duty to comply with and enforce the Constitution and the laws of the republic, the decrees and orders of the executive, and decisions of regular and administrative courts of justice.

No municipal official may be suspended or removed by national administrative authorities, with the exception of district mayors (alcaldes de distrito), who are appointed by the executive.

Every municipality has the obligation to cooperate with the national government to achieve social well-being and to contribute toward education and beautification.

Law 8 of February 1, 1954, governs municipal affairs. It provides that the administration of each municipality shall be conducted by a municipal council and an executive official or mayor (alcalde municipal). The municipal council by its orders (acuerdos), which have the force of law within the district, governs the juridical life of the municipality. The council members are elected by direct popular vote for a term of four years. At the present time mayors are appointed by the executive, with two alternates.

Mayors have the following duties: (a) to cooperate with the council in the municipal administration and to submit proposed orders, particularly that of the budget; (b) to regulate the expenses of local administration, in conformity with budget and accounting regulations; (c) to appoint or remove freely all municipal employees not subject to some other authority; (d) to promote the progress of the community and see that municipal employees carry out their duties efficiently.

Orders, resolutions and other acts of municipal councils, commissions, or of mayors elected by popular vote, can be suspended or annuled only by competent courts. The pertinent action may be initiated by any citizen or official who believes that the act is contrary to the Constitution or the law.

Municipal councils may create and appoint permanent or temporary commissions from among their membership for any purposes deemed advantageous, such as executive, finance, municipal economy, legislative, and public works.

The principal powers of a municipal council include:

- a) Construction, conservation, and improvement of public squares, parks, and public thoroughfares.
- b) Construction of markets, slaughterhouses and cemeteries.
- c) Establishment of schools and other educational centers.
- d) Approval of contracts covering municipal services and concessions and public works.

3. Loss and Recovery of Citizenship

Citizenship is lost through loss of Panamanian nationality in accordance with provisions of the Constitution or as a penalty according to law.

Citizenship may be recovered through rehabilitation granted by the National Assembly.

B. Naturalization

Article 14 of the Constitution provides that an alien who wishes to acquire Panamanian nationality must make appropriate application to the executive branch, which will issue a provisional certificate valid for one year. If the alien ratifies his request at the end of this period and no fact has become known as a ground for refusing it, a permanent certificate is granted.

A certificate of naturalization may be refused at any time for reasons of morality, security, health, or physical or moral disability. A request for naturalization will be denied to persons belonging to a state or region whose inhabitants may not enter Panama according to law, for economic reasons or social necessity.

The subject of naturalization is governed by Law 8 of February 11, 1941. Under this law, an alien who wishes to obtain a naturalization certificate must apply to the president of the republic in writing, through the Ministry of Foreign Affairs, stating the following in his application: (a) his free and spontaneous wish to be naturalized as a Panamanian; (b) his place of birth and the state of which he is considered a citizen; (c) his age; (d) the length of time he has resided in Panama; (e) marital status, and if married the name, nationality and residence of the spouse, and the names of any children born under Panamanian jurisdiction.

An alien who has obtained a temporary certificate of naturalization may hold a public office not involving command or jurisdiction; he may obtain a Panamanian passport valid for the time remaining until the certificate expires; he may be employed as a Panamanian in industry or commerce; and he shall enjoy all other rights granted to nationals under the Constitution and the laws, with the exception of political rights.

When the permanent certificate is granted, it is transmitted by the Minister of Foreign Affairs to the governor of the province where the applicant resides. This official will administer an oath to the recipient, who must declare that as a naturalized Panamanian he will obey, comply with and maintain the Constitution and the laws of the republic; that he renounces absolutely the civil and political ties that bound him to his country of birth or any other country of which he was considered a citizen or subject; and that he likewise renounces all rights and privileges that might be derived from such ties.

The permanent naturalization certificate must be recorded in the civil register in order to have validity.

C. Immigration

1. Categories

Immigration is governed by Decree-law 16 of June 30, 1960, amended by Decree-law 13 of September 20, 1965. Under this law foreigners who enter the country are classified as tourists, transients, persons in transit, persons in direct transit, temporary visitors, immigrants, and residents.

Tourists are those who enter the country exclusively for purposes of recreation, observation, or study, for a period of 30 days, which may be extended to 90 days. Transients are those who enter with the intention of continuing travel to another country or to return to the place of origin, within a period of no more than 3 months, having entered for purposes other than recreation and observation. Persons in transit are those who will continue to travel elsewhere within 48 hours after arrival. Persons in direct transit are those who will continue the voyage within 9 hours. Immigrants are those who enter the country with the intention of remaining indefinitely. Residents are those aliens who meet all legal requirements and acquire a legal domicile as shown by personal identity card or provisional residence permit.

An alien bearing a diplomatic, official, or special passport may enter the country after obtaining a diplomatic or special visa issued by a chief of mission accredited abroad. Foreign consular officials may enter the country upon obtaining a consular visa issued by a Panamanian consul. Officials of international organizations traveling with a document issued by the organization may enter the country upon obtaining a diplomatic or official visa.

2. Entrance Requirements

Tourists. A tourist must obtain a special tourist card or a tourist visa. A tourist card costs B/2.00 and it is valid for 30 days but may be extended up to a maximum of 90 days, if the bearer is registered in the register of aliens in the Ministry of Foreign Affairs. Panamanian consulates issue tourist visas valid for 90 days, the fee for which is B/5.00.

Transients. Persons who enter the country as transients must obtain a transient visa at a Panamanian consulate, valid for three months after arrival. The fee is B/5.00. The visa is valid for one entry, within three months after issuance. After the three months or if the visa has been made use of, it is automatically canceled and the bearer must obtain a new visa for another entry. Transients may not engage in remunerated activities.

Persons in transit. Persons who enter Panama solely to continue travel to another country within 48 hours or, in case of force majeure, by the first available ship or airplane, are exempt from the visa requirement and may obtain a "traveler in transit" card, which is issued by the firm furnishing transportation, on its own responsibility, for a fee of B/2.00.

Immigrants. A foreigner may come to Panama as an immigrant if he can furnish proof of good conduct, of fitness for work, of good health; and, if he has a profession, trade, or occupation in which he will engage, proof that it is not reserved by law exclusively to Panamanian nationals.

In addition, anyone may enter as an immigrant, if he possesses his own capital, to undertake commercial, financial, or industrial activities not restricted by law to Panamanian nationals, or if he has sufficient income to cover all needs.

A person who entered the country in some other status may, if he meets the requirements, change to the status of immigrant by payment of a fee of B/50.00.

3. Requirements After Entry

Tourists. A person who has entered the country by tourist card or visa and who remains more than 30 days must obtain, before leaving the country, a tax compliance certificate (certificado de paz y salvo) from the Ministry of Finance, stating that no taxes are owed. A tourist may not work or engage in lucrative activities of any kind. Anyone who employs a tourist is subject to fine.

Transients. A person who enters the country as a transient must present himself within three days at the Immigration Department to be duly recorded in the register of aliens. Any transient who engages in lucrative activities without prior authorization from the Ministry of Labor, Social Welfare and Health is subject to a fine.

A person who enters the country as a transient but who wishes to become a resident must leave the country and make appropriate application at a consular office.

Immigrants. An immigration visa is valid for entry up to three months after issuance. Thereafter, the visa is no longer valid and a new one must be obtained for entry. An immigrant must present himself to the authorities within three days for registration.

There is no special legislation concerning the promotion of immigration.

III

RIGHTS AND DUTIES OF FOREIGNERS

1. Civil and Political Rights

In general terms the Constitution confers equal civil rights and equal obligations on foreigners and nationals. Article 16 states that both Panamanian nationals and foreigners residing in the territory of the republic are subject to the Constitution and the laws and must respect and obey the authorities. It adds that the authorities are instituted to protect the life, honor, and property of nationals wherever they are and of foreigners under their jurisdiction.

Article 21 states that all Panamanians and foreigners are equal before the law. There shall be no personal privileges or exemptions nor distinctions because of race, birth, social class, sex, religion, or political beliefs, but the law may, for reasons of health, morals, public safety, or the national economy, subject foreigners in general to special conditions or deny the right to engage in specified activities. Likewise, the law or the authorities may take measures which may affect only nationals of specific countries in the event of war or in accordance with the provisions of public treaties.

Political rights are limited to Panamanian nationals, with the exception that in elections for district councilmen foreigners who have resided in the district for four years (or for two years if married to a Panamanian or having Panamanian children) may vote in such elections and may hold such office. However, the number of foreigners on a council may never be more than one fifth of the membership.

No extradition treaty may require the state to deliver its own nationals (Art. 23). Likewise, extradition will not be granted for persons prosecuted for political offenses.

2. Property Rights

The Constitution contains a limitation on the right of foreigners to own property (Art. 232): "No foreign natural or juridical person nor any national whose capital is foreign, wholly or in part, may acquire public or private lands situated less than 10 kilometers from the frontiers or the ownership of islands under the jurisdiction of the republic. However, rights acquired before the Constitution took effect will be respected; but such..."

provided such nationals legally reside in territory under the jurisdiction of Panama. Engaging in retail trade is defined as selling goods to consumers or the representation or agency of a producing or commercial enterprise or any other activity which the law classifies as retail trade.

Any form of trade not included in the foregoing is considered wholesale trade, in which anyone may engage. The law may, however, if necessary to protect Panamanians, restrict such activity by foreigners. Such restrictions may in no case injure foreigners who were legally engaged in wholesale trade at the time these provisions took effect.

4. Right To Practice Liberal Professions

Article 41 of the Constitution states that every person is free to practice any profession or occupation. This right is subject to any regulations that may be established by law concerning fitness, morals, security and public health. No tax or charge may be imposed on the practice of liberal professions or of arts and crafts.

This constitutional principle has been expanded and supplemented by special laws establishing the requirements for each profession. The practice of law, for example, is restricted to Panamanians by Law 51 of 1961. The professions of engineer, architect, surveyor, and the occupation of builder (maestro de obra) are limited to Panamanians who possess a certificate issued by the National Technical Board (Junta Técnica Nacional). Law 88 of 1941 requires that a person practicing medicine or surgery be a Panamanian.

5. Foreign Workers

Every commercial or industrial enterprise operating in the country must have at least 75 percent Panamanian employees by birth or naturalization, or foreign men married to Panamanian women, or those who have resided in the country for 20 years. Those counted as Panamanians must receive at least 75 percent of the total wages and allotments that are paid. It is understood that these percentages of personnel and remuneration shall apply to each of the categories into which the personnel of an enterprise may be divided.

Excepted from this rule are experts and technicians required for operation of an enterprise, provided they are recognized as such by the Ministry of Labor. Also excepted are employees of the home office of an international enterprise, likewise subject to approval by the Ministry of Labor (Labor Code, Art. 605).