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New York, NY 10022

World Trade Center, Calle 53, Marbella
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Panama Law 30 of June 12, 2010



A mixed collection of regulations, the new Law 30, also known as the "9 in 1" law, was passed by the Panama National Assembly on Saturday, June 12, 2010 and signed into law by President Ricardo Martinelli. In one broad sweep, it amends the Labor, Judicial and Criminal Codes as well as six other laws. These controversial reforms were bundled in a bill to increase investment in commercial aviation and immediately stirred public unrest across Panama, while controversy surrounding the passing of Law 30 continues to grow.

This controversy focused mainly on two measures that have upset two different Panamanian interest groups: environmentalists, who have never been very influential in Panamanian politics, and Labor Unions, who have been quite influential. The environmentalists are upset about provisions that allow construction projects to move forward without an environmental impact study, if the government determines that there is a "social interest" in pursuing a project.

The Labor Unions see the new Law as infringing on their territory and took their dislikes to the streets. The traditional strengths of Labor Unions in Panama were the protections they enjoyed in the Labor Code and the bloc votes they could cast in elections; however, their political force is beginning to weaken. Law 30 contains provisions which allow workers in unionized sectors, such as construction, to decide whether or not they want to pay union dues; before the new Law, dues were automatically taken out of workers' wages.

Article 12 of Law 30 reads:

"Article 373 of the Labor Code will read as follows: Article 373 - The employer is not obligated to deduct from workers in favor of a union ordinary or extraordinary union dues that are established. The worker who wishes to pay the ordinary and extraordinary dues established by the union should pay those dues voluntarily."

The new Law also allows the government to take stronger action against strikers and to use non-union workers. This is a battle that was fought in the 1980s in the US and UK; it's just beginning to be fought in Panama.

The bulk of the underlying law has contains elements related to commercial aviation, and most of which is a codification of a requirement to force Panamanian aviation companies, such as COPA, to hire 85% Panamanians, including pilots. There are also new requirements and restrictions on aircraft mechanics and technicians - mostly foreigners.

New York Office:
Telephone: 212-541-3909
Facsimile: 212-541-3907

Panamá City Office:
Telephone: +507-269-0060
Facsimile: +507-269-0062



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The string of other reforms includes allowing employers to hire non-union replacements for striking workers and requires police to immediately take control of work sites affected by strikes. The "9-in-1" law also increased penalties for human trafficking and falsification of documents, but relaxed sanctions for police officers who commit crimes while on duty. It is an odd piece of legislation, although not unlike some we see in Washington, DC when major laws contain a myriad of unrelated provisions.

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About the Author

Juliette M. Passer is a U.S. attorney, with over 19 years of broad international transactional experience, specializing in corporate and project finance, as well as new media transactions and e-commerce. Ms Passer holds a JD (*cum laude*) from Cardozo School of Law and studied Soviet Law at the Columbia University School of Law. She practiced law with the international law firms of Debevoise & Plimpton and Patterson, Belknap, Webb & Tyler in New York, specializing in corporate and project finance. She is a member of the Council on Foreign Relations and serves on boards of several companies. She is listed in *Who's Who in American Law* and *Who's Who in American Women*. As a *pro bono* undertaking, she represents Russian and Ukrainian artists, dancers and musicians. She is a frequent guest lecturer and an adjunct graduate faculty at the Russian Juridical Academy, Kaplan University, Moravian College and others.

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