



Monday 18th November 2019

CIRCULAR 018/2019

NEW REGULATION FOR NAVIGATION IN ARGENTINA (REGINAVE)

VERY IMPORTANT

The REGINAVE (Maritime, River and Lake Navigation Regime) is the main regulation concerning Navigation in Argentina in relation to the safety of the individuals, the vessels and environment. It is one of the main regulatory bodies which is under the control of the Prefectura Naval Argentina (PNA) (Coast Guards - CG), as Maritime Authority, who also investigates and, eventually, sanctions any infringement to it.

The REGINAVE was originally enacted by Decree 4516 of 16th May 1973 and the CG had limited faculties to sanction foreign seafarers or foreign shipowner for infringements under the REGINAVE. Normally, the CGs was not able to impose fines to foreign crewmembers but only to notify their findings through diplomatic channels to the concerned flag's administration and/or to the country which issued the license of the involved seafarer.

On 13th November 2019, Decree 770/2019 was enacted repealing the original REGINAVE and enacting a new REGINAVE. The Decree was published on 14th November 2019 and would enter into force 8 days after its publication date. The REGINAVE is an integral regulatory code (as it was then). However significant changes have been introduced and we are considering the new REGINAVE For the time being, we would like to draw to your attention what seems to be some of the most relevant aspects for Owners and their underwriters:

1. FOREIGN SEAFARERS AND SHIPOWNERS CAN BE SANCTONED BY CG

CGs is now entitled to IMPOSE FINES ON foreign individuals or companies which are found to be in breach of the REGINAVE or other MARITIME AND ENVIRONMENTAL REGULATIONS/LAWS

2. INCREASE OF FINE AMOUNTS

In the REGINAVE, both in the original as the new one, the fines are expressed in Unidades de Multa (UM – units of fine).



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Before, each UM was worth AR\$ 1.5 and the maximum fine amounted to 60,000 UM equivalent to AR\$ 90,000 (today about US\$ 1,500).

Now, each UM is worth AR\$ 10 and the maximum fine seems to amount to 3,000,000 UM equivalent to AR\$ 30,000,000 (today about US\$ 500,000). Moreover, the UM will be adjusted annually according to the inflation rates UNDER INDEC (NATIONAL INSTITUTE OF STATISTICS AND CENSUS).

3. DIRECT AND INDIRECT LIABILITY OF THE SHIPOWNERS

Within the old regime, the infringements endorsed to the seafarers were pursued personally against the seafarers; and those endorsed to the shipowners were pursued against the shipowners. Therefore, if the shipowners were not in infringement personally, then they had no administrative responsibility for their seafarers.

Now, the Companies could be held liable for the infringements committed by their agents and by those who act on their behalf. Therefore, it is possible for the shipowners to be held liable together with the seafarer who committed an infringement (or any other servant acting on Owners' behalf).

4. CG IS ENTITLED TO DETAIN THE VESSEL UNTIL SECURITY IS OBTAINED

The CG is now entitled to detain any foreign vessel in which an infringement was committed, until any fine is paid or guaranteed by a National Individual or Entity which provides sufficient financial guarantee at the discretion of the CGs.

At this stage in accordance with the new regulations the guarantee would need to be personal bond, asset-backed security (e.g. cash) or sureties which prove to be sufficient financial security at CGs discretion. It is uncertain at present time whether LOU will be accepted by the Maritime Authority at the end of the day.



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The above mentioned comments are only preliminary ones as the new regulation just came out. As mentioned above, we are considering further the new REGINAVE which is a substantial Regime. As long as relevant aspects become evident, we will circulate them as usual. However, we wanted to let you have the first relevant aspects noticed in the new regulation coming into force – but not the only ones. We shall review and monitor the new regulation and its effects closely keeping you duly posted.

In the meantime, we remain at your disposal for any clarification and/or additional information that you may require.

Yours Faithfully,

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