

MARINA CIRCULAR NO. 02
Series of 2007

TO : ALL SHIP BUILDING, SHIP REPAIR, SHIP BREAKING AND BOAT BUILDING COMPANIES/ENTITIES; ALL OTHERS CONCERNED

SUBJECT : AMENDED IMPLEMENTING RULES AND REGULATIONS ON THE REGISTRATION OF SHIP BUILDERS, SHIP REPAIRERS, AFLOAT SHIP REPAIRERS/SERVICE CONTRACTORS AND BOAT BUILDERS/REPAIRERS

Pursuant to Section 2 of Presidential Decree 474, Executive Order 125/125-A, R.A. No. 9295 and Presidential Decree No. 666, the following rules and regulations are hereby adopted to amend MARINA Memorandum Circular No. 95.

I. OBJECTIVES:

To provide uniform and upgraded standards, requirements and guidelines for the registration of companies/entities to engage in ship building, ship repair, boat building/ repairing and afloat ship repair/ service contracting activities in the country.

II. COVERAGE:

This set of rules and regulations will cover all persons, Filipino citizen or foreign national, corporation, partnerships, and entities engaged or intending to engage in shipbuilding, ship repair, boatbuilding/repairing and afloat ship repair/ service contracting activities within the Philippines.

III. DEFINITION OF TERMS:

1. **Administration** - refers to the Maritime Industry Authority (MARINA).
2. **Afloat Ship Repair** - refers to repairs onboard a ship while at sea, at anchorage or at berth which will not require drydocking/shipyard service, subject to ship safety procedures; Service Contracting refers to similar works provided as contracted by a ship or a ship yard.
3. **Annual Endorsement** - refers to the endorsement of License after an annual inspection has been conducted for purposes of monitoring/planning and enforcing of MARINA rules and regulations.

4. **Boatbuilding/Repairing** - refers to the design, construction, outfitting, repair and launching of watercrafts with sizes below 24 meters in length.
5. **Certificate of Dry-docking** refers to a certificate issued by a **MARINA** – Registered Shipyard and boatbuilder to ships/boats engaged in domestic trade, after satisfactory compliance with the mandatory drydocking requirements stated under this rules and regulations.
6. **Deadweight** - refers to the difference between the loaded displacement and the light displacement of a ship.
7. **Dry-docking** - refers to the condition in which a ship is taken out of water for cleaning and repair of her hull and its integral parts such as rudder, propeller, sea valves and sea chests, among others.
8. **Engine** - refers to main propulsion engine/ or the auxiliary engine of a ship.
9. **License** - refers to the authorization (i.e. certificate) which gives permission to an entity to engage in ship building, ship repair, afloat ship repair/ service contracting and boatbuilding activity, upon compliance with the requirements provided by the Administration under the herein Rules and Regulations.
10. **MARINA Registered Shipyards Shipbuilders and/or Ship Repairers** - refers to licensed shipyards, shipbuilders and/or ship repairers under MC 95, this Circular and its subsequent amendments.
11. **Qualification Inspection** - refers to an inspection conducted prior to the issuance license.
12. **RENAMARE** - refers to a Registered Naval Architect and Marine Engineer.
13. **Ship** - refers to any craft or artificial contrivance capable of floating on water, designed to be used or capable of being used as a means of water transportation utilizing its own motive power or that of others.
14. **Shipbuilder and/ or Ship Repairer** - refers to a citizen of the Philippines, or a commercial partnership owned by majority of the Filipinos, or a corporation incorporated under the laws of the Philippines, the capital of which is owned or controlled in any proportion by Filipinos or foreign nationals, or by both such Filipinos or foreign nationals, or by corporations whether Filipino or foreign- owned, which is duly authorized by the MARINA to engage in the business of

shipbuilding or shiprepair or to otherwise operate a shipyard, graving dock marine repair yard.

15. **Shipbuilding** - refers to the design, construction, outfitting, equipping and launching of any types of ship or watercraft.
16. **Shipbuilding/Ship Repair Capability** - refers to the overall measure of shipyard's machinery, equipment, manpower, technical know-how and financial capability to provide comprehensive shipbuilding and ship repair services.
17. **Shipbuilding/Ship Repair Capacity** - refers to the capacity of the shipyard for shipbuilding and/or dry-docking operations based on the sufficiency and adequacy of its shipbuilding and/or ship repair facilities.
18. **Shipyard** - refers to the shipbuilding or ship repair facilities that have the capability to put ships out of water in a dry-dock or to lift ships above the water surface in order to effect ship work on ships, appendages, structure, machinery and equipment.
19. **Ship Repair** - refers to the overhaul, alteration, modification or repair in a shipyard of hull, machinery, equipment outfits and components of any type of ship, subject to Administration survey/inspection in compliance with relevant maritime safety rules and regulations.

IV. GENERAL PROVISIONS:

1. The license shall authorize the owner/operator to undertake shipbuilding and/or ship repair, boatbuilding/ repairing and afloat ship repair/service contracting activities within the limits accorded hereto.
2. The license shall serve as a pre-requisite to the grant of incentives presently administered or to be administered by the Administration and other privileges as may be provided by law.
3. Qualification inspection shall be undertaken for new entrants, and annual inspection shall be undertaken for currently registered entities, prior to issuance of license and classification of shipyard facilities. Shipyard inspection shall be governed by a manual of procedures to be formulated by MARINA.
4. The license shall undertake shipbuilding, ship repair and boatbuilding/repairing activities within the principal proprietorship, partnership or corporate facility/property, unless otherwise officially permitted by the MARINA for special projects.

5. For an applicant to be registered, it must own/lease/operate and manage a shipyard or boatyard, or in the process of building its own shipyard or boatyard, except for applicant engaged in afloat ship repair/service contracting. In cases where the yard is leased, the contract of lease should not be less than one (1) year from the grant of the MARINA license.
6. Any minor repairs/maintenance works to be done on-board a ship while not on drydock, or shipbuilding-related minor works which are to be contracted out by the shipowner or shipyard, shall be undertaken by a MARINA-registered afloat ship repairer/ service contractor.
7. The name of the company shall reflect the nature of operation of the business. The Articles of Incorporation and By-Laws shall reflect shipbuilding, and/or boatbuilding/ repairing/ship repair/afloat ship repair/service contracting as one of the primary purpose(s).
8. The application for the renewal of license must be filed at least fifteen (15) days before the expiry date, but not more than thirty (30) days therefrom. No license shall be renewed unless an inspection shall have been conducted.

V. QUALIFICATION REQUIREMENTS:

1. Classification and Capitalization for Shipbuilding and Ship Repair, Boatbuilding and Afloat Ship Repair/Service Contracting Entities.

The applicant must comply with all the minimum requirement prescribed hereunder to be classified and registered accordingly.

Category	Classification	Facility		Lifting Capacity (in DWT)	Paid-up Capitalization/ Capitalization
Shipbuilding and Ship Repair	Large	Slipway or launch way or equivalent facility <u>and</u> at least 2 of the following, one of w/c should be at least 20,000 DWT in capacity Shipyard area that can accommodate a Mold Lofting Area, Fabrication Area, and Assembly Area	<ul style="list-style-type: none"> • Graving Dock • Building Yard • Floating Dock • Synchrolift • Other Equivalent facilities 	20, 000 and above/ facility	P 50,000,000
	Medium	Slipway or launch way or equivalent facility <u>and</u> at least 1 of the following, one of w/c should be at least 3,000 DWT in capacity Shipyard area that can accommodate a	<ul style="list-style-type: none"> • Graving Dock • Building Yard • Floating Dock • Synchrolift • Other Equivalent facilities 	3,000-19,999/ facility	P 25,000,000

Category	Classification	Facility	Lifting Capacity (in DWT)	Paid-up Capitalization/ Capitalization
		Mold Lofting Area, Fabrication Area, and Assembly Area		
	Small	Slipway or launch way or equivalent facility/ technique (i.e., high blocks, Rollers, etc.) Shipyards area that can accommodate a Mold Lofting Area, Fabrication Area, and Assembly Area	2,999 & below	P 10,500,000
Boatbuilding/ Repairing	Class A (All types of hull materials)	Boatyard with minimum land area of 300 sq.m.	Below 24 meters in length (but not less than 3 GT)	P500,000
	Class B (wooden type hull material)	Boatyard with minimum land area of 150 sq.m.	Boats of less than 3 GT	P 20,000
Afloat Ship Repair/ Service Contractor		Machine or Repair Shop		P 500,000

2. Manpower Requirements for Shipbuilding and Ship Repair, Boatbuilding/Repairing and Afloat Ship Repair/Service Contractor

The applicant must comply with the following minimum manpower requirements.

Management Competence (for Shipyard Technical/Operations Manager/Boatbuilding Operator)						
Shipbuilding and Ship Repair (SBSR)						
Large	Shall have sufficient formal related educational background/training in ship design, building, repair and shipyard management (as certified by educational institutions, TESDA, etc.), or proven experience of at least 3 years in ship construction and repair.					
Medium						
Small						
Boatbuilding (BB)/Repairing						
Class A	Shall have sufficient formal related educational background/training in boat design, building, repair and boatyard management (as certified by educational institutions, TESDA, etc.), or proven experience of at least 2 years in boat construction and repair.					
Class B	Must have sufficient actual experience in boat design, building and repair for at least one (1) year					
Afloat Ship Repair/Service Contractor						
Must have sufficient background in ship repair with minimum of 1 year experience in afloat ship repair/ship service contracting activities.						
Minimum Manpower	Shipbuilding and Ship Repair			Boatbuilding / Repair		Afloat Ship Repair/ Service Contracting
	<i>Large</i>	<i>Med</i>	<i>Small</i>	<i>A</i>	<i>B</i>	
Technical						at least 1 technical personnel whose experience and certified training/ expertise is related to any of the following: <ul style="list-style-type: none"> • Welding • Fabrication • Electronics • Electrical • Machinery • Pipe Fitting • Other related skills
RENAMARE	2	1	1	1	1*	
Licensed marine Engineer	1	-	-	-	-	
Licensed Mechanical Engineer	2	1*	1*	-	-	
Licensed Electrical Engineer	2	1*	1*	-	-	
Safety Officer	2	1	1	1		
Draftsman	2	1	-	-	-	
Mold Loftsmen	2	1	-	1		

Minimum Manpower	Shipbuilding and Ship Repair			Boatbuilding/ Repair		Afloat Ship Repair/ Service Contracting
	Large	Med	Small	A	B	
Skilled						At least 3 skilled personnel whose skills are related to any of the following: <ul style="list-style-type: none"> • Welding • Electrical • Machinery • Carpentry • Other related skills
Foreman/ QC	3	2	1	1		
Laminator				1**		
Welder	5	3	1*	1*		
Cutter	5	3	1*	1*		
Pipe Fitter	5	3	1*	1*		
Ship Fitter	5	3	1*	1*		
Carpenter	3	1	1	1	1	
Caulker					1	
Licensed Master Electrician	3	2	1*	1*		
Heavy Equipment Operator	2	1	1			
Mechanic	2	1	1			
Painter	3	2	1	1	1	
Blacksmith	2	1	1*			
Foundry man	2	1	1*			
Sandblaster	3	2	1			
Diver	3	2	1			
Rigger	3	2	1			

*Mmay be on contractual consultancy basis only

** Applies to FRP boatbuilder.

3. Minimum Yard Machineries and Equipment for Shipbuilding and Ship Repair, Boatbuilding and Afloat Ship Repair

Yard Category		Shipbuilding and Ship Repair			Boat Building/ Repairing		Afloat Ship Repair/ Service Contracting
Equipment/ Machineries		Large	Med	Small	A	B	
Crane	50 tons	3					
	20 tons		1				
	5 tons	1	1	1			
Crane Barge							
Blowers	Stand Type or	4	3	2	2		3

	Portable						
Chain Blocks	10 tons	1					
	5 tons	1	1	1			
	2 tons	3	2	1	2		
	0.5 tons	2	1	1	2		
Lathe Machine		1	1				
Drill Machine		2	1	1			
Milling Machine		1	1				
Grinding Machine		2	2	1	1		1
Sander						1	
Carpentry Tools (set)						1	
Bending Machine		2	1	1			
Water Hydrant System		1	1	1			
Hydraulic Jack	50 tons	1					
	10 tons	3	2	2			
Automatic Welding Machine		2					
Elect. Welding Machine		10	8	5			2
Automatic Cutting Machine		2					
Portable Cutting Outfit		10	8	5			2
Air Compressor		2	1	1			
Anti-explosive light or equivalent (i.e., 9 volts of 6 batteries)		3	1	1			4
Bore Gauge		1	1	1			
Steel or Wooden Block							
Roller or Sliding Way							
Portable Fire Extinguisher	CO²	3	2	2	1		1
	Chemical	4	2	2	1	1	1
Breathing Apparatus		2	2	1*			
Gas Detector		2	1	1*			2
CO² Tester		2	2	2			2
Sludge Oil Storage Tank		20m ³	10m ³	5m ³			
Stretcher		1	1	1	1	1	1
First Aid Clinic		1	1				
First Aid Kit		2	1	1	1	1	1
Safety Belt		4	3	2			2

* Proof of rental service may be allowed

- Existing licensed shipyards, boatbuilders, afloat ship repairers shall comply with the foregoing requirements upon renewal of their license.

VI. DOCUMENTARY REQUIREMENTS:

1. For New Entrants/Existing with upgrading

- 1.1. Letter of application
- 1.2. Certificate of Registration with the SEC duly supported by the Articles of Incorporation/ Partnership and By-Laws or Certificate of Business Name from DTI
- 1.3. Alien Employment Permit issued by DOLE or BID (For Foreign National)
- 1.4. Proof of employment and Bio-data of Technical and Skilled Personnel
- 1.5. Proof of Trainings for Management, technical and skilled personnel (e.g. integrated coastal management, shipyard management, boatyard management, etc.)
- 1.6. Proof of ownership of shipyard/ ship breaking facility or Lease Contract valid for at least one (1) year (in case the facility is leased/rented)
- 1.7. Valid Mayor's Permit
- 1.8. Valid Clearance from DENR (Environmental Compliance Certificate) for shipyard facilities and Class A boat building yards.
- 1.9. Duly accomplished Data Sheet prescribed by the Administration

2. For Renewal

- 2.1. Letter of application
- 2.2. Valid Mayor's Permit
- 2.3. Valid Clearance from DENR (Environmental Compliance Certificate) for shipyard and ship breaking Facilities
- 2.4. Duly accomplished Data Sheet prescribed by the Administration
- 2.5. Proof of employment and Bio-data of Technical and Skilled Personnel

2.6. Proof of Trainings for management, technical and skilled personnel (e.g. integrated coastal management, shipyard management, boatyard management, etc.)

2.7. Shipyard Annual Report(s)

2.8. Latest Financial Statement

3. Annual Endorsement

3.1. Letter of application

3.2. Copy of original License

3.3. Duly accomplished Data Sheet prescribed by the Administration, inclusive of proof of employment of technical and skilled personnel.

3.4. Latest Financial Statement

VII. VALIDITY OF LICENSE:

The License shall be valid for a period of three (3) years unless revoked/ cancelled.

VIII. CONDITIONS AND OBLIGATIONS ATTENDANT TO THE LICENSE ISSUED:

1. The license is non-transferable.
2. The original License shall be displayed in a conspicuous place in the main office and photocopy of the certificate shall be posted at its place of business.
3. Withdrawal from business or suspension from operations will require prior written notice to MARINA within thirty (30) calendar days upon termination of operation and original licensed shall be turned over. Prior to the resumption of its operation, a new license shall be secured from the MARINA.
4. License not renewed and/ or endorsed on time shall be assessed an additional fee/ surcharge of fifty percent (50%) of the processing fee for each month of default or any fraction thereof, which shall be without prejudice to the imposition of administrative, fines and penalties for

operating without valid MARINA license prescribed in Section 10 of this Circular.

5. A license valid for three (3) years shall be endorsed annually by the MARINA. Non- endorsement of License shall be subject to penalties under Section 10 of this Circular.
6. No licensed shipbuilder shall construct ships without corresponding plans having been first approved by the MARINA.
7. MARINA-Registered shipbuilder/boatbuilder shall issue Builder's Certificate on Ships constructed by them and corresponding to their License.
8. A duly registered shipyard shall only issue a Certificate of Dry-docking to Ships drydocked in their facility and after completion of the required repairs/ work orders.
9. A registered shipyard/ship repairer/ship breaker/boatbuilder shall inform/submit to the Administration the following:
 - 9.1. New business address and telephone numbers within ten (10) days after the actual change;
 - 9.2. Names of new Director or other principal officer within thirty (30) calendar days after the appointment; and
 - 9.3. Certified true copy of Amended Articles of Incorporation/ Partnership or By-laws duly approved by SEC, within thirty (30) calendar days after approval (if any);
 - 9.4. Any changes in the lease contract;
 - 9.5. Hiring of sub-contractors.
10. The shipyard/ship breaking yard shall maintain a record book indicating the activities (job orders, availment of incentives, etc.) of the yard and shall be made available for inspection anytime.
11. All shipyard shall make available inspection uniforms, equipment, tools and other safety devices for use of MARINA inspectors during inspection.
12. All shipyards shall submit within thirty (30) days after the end of each quarter the following:

- 12.1. Dry-docking Schedule booked for the next 3 months.
- 12.2. Copies of Dry-docking reports issued for the previous quarter
- 12.3. Copies of Certificates issued for Non-availability of Dry-docking space for the previous quarter
13. All shipbuilders/ boatbuilders shall submit Annual reports of newly constructed ships, inclusive of details as to the type, particulars, and ownership of such ships, within thirty (30) days of the succeeding year.
14. All registered ship/boat builders/ship repairers/shipyards which availed of the VAT exemption under R.A. No. 9295 shall submit the required Quarterly Report and Summarized Report on utilization, sale, transfer or disposition of articles imported or sold, transferred or disposed, within the prescribed deadlines.
15. All registered ship breakers shall submit Annual reports of dismantled ships, inclusive of details as to the type, particulars, and ownership of such ships, within thirty (30) days of the succeeding year.
16. The required reports under items 12, 13, 14, and 15 of this Section shall serve as pre-requisites for the renewal of the required license(s).

IX. FEES AND CHARGES:

The following fees shall be charged for the issuance, upgrading, renewal and annual endorsement of license:

<i>Category</i>	<i>Inspection Fee</i>	<i>Processing Fee</i>	<i>License Certificate</i>	<i>TOTAL</i>	
				<i>New/Renewal</i>	<i>Annual</i>
SBSR –L	P12,400	P34,400	P500	P 46,800	P12,400
SBSR –M	9,300	25,800	500	35,100	9,300
SBSR –S	6,300	17,200	500	23,500	6,300
ASR/SC	5,400	6,600	500	12,500	5,400
BB/R – A	5,700	15,600	500	21,800	5,700
BB/R – B	2,900	1,000	500	4,400	2,900

X. SANCTIONS:

1. For engaging in shipbuilding, ship repair, afloat ship repair, boatbuilding and or ship breaking operating without a MARINA-license, non-endorsement, or expired MARINA-license, a person or enterprise shall be imposed the following administrative fines:

Category	1st Violation	2nd Violation
SBSR –L	P 25,000.00	P 50,000.00
SBSR –M	15,000.00	30,000.00
SBSR –S	10,000.00	20,000.00
ASR/SC	5,000.00	10,000.00
BB/R – A	5,000.00	10,000.00
BB/R – B	1,000.00	2,000.00

For third and succeeding violations, the business establishment shall be subject to closure, to be effected by the MARINA in coordination with appropriate law enforcement authorities, after due process.

2. Non-submission of required reports

Category	1st Violation	2nd Violation	3rd Violation
SBSR –L	P 3,000/ document	P 4,000/ Document	P 8,000/ document and cancellation/ revocation of License for the operation of the shipyard
SBSR –M	P 1,500/ Document	P 3,000/ document	P 6,000/ document and cancellation/ revocation of License for the operation of the shipyard
SBSR –S	P 1,000/ Document	P 3,000/ document	P 4,000/ document and cancellation/ revocation of License for the operation of the shipyard
ASR/SC	P 1,000/ document	P 2,000/ document	P 4,000/ document and cancellation/ revocation of License for the operation of the boatyard
BB/R – A	P 1,000/ document	P 2,000/ document	P 4,000/ document and cancellation/ revocation of License for the operation of the boatyard
BB/R – B	P 500/ document	P 1,000/ document	P 2,000/ document and cancellation/ revocation of License for the operation of the boatyard

3. Violations of conditions and obligations attached to the license;

3.1. Conditions No. 6, 7 and 8 of Section 8 of this Circular

Category	1st Violation	2nd Violation (Suspension of License + payment of the ff. penalties)
SBSR –L	P 25,000.00	P 50,000.00
SBSR –M	15,000.00	30,000.00
SBSR –S	10,000.00	20,000.00
BB/R – A	5,000.00	10,000.00
BB/R – B	1,000.00	2,000.00

For third and succeeding violations, the business establishment shall be subject to closure, to be effected by the MARINA in coordination with appropriate law enforcement authorities, after due process.

3.2. Other conditions of Section 8 of this Circular

Category	1st Violation	2nd Violation
SBSR –L	P 12,500.00	P 25,000.00
SBSR –M	7,500.00	15,000.00
SBSR –S	5,000.00	10,000.00
ASR/SC	2,500.00	5,000.00
BB/R – A	2,500.00	5,000.00
BB/R – B	500.00	1,000.00

For third and succeeding violations, the business establishment shall be subject to suspension after due process.

4. The MARINA may, after due notice and hearing, suspend/ cancel/ revoke the license to operate of a MARINA-Registered enterprise for any of the following grounds:
 - 4.1. Failure to maintain the qualifications for registration as required in Section 5.
 - 4.2. Willful or gross violation of shipyard laws and rules and regulations.
 - 4.3. Violation of environment protection laws and rules and regulations.

XI. REPEALING CLAUSE:

MARINA Memorandum Circulars No. 95, 178, and other issuances which are inconsistent herewith are hereby repealed, modified or amended accordingly.

XII. EFFECTIVITY:

This Circular shall take effect fifteen (15) days after publication in one (1) newspaper of national circulation or in the Official Gazette.

Done in the city of Manila, Philippines, this 30th day of August 2007.

BY AUTHORITY OF THE BOARD:

(Sgd.) VICENTE T. SUAZO, JR.
Administrator

SECRETARY'S CERTIFICATE

This is to certify that MARINA Circular No. 2007-02 has been approved by the MARINA Board in its 177th Regular Board Meeting held on 29 August 2007.

(SGD.) ATTY. JABETH SENA JEPATH A. DACANAY
Acting Corporate Board Secretary

Published on **21 July 2007** at **Manila Times Newspaper**.
Copy filed with the UP Law Center on **13 September 2007**.