



Republic of the Philippines
Department of Transportation and Communications
MARITIME INDUSTRY AUTHORITY
Parkview Plaza 984, Taft Avenue corner T.M. Kalaw, Ermita, Manila



MARINA Circular No. 2009-23
Series of 2009

TO : ALL DOMESTIC SHIPOWNERS OR OPERATORS AND ALL CONCERNED

SUBJECT : RULES IN THE GRANT OF MISSIONARY ROUTE OPERATOR STATUS FOR RORO AND SIMILAR TYPE OF SHIPS

Pursuant to Presidential Decree No. 474, Executive Order (EO) Nos. 125/125-A, Section 10 of Republic Act No. 9295 and EO 170 and its subsequent amendments, the following rules are hereby adopted:

I. OBJECTIVES:

1. To provide rules in the grant of Missionary Route Operator Status for Roll-On Roll-Off (RORO) and similar type of ships;
2. To provide rules in the availment of corresponding incentives granted to Missionary Route Operator; and
3. To support the Road RORO Terminal System (RRTS) Project under the Strong Republic Nautical Highway (SRNH) of the President under EO 170 and its subsequent amendments.

II. COVERAGE:

This Circular shall apply to all domestic shipowners or operators intending to provide water transport services in missionary routes for RORO and similar type of ships.

III. DEFINITION OF TERMS:

For purposes of this Circular, the following terms are defined:

1. "*Certificate of Public Convenience*" shall mean the license or authority issued by MARINA to a domestic ship operator to engage in domestic shipping.
2. "*Domestic Shipping*" shall mean the transport of passengers or cargo, or both, by ships duly registered and licensed under Philippine law to engage in trade and commerce between Philippine ports and within Philippine territorial or

internal waters, for hire or compensation, with general or limited clientele, whether permanent, occasional or incidental, with or without fixed routes, and done for contractual or commercial purposes.

3. "*Domestic Ship Operator*" or "*Domestic Ship Owner*" for purposes of this Circular, may be used interchangeably and shall mean a citizen of the Philippines, or a commercial partnership wholly owned by Filipinos, or a corporation at least sixty percent (60%) of the capital of which is owned by Filipinos, which is duly authorized by the Maritime Industry Authority to engage in the business or domestic shipping.
4. "*LCT*" are specially designed ships used for hauling cargo, trucks, containers, building materials, cars and passengers.
5. "*MARINA*" shall mean the Maritime Industry Authority.
6. "*RORO Missionary Route Operator Status*" refers to the privilege accorded to domestic shipowners or operators to provide shipping service in a missionary route for RORO and similar type of ships.
7. "*RORO Missionary Route*" refers to a route involving one or more direct links covering two RORO capable ports that have no existing shipping service due to geographic limitation or absence of economic and market viability.
8. "*RORO Ship*" refers to ship designed with a multi-deck hull especially for the Roll-On/ Roll-Off cargoes handling to and from the intended decks by way of door/ ramp situated below the weather deck.
9. "*RORO Service*" refers to the service provided by RORO ships carrying roll-on/roll-off cargoes as well as passengers.
10. "*RRTS*" shall mean the Road Roll-On/ Roll-Off Terminal System.
11. "*Similar Type of Ships*" shall mean other ships other than those defined as RORO equipped and designed with ramps capable of handling rolling cargoes in the intended decks such as Landing Craft Transport (LCT).
12. "*SRNH*" shall mean the Strong Republic Nautical Highway.
13. "*Withdrawal of Service*" refers to the permanent stoppage of a ship's service in its authorized link or route.

IV. GENERAL PROVISIONS:

1. The MARINA shall publish the approved list of missionary routes for RORO and similar types of ships (or RORO missionary routes for short), which list shall be updated every two (2) years or as necessary.

2. An application for RORO Missionary Route Operator Status must be filed by the domestic shipowner or operator at the MARINA Central Office only. MROs can only receive application for RORO Missionary Route and must forward the said application to the Central Office for approval.
3. A domestic shipowner or operator who has been granted a RORO Missionary Route Operator Status under this Circular shall be required to apply for the issuance of the pertinent Certificate of Public Convenience (CPC).
4. Domestic shipowners or operators who have been granted CPCs to operate in a RORO missionary route shall be entitled to incentives under Item VI of this Circular.
5. Domestic shipowners or operators who have been granted RORO missionary route operator status prior to the effectivity of this Circular shall be required to conform with the applicable provisions and requirements as provided herein.
6. A domestic shipowner or operator may apply for a new missionary route other than those identified and approved by the MARINA, subject to the assessment and approval by MARINA in accordance with the provisions of this Circular.

V. GRANT OF RORO MISSIONARY ROUTE OPERATOR STATUS:

1. A domestic shipowner or operator applying as Missionary Route Operator in the MARINA-identified RORO missionary routes shall be issued Letter Approval granting such status after evaluation by the MARINA Central Office valid for four (4) months for second hand vessels or twelve (12) months for new construction. Operator must present the vessel plan (for new construction) for approval by MARINA upon application of missionary route. For second hand vessels, the operator must present the vessel for inspection by MARINA within the four (4) month period. Failure to do so will result in the revocation of the granted Missionary Route Operator Status.
2. A RORO missionary route operator status shall only be granted to domestic shipowner or operator of RORO and other similar type of ships.
3. Existing motorbanca or wooden hull shipowners or operators in RORO missionary routes shall no longer be allowed to renew their CPCs unless they are able to comply with the classification requirement of any MARINA recognized classification society (as per Rule IX Sec. 22.3 of R-IRR of RA 9295) in the route they are currently serving.
4. A route can only be declared RORO missionary if it involves one or more direct links covering two RORO capable ports that have no existing shipping service due to geographic limitation or absence of economic and market viability. A route whose port is not RORO capable can also be declared as RORO missionary provided the ship to be deployed is RORO ship with a floating ramp or capability/ flexibility to dock, berth and load/ unload rolling

cargoes.

5. The route can only be declared RORO missionary route if there are no other operators providing shipping service utilizing RORO or similar type of ships within the fifty (50) kilometer radius from the ports of the same island.
6. A domestic shipowner or operator granted Missionary Route Operator Status is required to apply and secure CPC within the prescribed period of not exceeding four (4) months for second hand vessels and sixty (60) days from specific date of completion of newly constructed vessel. Failure to secure CPC within the period prescribed will result to revocation of the granted Missionary Route Operator Status.
7. If more than one (1) operator applies at the same time, no Missionary Route Operator Status will be granted. If after four (4) months only one (1) operator presents a vessel and applies for CPC, that operator shall be given Missionary Route Operator Status.

VI. INCENTIVES:

1. A domestic shipowner or operator providing water transport service in a RORO missionary route shall be given protection of investment until such time that the investment is recovered, as determined by MARINA using the following formula:

Vessel Only:

$$\text{No. of Years Protection} = \frac{(\text{VAC} + \text{POC}) \times 1.12\% \text{ ROI}}{\text{PR} - \text{PE}}$$

Vessel with RORO Ramp/ Facilities and Passenger Terminal:

$$\text{No. of Years Protection} = \frac{(\text{VAC} + \text{POC} + \text{RFR} + \text{PT}) \times 1.12\% \text{ ROI}}{\text{PR} - \text{PE}}$$

Where:

Vessel Acquisition Cost (VAC) - refers to the cost of acquiring vessel such as importation, bareboat charter with option to purchase, lease purchase and local construction

Pre-Operating Cost (POC) - refers to expenditures/ expenses incurred on start-up activities or pre-opening costs to operate a vessel such as duties and taxes, permits, licenses, etc.

Projected Revenue (PR) - refers to the amount estimated or projected to be collected/ earned during the period of operation which includes freight revenue, passenger revenue and other income to be earned in operating the vessel

Projected Expenses (PE) - refers to the estimated vessel operating expenditures to be incurred during the period of operation which includes fuel, drydocking, repair & maintenance, salaries & wages, food & subsistence, insurance, supplies, port charges, taxes, licenses & fees, and other miscellaneous vessel operating expenses except vessel's depreciation expense

Cost of RORO Facility/ Ramp (RFR) - refers to the cost of constructing RORO facilities/ ramps

Cost of Passenger Terminal (PT) - refers to the cost of constructing a passenger terminal

ROI - refers to Return on Investment

2. A domestic shipowner or operator who has been granted a Missionary Route Operator Status shall only be charged fifty percent (50%) of the regular fees in all renewal of ship documents, licenses, certificates and permits during the period of protection for the ship while operating in the missionary route.

However, a review of the company's financial standing will be undertaken at the end of every year to determine its financial position and validate the correctness/ reasonableness of the number of years of protection granted.

VII. OPERATIONS IN RORO MISSIONARY ROUTES:

1. A domestic shipowner or operator who has been granted a Missionary Route Operator Status may be allowed to replace its ship but shall be allowed up to second replacement only. The replacement ship should be of the same type and the closest age to the vessel being replaced and shall assume the remaining period of protection granted to the original ship.
2. Temporary substitution of ship in a missionary route may be allowed for a maximum period not exceeding sixty (60) days under any of the following circumstances:
 - a. During low and peak season and/ or load factor reasons;
 - b. Maintenance or drydocking; or
 - c. Machine or engine trouble; or
 - d. Emergency sea lift operation; or
 - e. Fortuitous event and force majeure; or
 - f. Other analogous circumstances

Substitution of more than sixty (60) days shall be considered as permanent substitution and shall require filing of application with the MARINA.

3. A missionary route operator shall file an application for temporary substitution of ship with the MARINA within twenty-four (24) hours after the occurrence of the above-mentioned circumstances, except in the case of maintenance or drydocking, which shall be filed within seven (7) days before the scheduled drydocking. The domestic shipowner or operator shall include in its

application, the name and particulars of the ship to be used as temporary substitute. If they failed to provide a substitute ship, the MARINA may terminate the missionary route operator status and grant it to another shipowner or operator.

4. The MARINA may allow another domestic shipowner or operator to temporarily deploy its ship to operate thereat for a maximum period of ninety (90) days. Should the missionary route operator fail to re-deploy its ship after the ninety (90) day period, the MARINA may allow another operator to operate in the said route to avoid disruption of service. The MARINA may cancel the missionary route operator status after due process.
5. Permanent withdrawal of service from the missionary route may be allowed for inability to continue services therein, subject to the approval of MARINA, and the corresponding cancellation of the status as Missionary Route Operator shall be effected.
6. The Missionary Route Operator Status granted to a shipowner cannot be transferred to another shipowner.

VIII. CANCELLATION OR REVOCATION OF MISSIONARY ROUTE OPERATOR STATUS AND ITS INCENTIVES:

The existence of any of the following shall constitute grounds for cancellation or revocation of the missionary route operator status and its incentives:

1. Failure to deploy a ship within the specified period under Item V.5 of this Circular; or
2. Any unauthorized suspension or withdrawal of service; or
3. Blatant or contumacious violation of any of the terms and conditions of the CPC; or
4. Other analogous causes or circumstances which shall be inimical to public interest.

IX. DOCUMENTARY REQUIREMENTS:

The following documentary requirements shall be submitted, as applicable:

1. Letter of intent/ application
2. Copy of valid MARINA Accreditation Certificate as a domestic shipowner or operator under MARINA Circular No. 2006-003 and its amendments
3. Proof of availability of ship through any of the following:
 - a. Plans approval; or
 - b. Builder's certificate or ship building contract; or
 - c. Certificate of Ownership/ Certificate of Vessel Registry
4. Approved financing agreement or contract of loan (if applicable)
5. Feasibility study including projected revenues and expenses
6. Proof of payment of processing fee of P1,000.00/ ship

X. EFFECTIVITY:

This MARINA Circular shall take effect fifteen (15) days after its publication once in a newspaper of general circulation.

MANILA, PHILIPPINES, 19 October 2009

BY AUTHORITY OF THE MARINA BOARD:

(Signed) MARIA ELENA H. BAUTISTA
Administrator

SECRETARY'S CERTIFICATE

This is to certify that MARINA Circular No. 2009-23 was approved during the Regular Meeting of the Maritime Industry Authority Board held on 19 October 2009.

(Signed) VIRGILIO B. CALAG
Acting Corporate Board Secretary