

MEMORANDUM CIRCULAR NO. 57

TO : ALL OWNERS/OPERATORS OF INTERISLAND LINER VESSELS AND ALL CONCERNED

SUBJECT : IMPLEMENTING GUIDELINES ON THE RATE INCREASE AND CHANGES IN LEVEL AND STRUCTURE

Pursuant to the Order of the Maritime Industry Board dated 25 October 1990 authorizing an increase in passage and freight rates and providing for changes in the level and structure of inter island liner shipping rates, the following guidelines in implementation thereof are hereby promulgated:

1. COVERAGE

The following rules and regulations shall apply to all interisland liner service operators:

- 1.1 The surcharge of 3/10% of the declared value of the commodity is hereby abolished. Henceforth, all commodities are to be charged the corresponding class rate on a weight or volume basis only, whichever is higher.
 - 1.2 The rates for the following cargoes: refrigerated, transit, and livestock, are deregulated. For purposes of rate computation, the following are considered BASIC commodities: rice, palay, corn, corngrits, fruits and vegetables.
- 2. Only member-companies of the Conference of Interisland Shipowners and Operators and any other operators who have filed applications for rate increase by paying the corresponding filing fee and issued the corresponding Order therefor are authorized to implement the following structure/system and schedule of rates subject to the following conditions:**

2.1 RATE STRUCTURE/SYSTEM BOTH FOR PASSAGE AND FREIGHT

A fork tariff system both for passage and freight shall be adopted only by those authorized under paragraph 2 hereof. The new rate, as specified herein, as the indicative or base rate; plus 5% of the base rate as the upper limit (maximum) and minus 5% as the lower limit (minimum), shall be allowed to be charged.

2.2 PASSAGE RATES

Distance In N. M.	First Class/ Second Class	Per Passsenger T h i r d C l a s s		
		Minimum	Base	Maximum
0-100	Unregulated	0.9485 x distance	0.9984 x distance	1.0483 x distance
101-300	Unregulated	0.8714 x distance	0.9173 x distance	0.9631 x distance
301 & above	Unregulated	0.7946 x distance	0.8364 x distance	0.8782 x distance

CONDITIONS

- a. A minimum of 50% of the authorized (passenger) capacity of the vessel shall be allocated and maintained as Third Class accommodation.
- b. The service standards prescribed by the Interisland Passenger Service Standards Project for First, Second and Third Class accommodations are hereby adopted and made part hereof.
- c. The passage rates to be prescribed for distances greater than the upper limits of the distances categories, i.e., 100 and 300 nautical miles, shall in no case be lower than the rates for shorter distances (in a lower distance category).

2.3 FREIGHT RATES

Distance in N. M.	Minimum	Class A	Maximum
		Base	
0-100	95.1321 + (.7192 x dist.)	100.1391 + (.7570 x dist.)	105.1461 + (.7948 x dist.)
101-300	78.3548 + (.6711 x dist.)	82.4788 + (.7064 x (dist.))	86.6027 + (.7417 x dist.)
301 and above	61.5777 + (.6232 x dist.)	64.8186 + (.6560 x dist.)	68.0596 + (.6888 x dist.)

Distance in N. M.	Minimum	Class B Base	Maximum
0-100	76.1425 + (.5752 x dist.)	80.1500 + (.6055 x dist.)	84.1575 + (.6358 x dist.)
101-300	62.6840 + (.5366 x dist.)	65.9831 + (.5649 x dist.)	69.2823 + (.5931 x dist.)
301 and above	49.2810 + (.4977 x dist.)	51.8748 + (.5239 x dist.)	54.4685 + (.5501 x dist.)

Distance in NH. M.	Minimum	Class C Base	Maximum
0-100	61.8484 + (.4682 x dist.)	65.1036 + (.4929 x dist.)	68.3588 + (.5175 x dist.)
101-355	50.9442 + (.4370 x dist.)	53.6255 + (.4600 x dist.)	56.3068 + (.4830 x dist.)
351 and above	40.0379 + (.4054 x dist.)	42.1451 + (.4268 x dist.)	44.2524 + (.4481 x dist.)

Distance in N.M.	Minimum	Class C (BASIC) Base	Maximum
0-100	54.9764 + (.4162 x dist.)	57.8699 + (.4381 x dist.)	60.7634 + (.4600 x dist.)
101-355	45.2838 + (.3884 x dist.)	47.6671 + (.4088 x dist.)	50.0505 + (.4293 x dist.)
351 and above	35.5892 + (.3604 x dist.)	37.4623 + (.3793 x dist.)	39.3354 + (.3983 x dist.)

CONDITIONS

In the computation of the freight rate, the computed rate shall be considered the official rate: and the rate for a longer distance than 100 nautical miles or 300 nautical miles as the case may be shall in no case be less than the rate for a shorter distance in a lower distance category.

3. In implementation of the above schedule rates, the following conditions must be complied with:

- 3.1 That vessels must have passed the Operational Readiness Evaluation (ORE) and must have complied with SOLAS and other safety requirements to the satisfaction of the Philippine Coast Guard and this Authority.
- 3.2 That operators shall submit to this Authority a certification showing a list of distances of all their authorized links by the National Mapping and Resources Information Authority (NAMRIA).
- 3.3 That any matrices of authorized limits of rates shall have to be certified by this Authority.
- 3.4 That operators shall post conspicuous places at their terminals , booking stations, and others places of transaction the prescribed rates and/or matrices thereof.
- 3.5 That operators shall submit to this Authority a quarterly report on actual rates charged.

4. PENALTY

Any violation of, or failure of the operators to comply with, the guidelines /conditions hereinabove set forth shall constitute a sufficient ground for the suspension /revocation or cancellation of the vessel's franchise or Certificate of Public Convenience as the case may be, in addition to the penalties prescribed under the Public Service Act, as amended and other relevant rules and regulations of this Authority.

This Circular shall take effect on November 12, 1990.

Manila, Philippines, 26, October 1990.

PHILIP S. TUAZON
Administrator