

PRESIDENTIAL DECREE NO. 1221

REQUIRING ALL PHILIPPINE – OWNED AND/OR REGISTERED VESSELS TO UNDERTAKE REPAIRS AND DRYDOCKING WITH MARINA-REGISTERED SHIP REPAIR YARDS.

WHEREAS, the promotion and maintenance of the Philippine ship repair industry is a major government program that deserves priority attention;

WHEREAS, the Maritime Industry Authority has been tasked to enhance domestic capability for ship repair and maintenance;

WHEREAS, repairs undertaken abroad entail payment in foreign currency, thereby resulting to the depletion of the country's foreign exchange reserves;

WHEREAS, in furtherance thereof, it is imperative to ensure that, as far as practicable, all activities relating to the repairs, alteration, improvement, modification, reconditioning, conversion or drydocking of Philippine owned and/or registered vessels be undertaken by local shipyards.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by The Constitution, do hereby decree the following as part of the law of the land:

Section 1. The policies and objectives declared in Presidential Decrees Nos. 474, 666, 878, and 1059 for the shipbuilding and ship repair industry are hereby reiterated and made an integral part of this Decree.

Section 2. All Philippine-owned and/or registered vessels shall undertake all repairs, improvement, alteration, reconditioning, conversion or drydocking with MARINA-registered ship repair yards, provided that the Maritime Industry Authority may exempt any such vessel from this requirement in any of the following cases:

- (1) When as a result of collision, grounding, heavy weather, breakdowns and other perils of the sea occurring abroad, the vessel suffers damages necessitating emergency and/or extraordinary repairs, and it is impracticable that such vessel be brought to the Philippines for the needed repairs;
- (2) When on account of existing prior commitments or due to inadequacy or lack of service facilities of MARINA-registered ship repair yards, as determined by the Maritime Industry Authority, the repairs of works

sought to be undertaken on the vessels cannot be accommodated by such ship repair yards;

- (3) When the Philippines is not one of the vessel's parts of call, in which case a waiver from the said requirement must be obtained from the Maritime Industry Authority;
- (4) All other meritorious cases as may be determined by the Maritime Industry Authority.

Section 3. The Maritime Industry Authority shall promulgate rules and regulations together with the procedures and guidelines for the proper and efficient implementation of the above provisions.

Section 4. Any violation of this Decree or the Rules and Regulations which shall be issued pursuant thereto shall result in the cancellation of the Certificate of Philippine registry of the vessel or payment of a fine not exceeding FIVE THOUSAND PESOS (P5,000.00), for vessels engaged in domestic trade and TEN THOUSAND PESOS (P10,000.00), for vessels engaged in overseas trade, or both such cancellation and fine, at the discretion of the Maritime Industry authority.

Section 5. Any provision of laws, decrees, orders, rules and regulations which are inconsistent with or contrary to the provisions of this decree are hereby repealed or modified accordingly.

Section 6. This Decree shall take effect immediately.

Done in the City of Manila, Philippines, this 17th day of October, in the year of our Lord, Nineteen Hundred and Seventy – Seven.

(SGD.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(SGD.) JACOBO C. CLAVE
Presidential Executive Assistant

RULES AND REGULATIONS TO IMPLEMENT PRESIDENTIAL DECREE NO. 1221

Pursuant to the policies and objectives laid down by P.D. 1221 of promoting the Philippine ship repair industry and enhancing domestic capability for ship repair and maintenance in order to conserve the much needed foreign exchange reserves of the country, the Maritime Industry Authority in accordance with section 3 of the Decree hereby promulgates the following rules and regulations:

RULE I

DEFINITIONS OF TERMS

SECTION 1. For purpose of these rules and regulations:

- (a) "Decree" shall mean Presidential Decree No. 1221
- (b) "MARINA" shall mean the Maritime Industry Authority
- (c) "Philippine-registered vessels" shall mean any watercraft or other conveyance used or capable of being used as a means of transportation in water, except seaplanes, bancas, sailboats, and other watercraft which are not motorized and of less than (3) gross tons, which are of domestic ownership as the term is defined under section 806 of the Tariff and Customs Code as amended by Presidential Decree No. 34 and further amended by Presidential Decree No. 761, flying the Philippine flag and possessing Certificate of Philippine Registry and/or Ownership. The definition shall likewise include those foreign-owned vessels under charter or lease to Philippine to national and granted Temporary Certificate of Philippine Registry, pursuant to the provision of Presidential Decree No. 760 as amended by Presidential Decree No. 866/1711 provided that the cost of repairs is stipulated to be for the account of the charterer or lessee.
- (d) "Shiprepair" shall mean the overhaul, repair improvement, alteration of the HULL, MACHINERIES, EQUIPMENTS OUTPUTS AND COMPONENTS OF ALL TYPES OF WATERCRAFTS.
- (e) "DRYDOCKING" may refer either to the drydocking of a vessels as a consequence of repairs to be undertaken or to the

annual or periodic drydocking required under existing laws and/or SOLA.

- (f) “MARINA registered ship repair yards” shall refer to those shipyards duly registered and licensed as shiprepairer with the Maritime Industry Authority, Pursuant to Presidential Decree No. 666 and its Implementing Rules and Regulations.
- (g) “Peril of the sea” shall embrace all kinds of marine casualties similar to shipwreck, floundering, stranding, collision and every specie of damage done to the ship at sea by the violent action of the winds waves.

RULE II

EXTENDED OF APPLICATION

SECTION 2. All Philippine registered vessels , shall undertake all repairs , improvements , alteration , reconditioning , conversion of drydocking with MARINA registered ship repair yards.

RULE III

EXCEPTIONS TO THE REQUIREMENT

SECTION 1. The Maritime Industry Authority may exempt any Philippine registered vessel from the requirement of the Decree in any of the following cases:

1. When as a result of collision , grounding , heavy weather , breakdown and other perils of the sea occurring abroad , the vessel suffers damages necessitating emergency and/or extra-ordinary repairs , and it is impracticable that such vessel to be brought to the Philippines for the needed repairs .
2. When on account of existing prior commitment or due to inadequacy or lack of service facilities of MARINA-registered ship repair yards , as determined by the Maritime Industry Authority , the

repairs of works sought to be undertaken on the vessel cannot be accommodated by such repair yards.

3. When the Philippines is not of the vessel's ports of call , in which case a waiver from the said requirement must be obtained from the Maritime Industry Authority.
4. All other meritorious cases as may be determined by the Maritime Industry Authority.

RULE IV

APPLICATIONS FOR EXEMPTION: SUPPORTING DOCUMENTS: FILING FEE, ACTION TAKEN THEREON

SECTION 1. Vessels falling under any of the exceptions provided in Rule III hereof shall, before undergoing repairs, improvement , alternation, reconditioning or drydocking abroad or within five (5) days immediately following the contracting of such submit with the Maritime Industry Authority the following supporting documents:

- a. For cases falling under paragraph (1):
 - (i) Telex, cablegram, telegram or written application signed by the owner or operator of the vessels (s) or in the case of juridical entities, by the authorized representative stating the following data:
 - 1.1. Name of vessel
 - 1.2. Peril of the Sea
 - 1.3. Time and place of occurrence
 - 1.4. Extend of damage to the vessel
 - 1.5. Place and name of shipyard where repairs will be undertaken.
- b. For cases falling under Paragraph (2) :
 - (i) Telex, cablegram, telegram or written application signed by the owner or operator of the vessel (s) or in the case of juridical entities, by the authorized representative stating, among others, the following:

- 1.1. Name of vessel
- 1.2. Causes of repair
- 1.3. Extent of damage to the vessel
- 1.4. Plans in case of conversion
- 1.5. Existing prior commitment found an order by MARINA, upon prior application for exemption
- 1.6. Inadequacy or lack of service facilities and qualified manpower as determined by MARINA.

c. For cases falling under paragraph (3) :

(i) Telex, cablegram, telegram or written application signed by the owner or operator of the vessel (s) or in the case of juridical entities, by the authorized representative stating the following:

- 1.1. Name of vessel
- 1.2. Cause of the repair
- 1.3. Extent of damage to the vessel
- 1.4. Plans in case of conversion
- 1.5. Place and name of shipyard where the repairs will be undertaken.

(ii) Affidavit by the owner or operator of the vessel (s) or in case of juridical entities, by the authorized representative, to the effect that the vessel's ports of call.

d. For cases falling under paragraph (4) :

(i) Telex, cablegram, telegram or written application signed by the owner or operator of the vessel (s) or in the case of juridical entities, by the authorized representative stating the following:

- 1.1. Name of vessel
- 1.2. Causes of the repair

1.3. Extent of damage

1.4. Place and name of shipyard where repairs are to be undertaken.

SECTION 2. All application for exemption filed under section l-a-c and d of this Rule, if found to be in order, shall forthwith be issued the MARINA's approval. As regards paragraph (b), however, the MARINA may, before approving the request, refer the matter to other MARINA-registered ship repair yards. With respect to paragraph (c), a waiver from the requirement shall be issued by the MARINA, in all these cases, the approval may be made subject to such terms and conditions as the Authority may deem proper to impose.

SECTION 3. In all cases where MARINA denies the application for exemption/waiver or where no application is filed and the repairs or works done in contravention of the Decrees, the MARINA shall immediately inform the Central Bank of the Philippines, advising the latter to deny or disallow the corresponding application for foreign exchange allocations/remittances in favor of any foreign shipyard in payment of such unauthorized repair or works.

SECTION 4. The owners/ operators of Philippine registered vessels covered by the exemptions hereinabove provided may, if they so believe that the cost of repairs or works to be undertaken by the particular MARINA-registered shipyard is highly excessive or unreasonable, file with MARINA an application for verification/determination of the reasonableness of the cost together with a copy of the estimates, contract or job order and other pertinent documents; provided, that if MARINA determines the unreasonableness of the cost, unless the applicant finds an alternative MARIAN-registered shipyard, a public bidding may be conducted among MARINA-registered shipyards and the repairs or works shall be awarded to the lowest bidder.

SECTION 5. All applications filed under these rules and regulations shall be subject to payment of a filing fee in such amount as may be fixed and/or approved by the Maritime Industry Board.

RULE V

EFFECT OF MARINA'S APPROVAL

SECTION 1. The approval granted by the MARINA in any of the application shall not exempt the owner or operator of the vessel from complying with other government requirements on the matter.

SECTION 2. The approval or waiver issued by the MARINA on any of the above application shall entitle the vessel to undergo repairs, improvements, alteration reconditioning or drydocking in the place therein stated.

RULE VI

PENAL PROVISION

SECTION 1. Any violation of this Decree or these Rules and Regulations shall result in the cancellation of the of the Certificate of Philippine Registry of the vessel or payment of a fine not exceeding FIVE THOUSAND PESOS (P 5,000.00), for vessels engaged in domestic trade, and TEN THOUSAND PESOS (P10,000.00), for vessels engaged in overseas trade, or both such cancellation and fine, at the discretion of the Maritime Industry Authority.

RULE VII

EFFECTIVITY

SECTION 1. These rules and regulations shall take effect August 1, 1982.