

**2006 ANNUAL REPORT**  
**Maritime Industry Authority**

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**Our Vision**

MARINA as a strong, dynamic, proactive, responsive, committed MARITIME ADMINISTRATION

**Our Mission**

In support of our Vision,

- **LEAD** in the adoption and implementation of a practicable and coordinated Maritime Industry Development Program that will provide an effective supervisory and regulatory regime for an integrated Philippine maritime industry;
- **FORMULATE** and **IMPLEMENT** responsive policies that seek to promote and develop a competitive investment climate for the modernization and expansion of the Philippine merchant fleet and the shipbuilding/ship repair industry;
- **DEVELOP** a human resource program that will match the maritime industry requirements;
- **PROJECT** the country as a responsible member of the international maritime community and **FOSTER** support and confidence of our multilateral/bilateral partners; and
- **PROMOTE** good governance and **ADHERE** to the highest standard of integrity in the delivery of quality and timely service to its clientele through a dynamic organization complemented by a pool of competent, values-oriented and highly motivated civil servants.

## **I. Profile, Mandate, Goals and Strategies of MARINA**

### **A. Profile**

The MARINA was created on 01 June 1974 with the issuance of PD 474 and started functioning as an agency attached to the Office of the President (OP) on 29 August 1979 with the issuance of PD 761 mandating the agency to integrate the development, promotion and regulation of the country's maritime industry.

In 1979, MARINA, pursuant to EO 546 dated 23 July of the same year, was made an attached agency of the then Ministry of Transportation and Communications (MOTC) for policy and program coordination. The succeeding years saw the development, evolution both in organization and in function of MARINA as a government agency to actively address the demand for reforms in the maritime industry and propel the industry to national development and economic growth.

Thus, by virtue of EO 1011 issued on 20 March 1985, MARINA assumed jurisdiction on the quasi-judicial functions of the Board of Transportation (BOT) in the franchising and route fixing involving water transportation services under the Public Service Act (PSA), as amended.

The Liner Traffic Regulations Office (LITRO), which was created in 1982 to implement EO 769 in fulfillment of the requirements of the United Nations Conference on Trade and Development (UNCTAD) on the conduct of liner conferences and deemed in operational in 1984, became MARINA Secretariat (MARSEC) to perform the franchising functions of the agency which in later years evolved into the Franchising Staff of the MARINA.

On 30 January 1987, EO 125, as amended by EO 125-A on 13 April 1987, was issued reorganizing the DOTC defining agencies under its umbrella and specifically transferring to MARINA certain functions of the PCG such as the vessel registration, safety regulatory functions, issuance of seaman's book and licensing of harbor bay and river pilots.

The year 1988 saw further expansion of the MARINA with the conversion of its District Offices in Cebu and Zamboanga into regional offices and the creation of four (4) additional regional offices in Batangas, Iloilo, Davao and Cagayan de Oro.

MARINA also assumed functions relative to the Endorsement of Certificates and Rating's Certificates pursuant to the 1978 STCW Convention, as amended.

RA 9295 otherwise known as the Domestic Shipping Act of 2004 marked another milestone in the maritime industry. In brief, the Act aims to promote the development of Philippine domestic shipping, shipbuilding, ship repair and ship breaking.

### **B. Mandate**

#### **PD 474**

1. Adopt and implement a practicable and coordinated Maritime Industry Development Program (MIDP) which shall include among others:
  - The early replacement of obsolescent and uneconomic vessels;
  - Modernization and expansion of the Philippine merchant fleet;
  - Enhancement of domestic capability for shipbuilding, repair and maintenance; and
  - Development of a reservoir of trained manpower.
2. Provide and help provide the necessary:

- Financial assistance to the industry thru public/private financial institutions and instrumentalities;
  - Technological assistance; and
  - Favorable climate for expansion of domestic and foreign investments in shipping enterprises.
3. Provide for the effective supervision, regulation and rationalization of the organizational management, ownership and operations of all water transport utilities and other maritime enterprises.

**EO 125/125A**

1. Develop and formulate plans, policies, programs projects, standards, specifications and guidelines geared toward the promotion and development of the maritime industry, the growth and effective regulation of shipping enterprises and for the national security objectives of the country;
2. Establish, prescribe and regulate routes, zones and/or areas of operation of particular operators of public water services;
3. Issue Certificates of Public Convenience for the operation of domestic and overseas water carriers;
4. Register vessels as well as issue certificates, licenses or document necessary or incident thereto;
5. Undertake the safety regulatory functions pertaining to vessel construction and operation including the determination or manning levels and issuance of certificates of competency to seamen;
6. Enforce laws, prescribe and enforce rules and regulations, including penalties for violations thereof, governing water transportation and the Philippine merchant marine, and deputize the Philippine Coast guard and other law enforcement agencies to effectively discharge these functions;
7. Undertake the issuance of license to qualified seamen and harbor, bay and river pilots;
8. Determine, fix and/or prescribe charges and/or rates pertinent to the operation of public water transport utilities, facilities and services except in cases where charges or rates are established by international bodies or associations of which the Philippines is a participating member or by bodies or associations recognized by the Philippine Government as the proper arbiter of such charges or rates;
9. Accredite marine surveyors and maritime enterprises engaged in shipbuilding, shiprepair, shipbreaking, domestic and overseas shipping, ship management and agency;
10. Issue and register the continuous discharge book of Filipino seamen;
11. Establish and prescribe rules and regulations, standards and procedures for the efficient ad effective discharge of the above functions; and
12. Perform such other functions as may now or hereafter be provided by law.

## **RA 9295**

1. Register vessels;
2. Issue certificates of public convenience, or any extensions or amendments thereto, authorizing the operation of all kinds, classes and types of vessels in domestic shipping: *Provided*, That no such certificate shall be valid for a period of more than twenty-five (25) years;
3. Modify, suspend or revoke at any time, upon notice and hearing, any certificate, license or accreditation it may have issued to any domestic ship operator;
4. Establish and prescribe routes, zones or areas of operations of domestic ship operators;
5. Require any domestic ship operator to provide shipping services to any coastal area, island or region in the country where such services are necessary for the development of the area, to meet emergency sealift requirements, or when public interest so requires;
6. Set safety standards for vessels in accordance with applicable conventions and regulations;
7. Require all domestic ship operators to comply with operational and safety standards for vessels set by applicable conventions and regulations, maintain its vessels in safe and serviceable condition, meet the standards of safety of life at sea and safe manning requirements, and furnish safe, adequate, efficient, reliable and proper service at all times;
8. Inspect all vessels to ensure and enforce compliance with safety standards and other regulations;
9. Ensure that all domestic ship operators shall have the financial capacity to provide and sustain safe, reliable, efficient and economic passenger or cargo service, or both;
10. Determine the impact which any new service shall have to the locality it will serve;
11. Adopt and enforce such rules and regulations which will ensure compliance by every domestic ship operator with required safety standards and other rules and regulations on vessel safety;
12. Adopt such rules and regulations which ensure the reasonable stability of passengers and freight rates and, if necessary, to intervene in order to protect public interest;
13. Hear and adjudicate any complaint made in writing involving any violation of this law or the rules and regulations of the Authority;
14. Impose such fines and penalties on, including the revocation of licenses of, any domestic ship operator who shall fail to maintain its vessels in safe and serviceable condition, or who shall violate or fail to comply with safety regulations;
15. Investigate any complaint made in writing against any domestic ship operator, or any shipper, or any group of shippers regarding any matter involving violations of the provisions of this Act; and
16. Upon notice and hearing, impose such fines, suspend or revoke certificates of public convenience or other license issued, or otherwise penalize any ship operator, shipper or group of shippers found violating the provisions of this Act.

## **C. Goals and Strategies**

Apart from the fulfillment of the mandates arising from the Legislations/Executive Issuance, MARINA has actively pursued the following goals/strategies:

### **1. A well-developed merchant fleet providing logistic support for the movement of people and goods**

- Formulate/implement programs/policies that will address concerns involving compatibility of ships to trade, port infrastructure and water conditions;
- Implement pertinent provisions of RA 9295
- Modernize transport infrastructure; increase shipping competition and demonopolization by promoting the RORO ferry nautical system; develop maritime basins and major rivers, transport and trading areas; and
- Further provision of favorable investment climate through financing/other incentive schemes and enactment of additional laws.

### **2. A well-developed shipbuilding, ship repair and ship breaking capability**

- Implement pertinent provisions of RA 9295;
- Adopt/Implement a market-oriented R&D Program;
- Enhance the capability, qualifications, skills, competency of maritime manpower; and
- Accelerate the development/ establishment of a Maritime Industrial Park (MIP);

### **3. Global Competitiveness**

- Serve our trade competitiveness; achieve economies of scale; reduce cost of doing business;
- Strong political will to protect the integrity and sovereignty of the Philippine flag;
- Promote the Philippine flag as an alternative ship registry;
- Optimize opportunities derived from membership or participation in bilateral/multilateral arrangements/ agreements; and
- Sustained participation in relevant national/ international maritime-related undertakings/ conferences/meetings (e.g. IMO, ILO, ASEAN, APEC, ESCAP, BIMP-EAGA, APSEM, etc.);

### **4. Prime employer/ supplier of qualified seafarers**

- Generate database to match manpower demand and supply of maritime service providers (with the database for seafarers as the priority);
- Develop a special integrated program on how the domestic shipping industry can work with the schools to take on students on the third year of college for on board training;
- Develop/adopt standards for the training of domestic maritime manpower, implement programs for their continued training and upgrading, have domestic seafarers comply with standards set for the training of seafarers and create a pool of trained manpower;
- Develop/adopt a more stringent rules for schools and monitor their compliance with international standards in coordination with CHED;
- Comply with ILO Convention Nos. 108/185;
- Adopt an aggressive internal and external promotions campaign; and
- Enhance Shipboard Training Opportunities.

## **5. Excellent maritime safety records**

- Strictly implement/ Enforce/ Monitor safety and marine environment protection related rules and regulations & imposition of appropriate penalties/sanctions;
- Enhance monitoring and compliance with safety and environment related policies and issuances;
- Enhance the capability, qualification, skills, competency of MARINA technical personnel in the discharge of maritime safety and marine environment protection-related functions;
- Comply with PGMA's Six Point Directive on Maritime Safety; and
- Develop/Formulate Mandatory Vessel Retirement/ Replacement Program.

## **6. Superior Customer Service (Effective Delivery of Frontline Services)**

- Continuing formulation/adoption/review/assessment of laws/policies/rules and regulations;
- Harmonize existing laws, policies, rules and regulation with international maritime conventions, codes and standards;
- Develop/ Implement/ Enhance New/Existing Application Systems, Database Creation and Information Sharing; and
- Strictly implement/ enforce/ monitor other MARINA rules and regulations and imposition of appropriate penalties/sanctions.

## **7. A "Graft and Corruption- Free" Agency**

- Enforce ethical standards/ Reinforce moral recovery program;
- Continuing streamlining of documentation procedures and requirements and rationalization of standard processing time; and
- Continuing formulation/ evaluation of concrete measures to address graft and corruption and to restore public confidence in government agencies regulation the maritime industry.

## **8. MARINA, as a Strong Maritime Administration**

- Enhance the image of the Philippines as a responsible member of the International Maritime Community/projecting the image of a responsible and strong Maritime Industry;
- Strengthen/ enhance institutional linkages with all stakeholders (local / regional/ International);
- Rationalize the MARINA organizational structure, functions, plantilla positions/Organization Restructuring to consider opportunities expanding MARINA's scope of functions/roles;
- Enhance existing administrative and finance systems and procedures;
- Institutionalize and continuing implementation/ assessment of the MARINA Human Resource Development Program; and
- Enhance maritime investigative powers/capabilities.

## II. The Organization

The MARINA is governed by a Board known as the Maritime Industry Board, which is the policy making body of the Agency. It is composed of the following:

Chairman : Department of Transportation and Communications Secretary  
Vice-Chairman : MARINA Administrator

Members :

Office of the President Executive Secretary  
Philippine Ports Authority (PPA) General Manager  
Department of National Defense (DND) Secretary  
Development Bank of the Philippines (DBP) General Manager  
Department of Trade and Industry (DTI) Secretary

Observers :

Philippine Coast Guard (PCG) Commandant

Private Sector Representatives:

Mr. Carlos C. Salinas and Mr. Endika M. Aboitiz

Corporate Board Secretary :

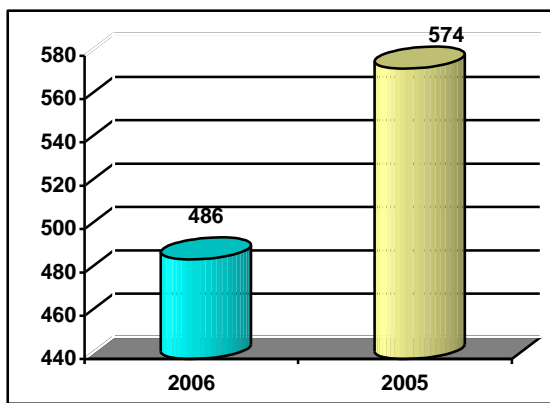
MARINA Maritime Legal Affairs Office (MLAO) Officer-In-Charge.

The Management of the MARINA is vested with the Administrator, directly assisted by the Deputy Administrator for Planning and the Deputy Administrator for Operations. Under their direct control and supervision are eleven (11) line and staff offices in the Central Office (CO) and ten (10) Maritime Regional Offices (MROs), all headed by Directors.

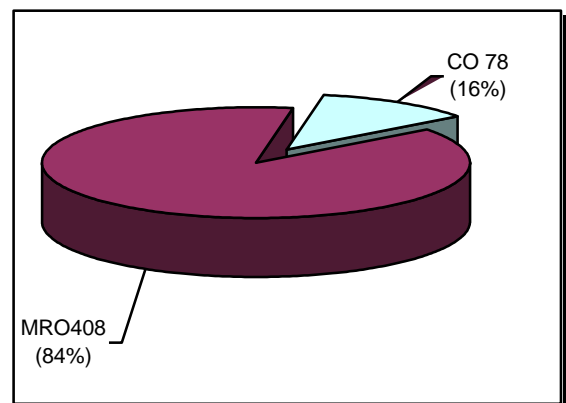
## III. Operational Highlights

For the year 2006, the Authority continued to intensify its regulatory and supervisory activities affecting various operations of the maritime industry, in consonance with existing policies, standards, guidelines, rules and regulations, as presented hereunder:

### A. Domestic Shipping

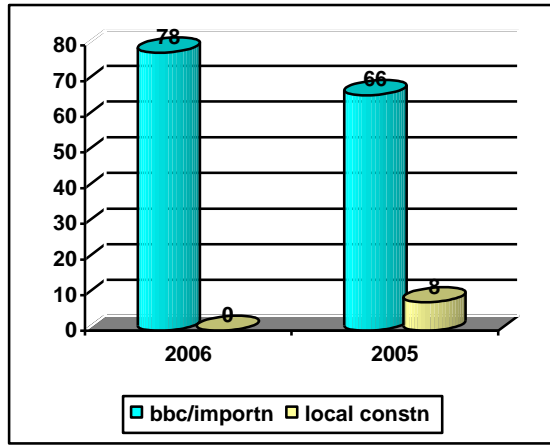


**Registration of Shipping Companies  
2006 vs 2005**



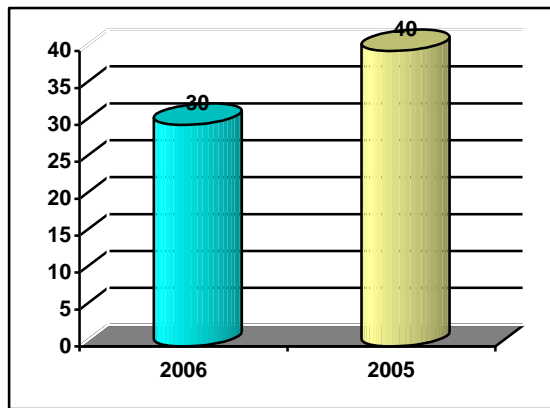
**No. of Companies Registered  
CO vs. MROs  
2006 vs 2005**

The 486 shipping companies registered for 2006 showed a decrease of 15% from the 574 entities registered in 2005. For this year's figure, 78 (16%) entities were registered by the CO, while 408 (84%) was contributed by the MROs.



**Acquisition of Vessels for Domestic Operation  
2006 vs 2005**

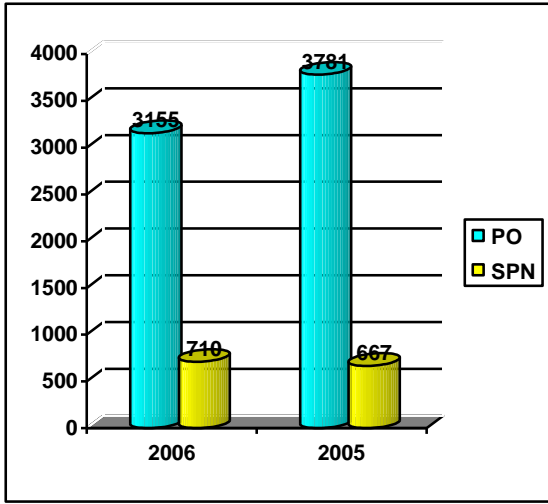
The 78 vessels approved for acquisition through bareboat chartering and importation for the period under review manifested an increase of 18% from the 66 vessels acquired in 2005. No vessel acquired through local construction was approved for this period.



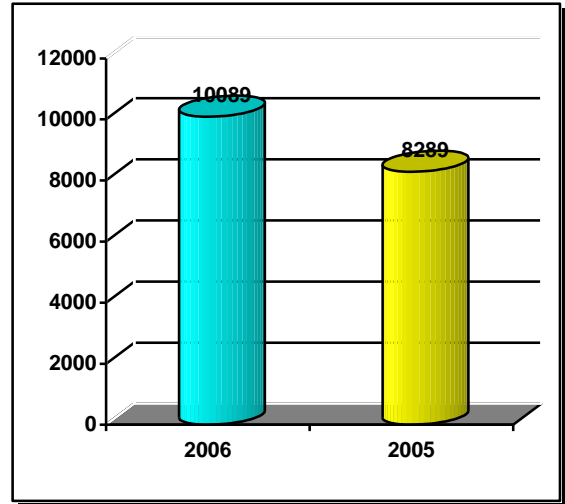
**Special Permits Issued to Overseas Vessels  
Deployed for Domestic Trade  
2006 vs 2005**

The number of Special Permits issued for overseas vessels to temporarily engage in the domestic trade decreased by 25%. Permit to Operate issuance has decreased by 17% while Special Permits issued to Navigate/Tow and Load Inflammable Cargoes increased by 6% and 22%, respectively.

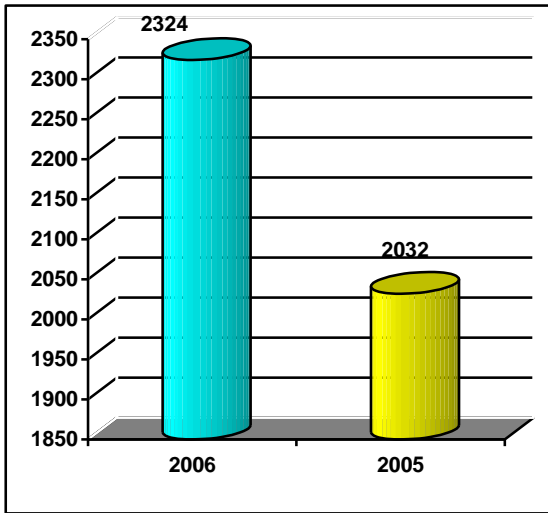




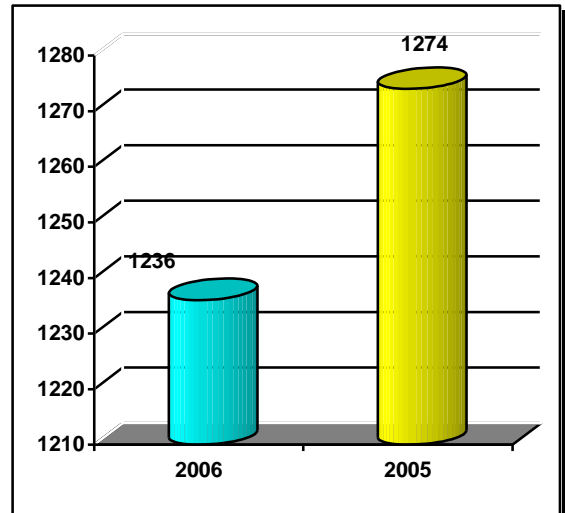
**No. of Permit to Operate & Special Permit to Navigate/Tow Issued 2006 vs 2005**



**No. of Special Permit to Load Inflammable Cargoes Issued 2006 vs 2005**

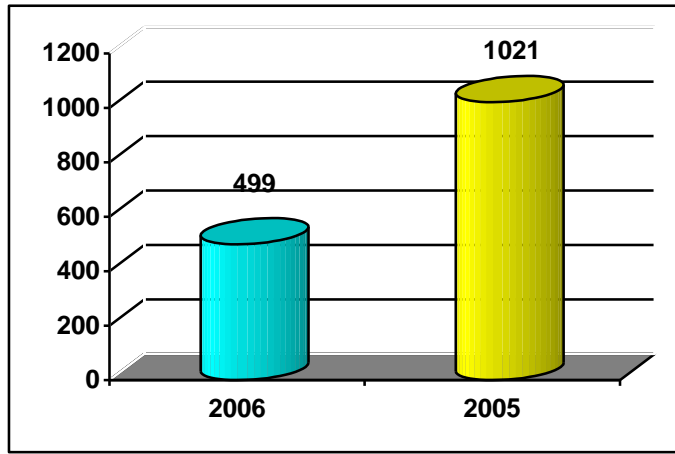


**No. of Domestic Vessels Issued CVR 2006 vs 2005**



**No. of Domestic Vessels Issued CN 2006 vs 2005**

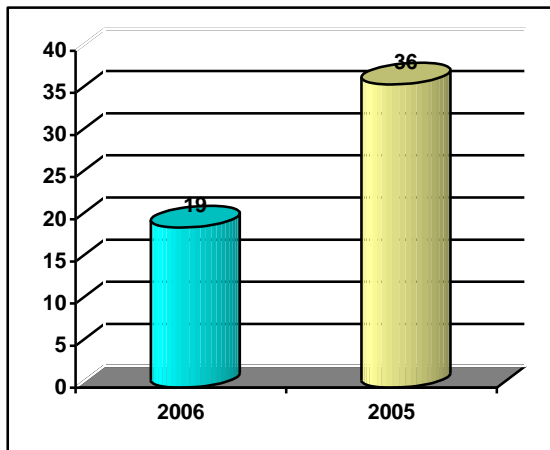
A total of 2,324 vessels were registered for the period showing a 14% increase over that of last year's data. On the other hand, the issuance of Certificate of Number (CN) manifested a decrease of 51%.



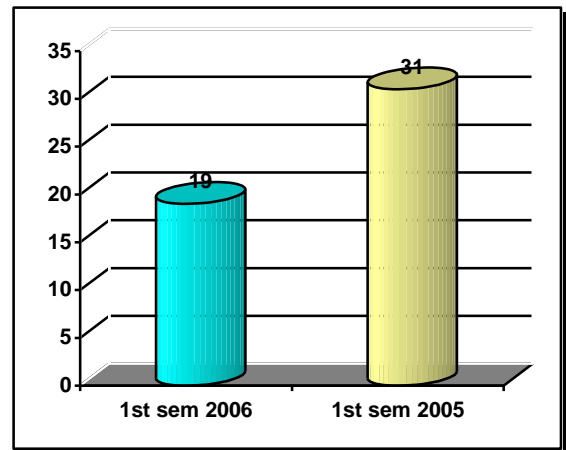
**Quasi-Judicial Issuances  
2006 vs 2005**

The number of Certificate of Public Convenience (CPC) issued both by the CO and the MROs decreased by 51%. This can be attributed to the mandate of RA9295 where franchise, certificate or any other form of authorization for the carriage of cargo or passenger or both in the domestic trade shall be granted to the company and not to each individual vessel.

**B. Overseas Shipping**

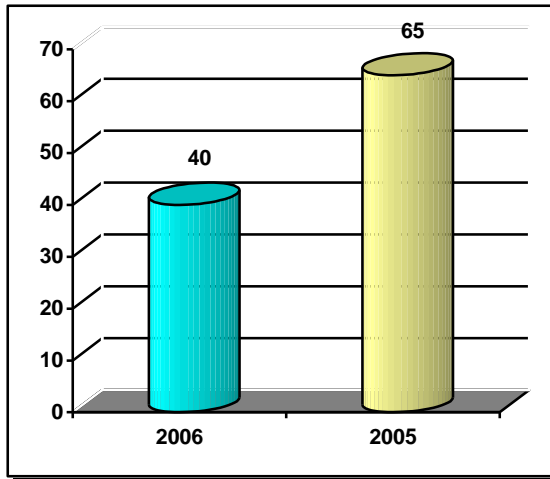


**Accreditation of Overseas Shipping  
Companies under Memorandum Circular  
No. 181 (MC 33/33-A)  
2006 vs 2005**

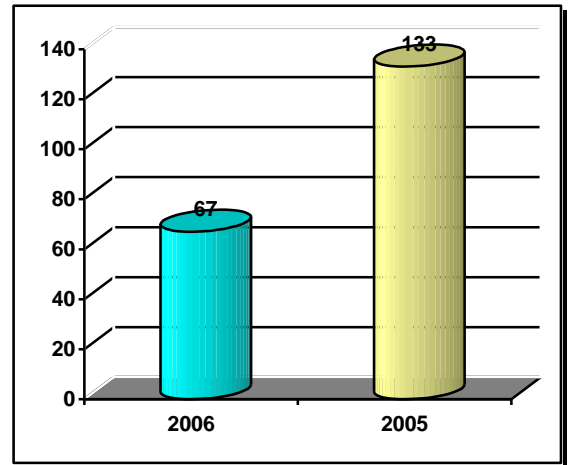


**Accreditation of Overseas Shipping  
Companies under Memorandum Circular  
No. 186 (MC 9)  
2006 vs 2005**

The number of overseas shipping companies accredited under MC No. 181 (MC 33/33-A) was registered at 19 or a decrease of 47% from the 36 companies registered in 2005, while accreditation under MC 186 decreased by 9%.

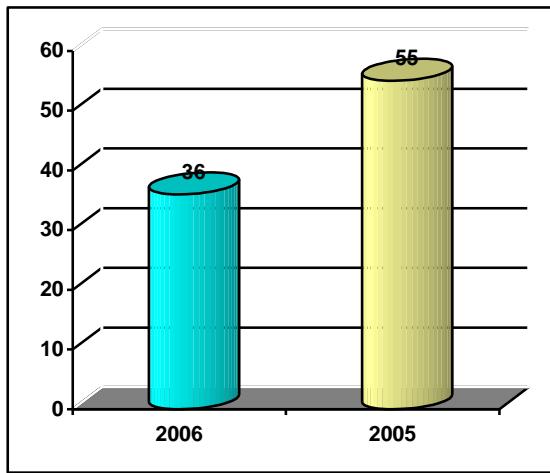


**Overseas Vessels Approved for Acquisition  
2006 vs 2005**

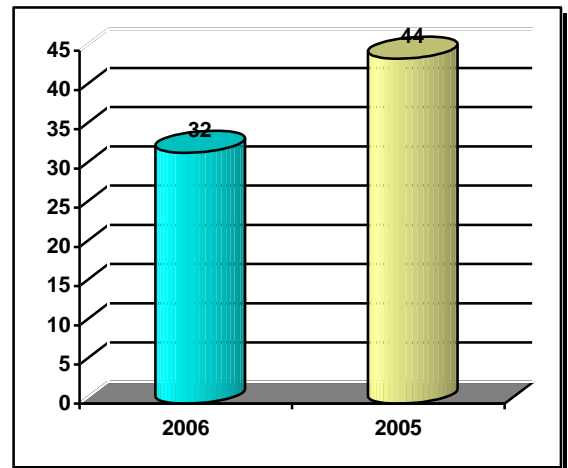


**Overseas Vessels Registered  
2006 vs 2005**

For the period under review, MARINA approved the acquisition of 40 vessels through bareboat chartering. This figure registered a decrease of 38% against the 65 approvals issued for the same period in 2005. No vessel was acquired through importation under RA7471. On the other hand, 67 vessels were registered which manifested a decrease of 50% against the 133 vessels registered in 2005



**Overseas Vessels Deleted  
2006 vs 2005**

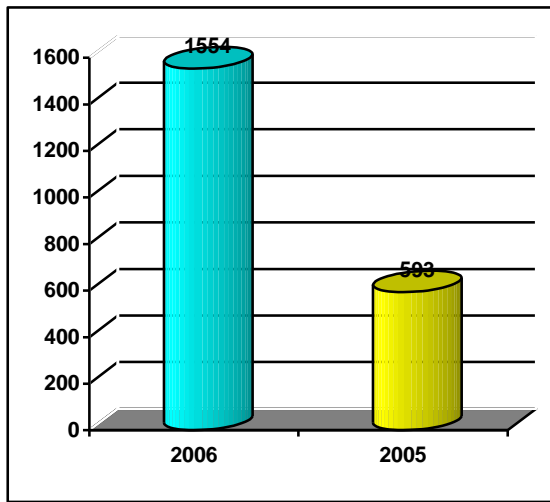


**Special Permit to Domestic Vessels  
Deployed for International Trade  
2006 vs 2005**

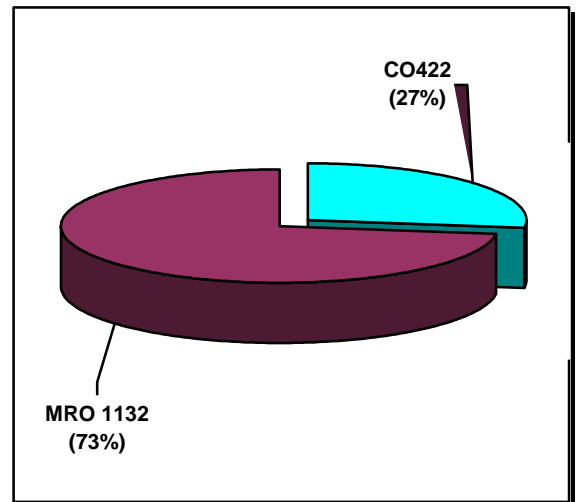
The 36 vessels deleted from the Philippine Registry for the period under review was lower by 35% compared to the 55 vessels deleted for the year 2005. Special Permit to temporarily engage in the overseas trade was issued to 32 domestic vessels. This is 27% lower than the 44 vessels issued special permit in 2005.

**C. Maritime Safety**

**ENFORCEMENT OF MARITIME LAWS, RULES AND REGULATIONS**

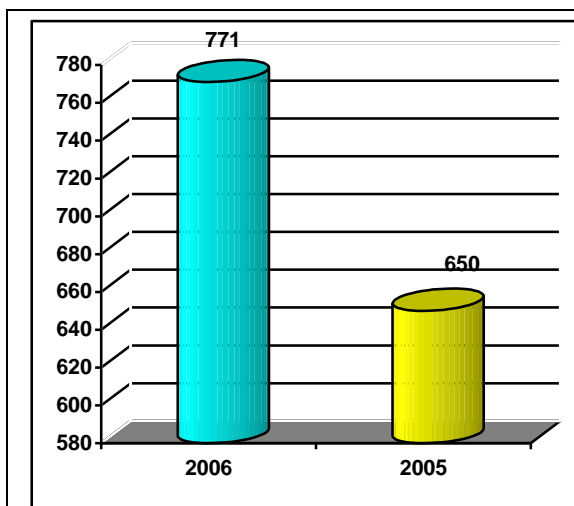


**No. of Vessels Monitored/Inspected  
2006 vs 2005**

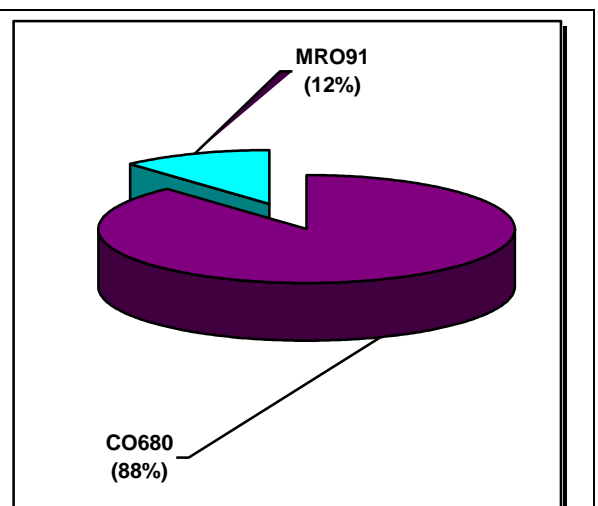


**No. of Vessels Monitored/Inspected  
CO vs MRO  
2006**

The number of vessels monitored/inspected increased by 162% (1554) from the 593 data in 2005. From the total, 422 vessels or 27% was inspected/monitored by the CO, while the remaining 73% was handled by the MROs.

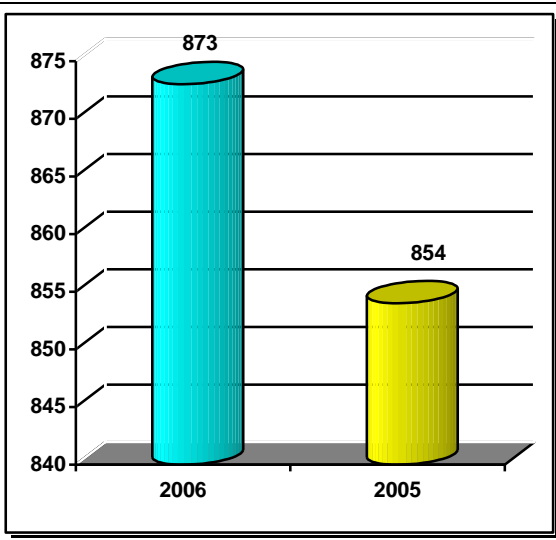


**No. of Cases Resolved/No. of Decision  
Issued  
2006 vs 2005**

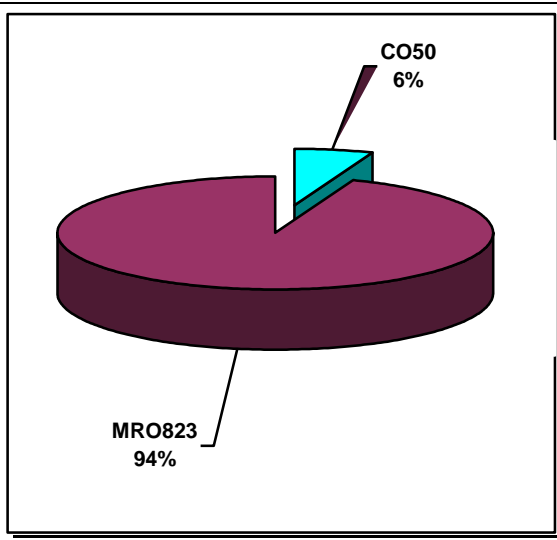


**No. of Cases Resolved/No. of Decision  
Issued – CO vs MROs  
2006**

The number of cases resolved/decision issued for the period under review was registered at 771 or a 19% increase from the 650 data issued in 2005. The CO issued 88% from the total while the remaining 12% came from the MROs.



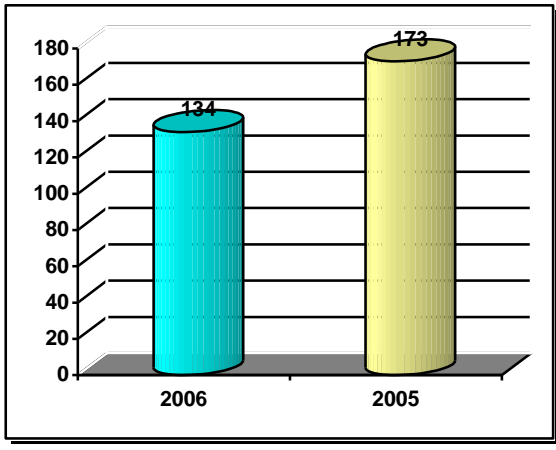
**No. of Cert. Of Compliance (COC) Issued 2006 vs 2005**



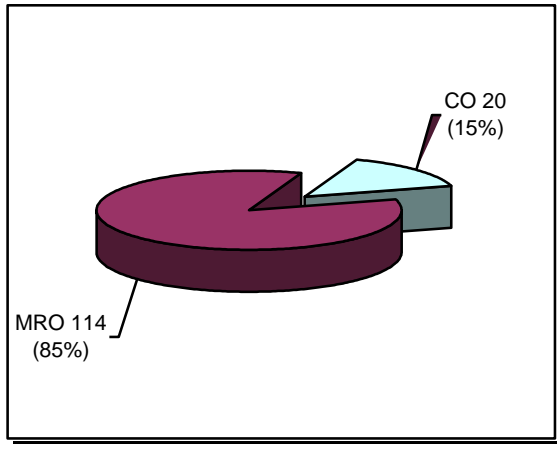
**No. of Cert. Of Compliance (COC) Issued CO vs MROs 2006**

The number of COC issued to ships pursuant to MC 65 in 2006 is 2% higher than those issued in 2005. CO contributed 6% of the total issued, while the remaining 94% came from the MROs.

**D. Shipbuilding and Shiprepair Sector**

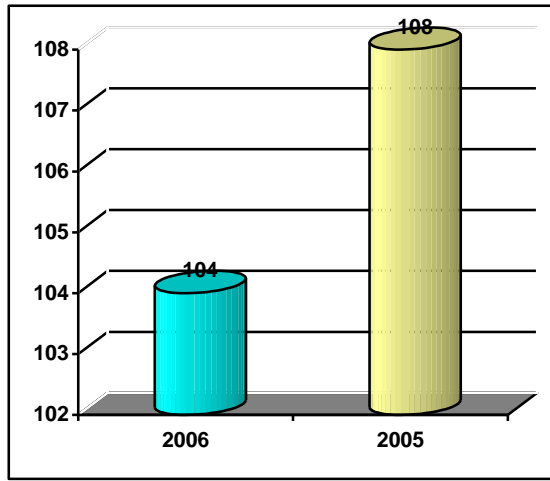


**Licenses Issued to SBSR Enterprises 2006 vs 2005**



**Licenses Issued to SBSR Enterprises CO vs. MRO 2006**

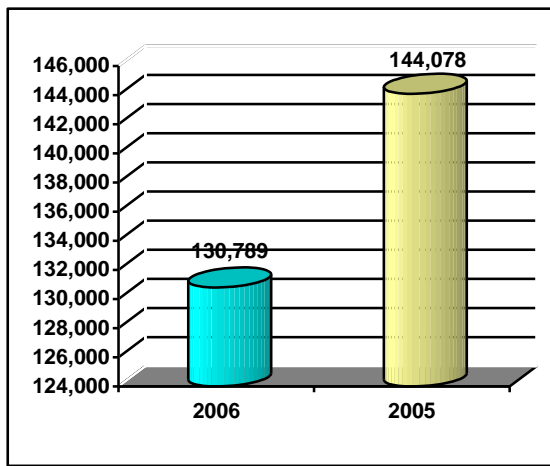
The number of SBSR enterprises issued licenses to operate recorded a decrease of 23% from the 173 companies registered in 2005. From this year's figure, 20 (15%) licenses were issued by the CO, while 114 (85%) were issued by the MROs.



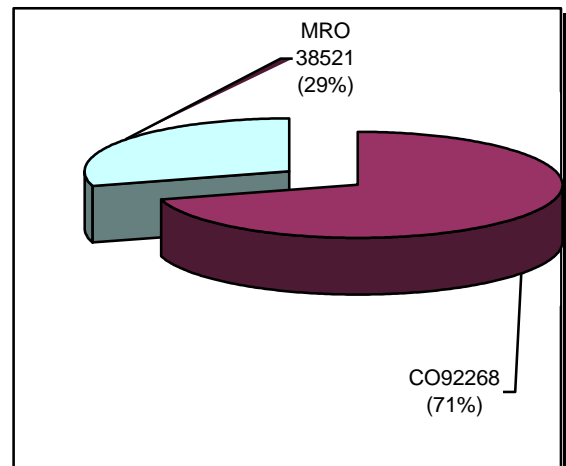
**No. of SBSR Enterprises Inspected  
2006 vs 2005**

A total of 104 shipyards were inspected for the period or a 4% decrease against the 108 recorded in 2005.

**E. Maritime Manpower Sector**

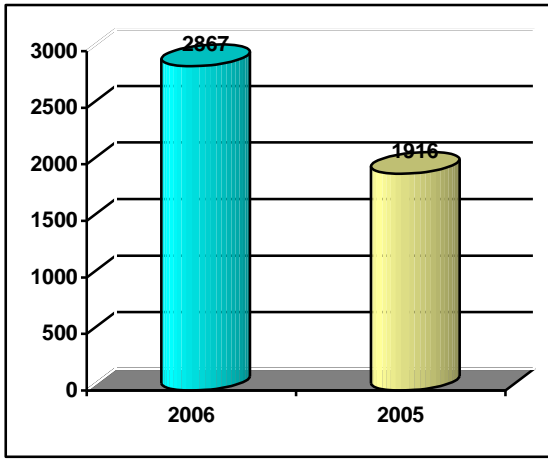


**No. of SIRB Issued  
2006 vs 2005**

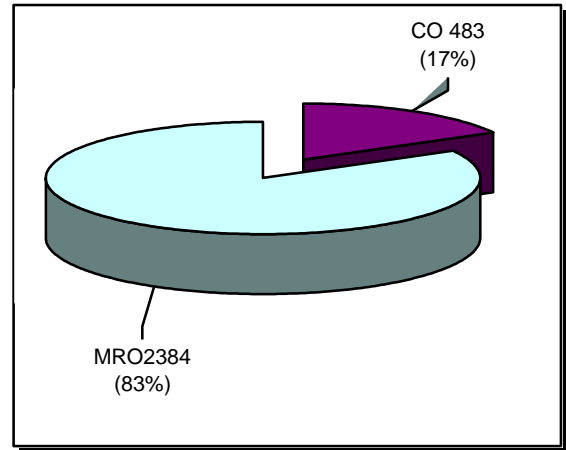


**No. of SIRB Issued  
CO vs. MRO  
2006**

The number of SIRBs issued by the MARINA decreased by 9% against those issued in 2005. The CO was able to issue 92,268 (71%) while 38,521 (29%) were issued by the MROs.

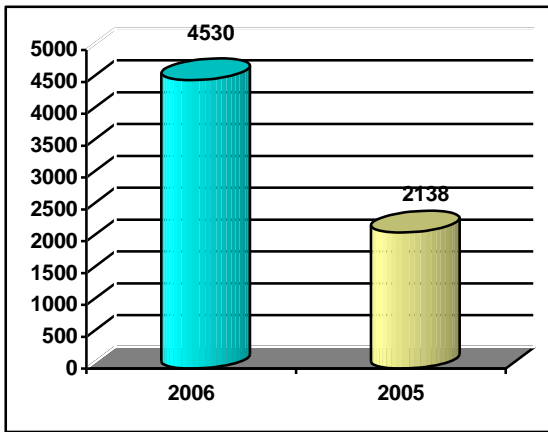


**No. of Examination Permit Issued  
2006 vs 2005**

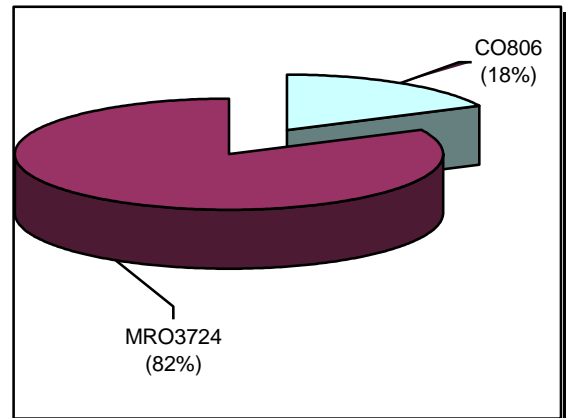


**No. of Examination Permit Issued  
CO vs. MRO  
2006**

The number of examination permits issued for Harbor Pilot/MAP/MIP/Boat Captain/Marine Diesel Mechanic examinees for the year 2006 was registered at 2,867 and showed a 50% increase from the 1,916 permits issued in 2005. From the total, 17% (483) were issued by the CO while the remaining 83% (2,384) came from the MROs.

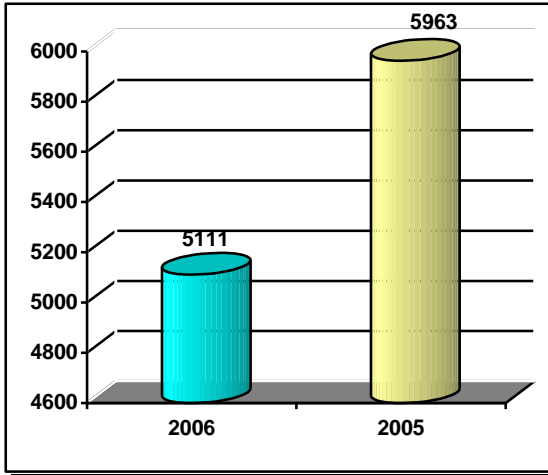


**No. of Licenses Issued  
2006 vs 2005**

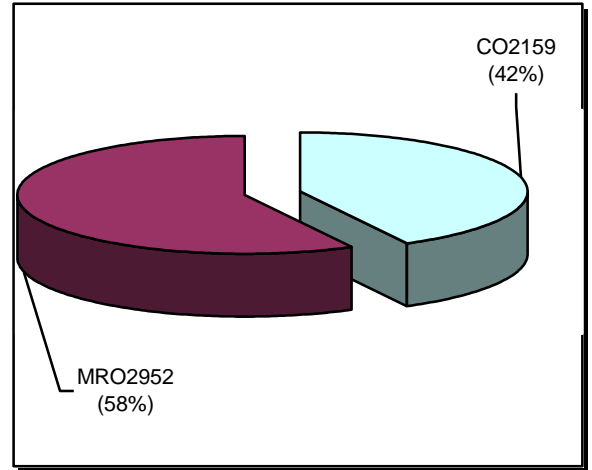


**No. of Licenses Issued  
CO vs. MRO  
2006**

The number of licenses issued to successful passers of the Harbor Pilot/MAP/MIP/Boat Captain/Marine Diesel Mechanic examination for the period under review was 4,530. This is 112% higher than the 2,138 licenses issued in 2005. Of the total licenses issued, the CO issued 806 (18%) of the total issuances, while 3,724 (82%) came from the MROs.

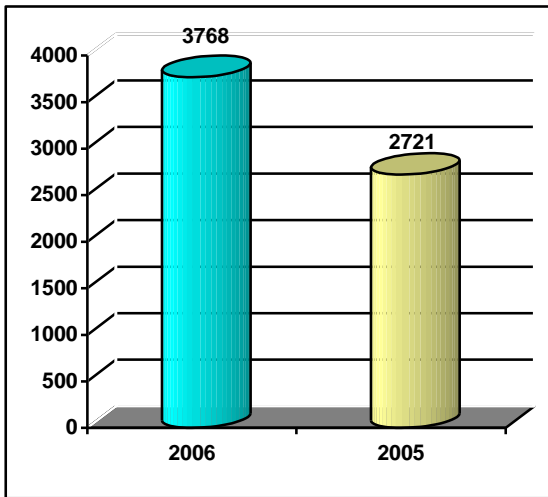


**No. of Qualification Document Certificates (QDC) Issued 2006 vs 2005**

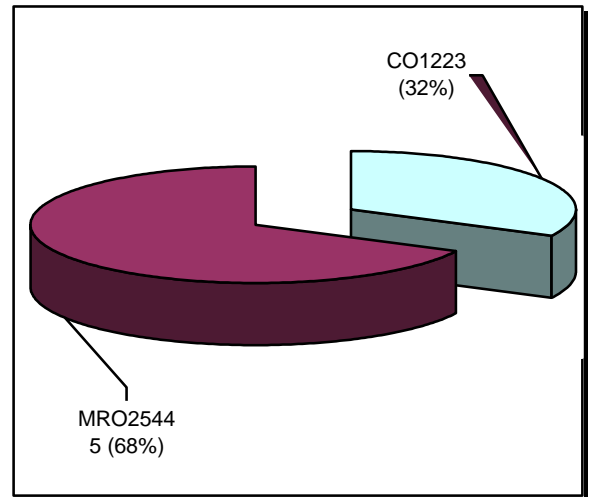


**No. of Qualification Document Certificates (QDC) Issued CO vs. MRO 2006**

The issuance of Qualification Document Certificates (QDCs) to seafarers for the period under review decreased by 14% (5111) from the 5963 QDC issued in 2005. The QDCs issued by the CO represented 42% of the total issued by the MARINA while the remaining 58% were issued by the MROs.



**No. of Training Record Books Registered for Cadets 2006 vs 2005**



**No. of Training Record Books Registered for Cadets CO vs. MRO 2006**

The number of Training Record Books (TRBs) registered for the period under review was recorded at 3,768. This is 38% higher from the 2,721 training record books registered in 2005. From the total, 32% (1,223) was registered by the CO, while the remaining 68% (2,545) came from the MROs.



#### **IV. Promotional and Developmental Activities**

For the period under review, presented hereunder are the highlights of accomplishments of MARINA in the performance of its promotional and development functions vis-à-vis its commitments under the Reformulated MARINA Integrated Plan (R-MIP) 2006-2010, the Medium-Term Philippine Development Plan (MTPDP) 2004-2010 and Policy Directives of the national government.

The issuance of RA 9295 known as the Domestic Shipping Development Act of 2004 had spearheaded the conduct of various studies/activities and policy initiatives in pursuit of the goal to modernize domestic shipping through a well-developed merchant fleet providing logistic support for the movement of people and goods, manned by qualified and competent maritime manpower and supported by a strong SBSR sector. The issuance of RA 9301, on the other hand, had encouraged the growth of the overseas shipping through provisions of various incentives for the sector.

##### **Domestic Shipping Fleet Modernization**

**The Study on Domestic Shipping Development Plan (DSDP) in the Republic of the Philippines** which commenced last 2004 was finally completed in December 2005 and was formally submitted to MARINA in 2006 by JICA thru the ALMEC Corporation. The Study had the following objectives:

1. Modernize domestic shipping vessels through an effective ship supply system which will promote the renewal of inefficient over-aged vessels based on a comprehensive domestic shipping development plan;
2. Address domestic shipping vessel expansion policy and its requirement of financial support through a sustainable ship modernization scheme; and
3. Provide relevant technology transfer to Philippine counterpart personnel.

The Study has formulated the DSDP up to the year 2015 consisting of a domestic shipping development framework. The Study recommended 57 project proposals to be implemented by 2006 to 2015, which can be divided into four (4) project natures such as the following:

- Policy and Institutions (10 Projects)
- Service and Infrastructure (22 projects)
- Industry and Human Resources (17 projects)
- Ship Finance (8 Projects)

Under Rule XVIII, Sec. 3 of RA 9295, and to complement the above study, MARINA had started the preparation of a **Mandatory Ship Retirement Program** which will disallow the operation in the domestic trade of all unclassified ships that fail to meet the classification standards of a government-recognized/accredited classification society and ships which do not carry a class certificate, as well as ships which have attained the maximum ship age as stipulated under the Program.

In support of the above modernization plan of the Domestic shipping sector, a sustainable ship financing scheme and other incentive programs have been put in place through the establishment of the **National Development Corporation (NDC)-Maritime Leasing Corporation (NMLC)** which will utilize funds from the Japan Bank for International Cooperation (JBIC). The NDC-NMLC shall take three important roles for the development of the domestic shipping such as the following:

1. Urgent replacement of aging vessels and modernization of the domestic fleet;
2. Provision of new shipping tonnage and services through public private partnership in ship finance, building and operation; and
3. Support to small and medium operators to meet local shipping needs

Likewise the sector has been continuously included in the list of priority areas under the BOI IPP. For the year 2006, nine (9) domestic shipping companies involving approximately twenty five (25) ships have availed of incentives for the acquisitions of ships, marine engines and spare parts.

In line with one of PGMA's 10-Point Agenda of linking the entire country through a network of transport infrastructure, MARINA as member of the DOTC-Expanded Strong Republic Nautical Highway (SRNH)/ Road-Roll On Roll Off Transport System (RRTS), pursuant to DOTC D.O. No. 2004-53 and EO 170/ 170-A and as member of the Inter-Agency Group under OP Administrative Order No. 123, the MARINA actively participates in interagency meetings and continuously encouraged shipping operators/investors to provide shipping services in the identified SRNH routes.

### **Strengthening/Enhancement of the Local Shipbuilding Capability**

Aside from the financial support extended to the shipping sector, MARINA under the IRR of RA 9295 was mandated to strengthen and enhance the shipbuilding capability of the MARINA-registered shipyards to meet the demands for new tonnage through the provision of incentives. As of end November 2006, MARINA endorsed to the Department of Finance (DOF), the grant of incentives for the acquisition of marine engines, spare parts and equipment to three (3) shipyards. Also, MARINA has continuously advocated for the inclusion of the Shipbuilding and Shiprepair Sector in the list of the BOI Investment Priority Plan (IPP). Under the BOI-IPP, the sector was privileged to avail of incentives such as tax exemptions and income tax holidays, among others. Further, **Executive Order (EO) No. 588** entitled *"Strengthening the Philippine Ship Building and Ship Repair Sector and Instituting Measures to Promote Its Growth and Development"* was issued on 08 December 2006. Under Sec. 4 of the EO, an Ad Hoc Committee was established to immediately formulate a comprehensive development plan for the ship building and ship repair sector with MARINA as Chair and representatives from the following government agencies as Members: NEDA, DOF, DOJ, DTI, DOLE, DPWH, DENR, PEZA, SBMA, and PCG.

### **Sustained Image of the Country as Premier Supplier of Globally Competitive Seafarers**

To continuously sustain the country's image as the number one supplier of qualified and competent seafarers compliant with national and global standards of quality, safety and security, MARINA, as member of the Maritime Training Council (MTC) actively participated in the conduct of inspections to ensure compliance of maritime institutions and training centers with international conventions/codes particularly concerning prescribed standards on instructional materials/syllabi, faculty competence and required training equipment and size of training centers.

### **Promotion and Expansion of the Philippine Ship Registry**

Geared towards the promotion of the Philippine Flag Registry, MARINA, in coordination with relevant government agencies/entities and private sector associations, drafted an Executive Order on the "Promotion and Expansion of the Philippine Ship Registry". The proposed EO shall promulgate new policy measures which will promote and expand the registry of ships in the Philippines and provide a framework that will enable its overseas shipping companies to compete globally.

The program is designed to open the Philippine flag registry to foreign players in the global shipping industry. However, the open Philippine registry does not necessarily mean that the MARINA would have lenient rules for ship registration as we don't want to be branded as a Flag of Convenience (FOC). Foreign owned ships can be registered under the Philippine Flag

provided that such ships are engaged only in foreign trade and managed by a ship management company duly incorporated under the Philippine Law.

In August 2006, the draft EO was forwarded to DOTC Sec. Leandro Mendoza for appropriate action and approval of the Office of the President. The MARINA is now awaiting feedback on the status of the said EO.

In the light of its new mandate under RA 9295 and in support of the plans and programs of the four maritime sectors of the industry, related policies were issued and projects/studies both foreign and local were implemented as follows:

### **Policy Issuances**

For 2006, MARINA issued the following:

#### **MARINA Circulars**

1. MC No. 2006-01 issued on 28 December 2005 - Rules on the Accreditation of Manufacturers/ Suppliers/ Servicing Entities of Life Saving and Other Safety-Related Appliances/ Equipment
2. MC No. 2006-02 issued on 16 February 2006 - Revised Schedule of Fees and Charges for Overseas Shipping Sector
3. MC No. 2006-03 issued on 16 February 2006 - Revised Guidelines on the Accreditation of Domestic Shipping Enterprises or Entities
4. MC No. 2006-04 issued on 16 February 2006 - Amendment to MARINA Circular No-2006-01 on the Rules on Accreditation of Manufacturers/ Suppliers/ Servicing Entities of Life-saving and other safety-related appliances/ equipment and all concerned
5. MC No. 2006-05 issued on 16 February 2006 - Rules on the Issuance and Maintenance of Continuous Synopsis Record for Philippine Domestic Ships
6. MC No. 2006-06 issued on 06 October 2006- Revised Guidelines in the Issuance of Special Permit (SP) to Operate Ships in the Domestic Trade Due to Meritorious Circumstances

#### **MARINA Advisories**

1. MA No. 2006-01 issued on 31 January 2006 - Revocation of FSAA No. 64 issued 13 April 2005 as regards acceptance/ submission of compulsory passenger insurance coverage in the amount of P100,000.00 per passenger
2. MA No. 2006-02 issued on 31 January 2006 - Additional Measures to ensure safety and security onboard ship
3. MA No. 2006-03 issued on 13 September 2006 - Pasig River Ferry Operations. This Advisory was issued to support the objectives and undertakings of the Project Team for the DOTC-PRRC-MMDA Pasig River Service Project hereby adopting an integrated approach to the government's thrust of providing alternative mode of transport along the Pasig River.
4. MA No. 2006-04 issued on 19 September 2006 - Suspension of MARINA MC Nos. 171, 173 and FSAA No. 30 on the Required Recurrency Training for Seafarers Onboard Ships Engaged in the Domestic Trade

5. MA No. 2006-05 issued on 19 September 2006 - Qualification Document Certificate (QDC) Requirement of All Domestic-going Seafarers with Watchkeeping Duties, Their Required Trainings and Training Requirements of Ship Personnel Other than the Officers and Crew with Watchkeeping Duties
6. MA No. 2006-06 issued on 22 November 2006 - UN Security Council Resolution 1718 – Enforcement of Trade and Arms Embargo on DPRK

### **Administrative Orders**

1. AO No. 01-06 issued on 19 January 2006 - Guidelines in the Implementation of Seaman's Employment Center of Japan (SECOJ) Program
2. AO No. 02-06 issued on 22 February 2006 - Delegation of Signing Authority to MARINA Central Office Unit Directors / Officer-In-Charge
3. AO No. 03-06 issued on 22 February 2006 - Revised/Delineation of Functions of The Deputy Administrators
4. AO No. 04-06 issued on 22 February 2006 - Redefinition of Functions of Some MARINA Offices/ Units in the Central Office
5. AO No. 05-06 issued on 22 February 2006 - Restructuring and Redefinition of Functions of the MARINA Management Committee (MANCOM)
6. AO No. 06-06 issued on 24 February 2006 - Amendments to Administrative Order Nos. 05-2004 and 08-05 on the Revised Delegation of Authority/ Functions to MRO Directors
7. AO No. 07-06 issued on 13 March 2006 - Designation of Central Office (CO) and Maritime Regional Offices (MROs) Coordinators and prescribing their Roles/ Functions, Systems of Coordination and Other Concerns
8. AO No. 08-06 issued on 28 March 2006 - Internal Guidelines on the Institutionalization/Operationalization of the MARINA Foreign Desk
9. AO No. 09-06 issued on 04 April 2006 - Amendment of Administrative Order No. 06-2006
10. AO No. 10-06 issued on 12 May 2006 - Recall Order. This Order recalls Administrative Order Nos. 01-05 and 05-05.
11. AO NO. 11-06 issued on 25 May 2006 - Supplemental Guidelines to Administrative Order No. 10, Series of 2006
12. AO No. 12-06 issued on 27 July 2006 - Amendment to Administrative Order Nos. 03-06 and 08, Series of 2006 re: MARINA Foreign Desk
13. AO No. 13-06 issued on 02 August 2006 - Implementation of RDC Resolutions:

Resolution No. 01 – Defining the Terms “WITHIN WORKING STATION” and “OUTSIDE WORKING STATION”

Resolution No. 02 – Resolution Endorsing to the Domestic Shipping Office (DSO) the Inclusion of Ancillary Service in Sec. 4, Par.2.2.1, MARINA Circular No. 2006-003; and

Resolution No. 03 – Resolution Endorsing to the Maritime Safety Office to Set 50 GT as the Minimum Limit for NSM Coverage Under MC No. 159

14. AO No. 14-06 issued on 05 September 2006 - Adoption and Implementation of the "THE GREAT FILIPINO WORKOUT"
15. AO No. 15-06 issued on 02 October 2006 - Amendment of AO No. 05-06 dated 22 Feb. 2006 re: Restructuring and Redefinition of Functions of the MARINA Management Committee (MANCOM)
16. AO No. 16-06 issued on 09 October 2006 - Preparation/Submission of MARINA Accomplishment/Management/Sectoral Situation Reports and Other Materials
17. AO No. 17-06 issued on 05 October 2006 - Amendment of Administrative Order No. 15 dated 02 October 2006 re: Assignment / Designations in the MARINA MANCOM Directorate Level
18. AO No. 18-06 issued on 26 October 2006 - Internal Guidelines on the Implementation of Document Tracking System (DTrackS) in the MARINA Central Office and Maritime Regional Offices (MROs)
19. AO No. 19-06 issued on 27 November 2006 - Further Amendment of Administrative Order (AO) No. 05-06 on the Restructuring and Redefinition of Functions of the MARINA Management Committee (MANCOM)
20. AO No. 20-06 issued on 08 December 2006 - Activation of the MARINA Internal Audit Service Unit (MIASU)

## **Project Implementation**

### **A. Foreign-Assisted Projects/Studies**

1. For the further enhancement/promotion of maritime safety not only in the country but in the ASEAN level, a Project on the "Development of Guidelines for Maritime Administration Seeking to Implement Audit-Based Systems and Procedures to Enhance Ship Surveys/Inspections", wherein the Philippines was designated as the coordinating country, was approved by the ASEAN Forum on IMO Conventions in April 2004 in Singapore. The Project was implemented from May to August 2006 with the primary objective of providing model guidelines, procedures and checklist to assist interested ASEAN Member Countries to adopt systems for the survey of ships that integrate survey operations and audit under ISM Code certifications.

The Project has the following recommendations:

- Should the Proposed Guidelines be approved by the ASEAN, it is recommended that a Follow-thru Project be undertaken, preferably with IMO-TCP Support, to pilot test the Guidelines in the Philippines and Indonesia and other ASEAN Countries who so desire.
- Conduct of Orientation and Training on the Enhanced Ship Safety Inspection System using Audit-Based Technique and Procedures for designated surveyors/inspectors of ASEAN Member Countries interested in adopting the System, for possible funding by IMO/ASEAN Secretariat.
- Formulation and submission of a Project Proposal to Harmonize Existing Ship Safety Survey / Inspection and Checklist among ASEAN Member-Countries covering non-convention ships, with possible IMO –TCP funding.
- Formulation and submission of a Project Proposal to study the possibility of establishing an ASEAN Classification Society using rules and regulations based on a

unification of the rules and regulations currently used by ASEAN member countries, and formulate the detailed implementation plan for its establishment, if found feasible and acceptable.

## 2. JICA-Assisted Study on Wooden-Hulled Ships (WHS)

To rationalize the operation of Wooden-Hulled Ships (WHS) in the domestic trade, the MARINA thru the assistance of the Japan International Cooperation Agency (JICA) undertook a study to determine the structural strength and safety of wood in relation to vessel construction with a view to develop and/or revise rules, regulations and standards on the design, construction and operation of wooden hulled ships. The objectives of the Study are as follows:

- To provide standards, rules and regulations for the continued operation of existing WHS in the different domestic shipping routes
- To provide standards, rules and regulations for the construction, safety and operation of new WHS
- To formulate a policy framework on ship replacement/retirement /financing for the domestic shipping industry.

The Study was completed in March 2005 and the Report of the Study was officially submitted to MARINA in 2006. In general, since not all wooden-hulled ships can be phased out immediately due to issues on ship replacement and availability of port facilities, the Study recommended the gradual phase out of wooden-hulled ships. Specific recommendations of the Study are as follows:

### Technical Recommendations on the Enhancement of Wooden-Hulled Ships Structures and Operations

#### ➤ Limitations on the Navigational Area

Ships and boats plying routes with more than 1 hour travel time should be replaced by steel-hulled ships. Wooden-hulled ships should be redeployed to shorter routes, however these routes can be allowed to longer distances ( up to 2 hours travel time) only if the routes would have temporarily stops in sheltered areas.

#### ➤ Construction and Structural Standards

Wooden-hulled ships should not exceed 24 meters in length. This would ensure that the ship would be strong enough to stand waves and rough seas.

#### ➤ Registration and Licensing

MARINA to look into the possibility of adopting a number plate system. This new registration and monitoring system will enhance the processes of monitoring and maintaining the safety of ships and ship operations as ship owners will be required to register and renew the registration of their vessels annually.

#### ➤ Ship Management and Operations

Government agencies such as MARINA, PCG and PPA shall implement an arrival and departure system that would require operators and crew of the ships to report their time of departure and estimated time of arrival to these agencies in both the end points of each route. This would serve as an alert system.

### Structure of Wooden-Hulled Ships

The structure of these vessels needs to be more sophisticated. The method of construction and type of materials to be used should be strong enough to enable the ship to withstand the toughest conditions.

#### ➤ Navigation Equipment

As a minimum requirement, WHS should have the following equipment:

- ⇒ Navigation lights
- ⇒ Two-way radio
- ⇒ Radar reflector
- ⇒ Other safety equipment such as life jackets, life boats, fire extinguishers

### Port Development

Port construction and development master plan should be carried out by the government together with the implementation of the gradual phase-out of wooden-hulled ships particularly small banca boats to facilitate the effective implementation of the ship modernization program.

### Policy Enhancement and Formulation

MARINA should revise the current policy on the importation of ships, which allows ship operators to import any type and size of vessels from the international market. It should also implement selective criteria in the phasing out of WHS such as the routes being plied in order more efficiently implement policies and regulations regarding their operations.

### Ship Replacement and Financing Program

The government should make available various ship replacement and financing schemes that would provide funding assistance to those who would like to replace their fleet with brand new steel-hulled ships. Ship financing program shall include the establishment of financial assistance institutions such as, Maritime Equity Corporation, Ship Micro Finance, Standard Ship Construction Design, Ship Database and Registration System and Seafarer Training.

### 3. MARINA-SECOJ Shipboard Training Program

Formally launched in 1990 with the signing of a MOA between MARINA and the Seafarer's Employment Center of Japan (SECOJ), formerly the Maritime International Cooperation Center (MICC), is now on its 17<sup>th</sup> year of implementation. On 06 November 2006, the 17<sup>th</sup> batch composed of 24 cadets (12 Engine and 12 Deck) was sent to Japan for the 14 month training. To date, a total of 758 cadets have undergone the Shipboard Training Program in Japan. The MARINA-SECOJ Shipboard Training Scheme is an apprenticeship program for Filipino marine cadets on board Japanese merchant vessels which is being implemented to enable Filipino marine cadets to earn their degrees and to qualify them for the licensure examination being administered by the Professional Regulation Commission (PRC).

The objectives of the Program are as follows:

- To provide deserving graduates of AMT/BSMT and AME/BSMarE with apprenticeship training on board Japanese vessels to qualify them for the licensure examinations for marine officers;

- To enhance the opportunity for employment of those who have completed the apprenticeship program onboard domestic and ocean-going vessels;
  - To strengthen further the relationship between Japan and the Philippines in training, shipping and other sectors of the maritime industry.
4. MARINA-NMD Project on "Competency-Based Professional Development Program for Filipino Seafarers via Distance Learning"

The MARINA-led interagency undertaking is being implemented under the assistance of the Government of the Royal Kingdom of Norway thru the Norwegian Maritime Directorate (NMD). The Project aims to design and develop a modular and ladderized training program via distance mode to enable marine deck officers acquire the management level competence required under the International Maritime Organization (IMO) – 1995 Standards of Training, Certification and Watchkeeping for Seafarers (STCW). Last 13 October 2006, a meeting was conducted between MARINA, MTC and KEYMAX to discuss the draft guidelines for accreditation of training provider of Management Level Course through distance learning.

## **B. In-house/Ongoing Projects/Activities**

1. Revision of the Philippine Merchant Marine Rules and Regulations (PMMRR) of 1997

The MARINA, as the Flag Administration, took the lead in the review and revision of the PMMRR with the objective of identifying the existing requirements/standards in the present PMMRR that need to be rationalized, as it applies to present conditions of domestic shipping operations in the country. The Project is expected to come-up with proposed / recommended alternatives or equivalents that will provide as basis for a revised PMMRR. Technical Working Groups (TWGs) by type of ship and a Technical Evaluation Committee were created composed of representatives from MARINA and the private sector to undertake the review/revision.

Further amendment to the composition of the MARINA membership to the TWG was made for the purpose of enhancing and expanding the participation of this Authority to the Project.

The completion of this undertaking is targeted in 2007.

2. Codification of Existing MARINA Rules and Regulations

This activity aims to provide a codified compendium of maritime-related rules and regulations, legislations, MARINA memorandum circulars and other issuances, its interpretations and applications to come up with a complete and comprehensive manual for ready reference and information. A TWG per sector such as Domestic Shipping, Overseas Shipping, Maritime Safety, Shipbuilding and Shiprepair and Maritime Manpower were created for the purpose. As of end 2006, the TWGs undertook the compilation, classification and identification of existing and repealed MARINA MCs. In addition, the domestic, overseas and SBSR sectors have completed and submitted their draft Codified Rules and Regulations.

3. Domestic Shipping Modernization Program (Ship Financing for Local Construction)

On 02 October 2006, the MARINA coordinated the launching of the Domestic Shipping Modernization Program at the Shangri-la Plaza Hotel. This occasion was attended by the DOTC Secretary Leandro R. Mendoza, Mr. Axel Weshaupt, President of the PhilExim, Representatives from the German Embassy, the domestic shipping and shipbuilding/ship



repair companies. The Federal Republic of Germany extended to the Philippines ship financing assistance for the country's domestic shipping requirements. Also, highlighting the occasion is the partnership forged between three entrepreneurial domestic shipping companies and the Shipyard Association of Cebu in order to have new ships constructed locally. This is in response to the President's call for the immediate deployment of double-hull tankers and for more RORO ships to move forward her Strong Republic Nautical Highway pet program.

4. Implementation of Programs for the Continued Training and Upgrading of Seafarers (Officers and Ratings) in coordination with CHED, MTC, TESDA, PRC, NMP, PAMI.
  - MARINA, as member of the Commission on Higher Education (CHED)/ Technical Panel for Maritime Education (TPME), continued to assist in the development/revision/review of curriculum for maritime degree courses for the maritime manpower.
  - MARINA, as member of the TWG on the Maritime Training Council (MTC), participates in the conduct of inspections of maritime training centers to ensure compliance of maritime institutions and training centers with international conventions/codes particularly concerning prescribed standards on instructional materials/syllabi, faculty competence and required training equipment and size of training centers.
  - A MOA between MARINA with NMP was signed on 13 July 2006 for the formulation of training programs for the continued training/upgrading of seafarers.

#### **C. Participation in the following Flagship Projects**

1. Pursuant to Presidential Administrative Order No. 123, "Authorizing DOTC to perform all powers and functions necessary to connect the country through the development of transportation network such as the RRTS", MARINA as member of the Steering Committee and Vice-Chairman of the Inter-Agency Technical Advisory Committee actively participated in the following activities:
  - Conduct of the Feasibility Study on the Development of RRTS for Mobility Enhancement in the Republic of the Philippines
  - Drafting of the House Bill (HB) 335 – An Act Institutionalizing the RRTS
  - Meetings of the Committee on Railways and RORO
  - Meetings with shipowners/operators and Association of RORO Operators to encourage them to provide shipping services in the identified SRNH routes.
2. Pursuant to DOTC Department Order NO. 2006-10 on the creation of the DOTC Committee on the Master Plan of the Integrated Transport Network of the Manila Bay, Pasig River and Laguna Lake Areas, MARINA actively participates as Committee Member and Chairperson of the MARINA TWG created under Special Order No. 447-06 to provide support and assistance to prioritize needs to implement the mentioned Presidential directives/flagship projects.
3. Pursuance of Bilateral Agreements
  - RP - Cyprus Merchant Shipping Agreement
    - Signed and concluded the New Agreement in Nicosia, Cyprus on 08-10 November 2006
  - RP – Iran Merchant Shipping Agreement
    - Finalized the draft agreement incorporating amendments based on the result of the NEDA-TRM Sub-Committee on Shipping held last 26 October 2006.
    - Forwarded the Philippine proposal to DFA and BITR on 20 November 2006.

RP- Netherlands 7<sup>th</sup> Joint Committee on Maritime Affairs (JCMA)

- An Addendum to the Memorandum on Understanding (MOU) on maritime transport between the DOTC and the Ministry of Transport, Public Works and Water Management of the Kingdom of the Netherlands was signed on 23 May 2006.

## V. Institutional Developments

### Manpower Complement

The total work force of the MARINA as of December 2006 is 455, 53% or 242 employees of which belong to the Central Office Units while 47% or 213 employees are with the MROs. As of the 3<sup>rd</sup> Quarter of 2006, 41 TELOF/LRT personnel were detailed in MARINA in anticipation of an eventual privatization of the former agency. Out of the forty-one (41) detailed personnel, 69% or 28 have been assigned at the Central Office while 31% or 13 with the MROs. To further augment the Agency's manpower complement notwithstanding the prohibition on hiring, an additional eleven (11) personnel have been hired on a job contract basis for the period under review.

### Continuing Human Resource Capability Development

Personnel Training Program is an integral part of MARINA's activities. This is not confined to attending seminars, specialized training courses and scholarship programmes, local and foreign, but work/re-assignment is also applied among the Directorate Level and technical staff in order to enhance efficiency/effectiveness in the discharge of the Agency's functions. In 2006, a total of 30 MARINA officials/employees have attended/ benefited from the following seminars/conferences/meetings/trainings abroad:

#### Seminars/Conferences/Meetings Attended for FY 2006

Date	Country	Title/Course
1. January 16 - 20	Norway	ILO Seafarers Identity Documents Convention (Revised) 2003 (ILO 185)
2. March 07 - 10	Singapore	IMO ASEAN Workshop on the International Convention on Oil Pollution, Preparedness, Response and Cooperation and on Hazardous and Noxious Substance
3. April 18 - 21	P.R.C. (China)	2006 Shenzhen International Maritime Forum
4. April 26 -28	Kuala Lumpur, Malaysia	6 <sup>th</sup> Philippine – Malaysia Joint Commission Meeting (JCM)
5. May 14 - 18	Japan	Delivery Ceremony of New-building Ship, Philippine Flag Bulk Carrier MV Lalinde
6. May 16 -18	Chiang Mai, Thailand	21 <sup>st</sup> ASEAN Senior Transport Officials Meeting (STOM) the 3 <sup>rd</sup> Meeting of the ASEAN - India Working Group on Transport and Infrastructure
7. May 22 - 25	Hanoi, Vietnam	27 <sup>th</sup> APEC Transportation Working Group (TPT-WG) Meeting
8. June 04 - 06	Bandar Sesi Begawan, Brunei Darussalam	1 <sup>st</sup> BIMP-EAGA Transport Ministers Meeting
9. June 14 - 17	Vietnam	Consultation Meeting with Surveyors/ ISM Code Auditors to solicit comments/suggestions on the initial output of the Project
10. June 18 - 24	London, United Kingdom	96 <sup>th</sup> Session of the Council of IMO
11. July 06 – 07	Singapore	APEC Symposium on Total Supply Chain Security
12. July 11 -	Japan	International Maritime Conventions and Ship

November 18		Safety Inspection II
13. August 13 - 17	Bangkok, Thailand	12 <sup>th</sup> ASEAN Maritime Transport Working Group (MTWG) Meeting
14. September 24 -26	Singapore	IMO World Maritime Day Parallel Event
15. October 16 - 20	Paris, France	92 <sup>nd</sup> Session of the IMO Legal Committee
16. October 30 -31	Japan	Asia Experts Meeting on IMO Technical Regulations and Standards
17. November 5 - 11	UK London	97 <sup>th</sup> Session of the IMO Assembly
18. November 8 -10	Nicosia, Cyprus	Signing Agreement on Merchant Shipping between the Government of the Republic of the Philippines and the Government of the Republic of Cyprus
19. November 7-8	China	Second Meeting on ASEAN-China Maritime Consultation Mechanism
20. November 13 -15	WMU, Sweden	Symposium on Maritime Security

**Foreign Trainings Attended  
for FY 2006**

1. January 10 - April 5	Japan	Computer Chief Information Officer for E-Government Promotion
2. February 20 - 24	Colombo, Sri Lanka	Regional Training Course for Auditors
3. April 09 - 15	Penang, Malaysia	IMO - ASEAN Training Course for Administrative and Legal Staff of Maritime Administration
4. July 9 – 15	Kuala Lumpur Malaysia and Jakarta, Indonesia	Present and discuss the IMO- ASEAN Projects formulated Guidelines with Surveyors/ ISM Code Auditors of Malaysia and Indonesia
5. September 11 -15	Jakarta, Indonesia	Regional Training Course on Marine Accident and Incident Investigation (IMO)
6. September 15, 2006 – May 11, 2007	The Netherlands	Diploma Program on Port, Shipping and Transport Management.
7. October 19, 2006 - April 25, 2008	The Netherlands	MSC Program in Water Science and Engineering Specialization Hydraulic Engineering – and Port Development
8. December 4 - 15	Singapore	ISM Auditor Training Course

On the other hand, there are 75 local training programs/seminars/workshops/conferences sponsored by different government and private entities which were attended / participated in by MARINA personnel for FY 2006 for the continued upgrading of the skills and knowledge of MARINA personnel in various areas such as maritime safety, marine environment protection and other human resource capability development.

**MARINA Proposed Rationalization Plan**

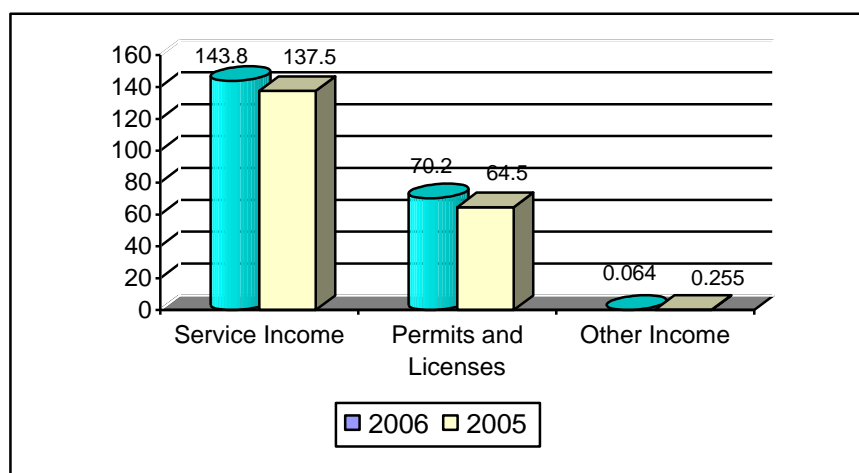
In compliance with Executive Order (EO) No. 366 directing a strategic review of the operations and organizations of the Executive Branch of the government and the Agencies under it and with the objective of improving government performance, the MARINA conducted a comprehensive review of the MARINA's mandates, missions, objectives, functions, programs, projects, activities and systems and procedures, identified areas for improvement and implementation of structural, functional and operational adjustments to improve the Agency's service delivery and productivity. The MARINA already submitted its Rationalization Plan to the DOTC/DBM. Revisions are currently being undertaken based on the result of the evaluation of the DOTC/DBM. The Proposed Rationalization Plan is envisioned to make MARINA more responsive to its new mandate under RA 9295.

## VI. Financial Performance

In 2006, dollar remittances of seafarers reached an amount of \$1.9 billion, an increase by 10% compared with \$1.7 billion in 2005. Prompted by the developmental programs and policies initiated by the government, the shipping sector continued to move on. Shipping companies were encouraged to provide shipping services to SRNH identified routes under the PGMA's SRNH/RRTS program to link the entire country through a network of transport infrastructure, as well as modernize their ships through the financing program and incentives provided under RA 9295.

The revenue generated for CY 2006 amounted to Php 214.2 M or 5% higher than the Php203.5M generated in 2005. Getting the biggest share which was posted at 67% is from the collection of Service Income, while collection from Permits and Licenses was posted at 33%.

Revenue collection from the Central Office was posted at Php112.8M or 53% of the total MARINA revenue/income generated. Operations from the Regional Offices generated Php101.3M or 47% share of the pie. Region VII (CMRO) posted the highest revenue collection at Php34M (16%), followed by Region IV (BMRO) at Php15M (7%). Coming in close was Region VI (IMRO) with Php13M (6%).



With respect to source, Service Income<sup>1</sup> and Permits and Licenses<sup>2</sup> exhibited increases from last year's figure, while Other Income<sup>3</sup> showed a downtrend figure.

## VII. 2007 Major Thrusts and Programs

The prospects for 2007 look promising as the economy slowly stabilizes. To ensure the sustainable growth of the economy, the government has committed to implement recovery programs through fiscal and monetary reforms such as reducing the country's fiscal deficit, reducing inflation rate to further strengthen the Philippine peso, reducing the cost of doing business and removing bottlenecks to investment, improving revenue collection and prioritizing expenditures. Reform to improve the state of infrastructure and to upgrade the state of technology is likewise being accelerated to enhance the competitiveness of the Philippine industry.

<sup>1</sup> Includes Clearance and Certification Fees, Inspections Fees, Processing Fees, Other Service Income and Fines and Penalties

<sup>2</sup> Includes Franchising and Licensing Fee, Permit Fees, Registration Fees, Other Permits and Licenses and Fines and Penalties

<sup>3</sup> Includes Dividend Income and Miscellaneous Income

In line with these, the MARINA shall likewise pursue the establishment of its Trust Fund and improve its revenue collection through the introduction of new fees and charges in view of its new mandate under RA 9295. The income to be generated from these sources shall serve as additional funds to finance promotional/developmental activities pursuant to RA 9295 and the priority programs/projects of MARINA under its Reformulated MARINA Integrated Plan (R-MIP) for 2007-2010 which are as follows:

Goal 1 - A well-developed merchant fleet providing logistic support for the movement of people and goods

- MARINA shall continue to support the plans and programs of the government under the SRNH/RRTS Flagship Project. As member of the TWG created for the implementation of SONA, it shall conduct a Feasibility Study on the Development of RRTS for Mobility Enhancement in the Republic of the Philippines and prepare an Investment Manual pertaining to the SRNH identified routes. It shall also continue to issue advisories on new routes / areas of operation such as missionary routes where investors/ship operators shall be given incentives under RA 9295
- In the implementation of RA 9295 and its IRR, MARINA shall likewise prepare/implement a Mandatory Ship Retirement Program to eventually replace inefficient and over-aged ships. In support of this program, the shipbuilding capability of MARINA-registered shipyards shall be strengthened and enhanced to meet the demands for new tonnage. MARINA shall likewise carry out an annual evaluation of the progressive capability of MARINA-registered shipyards. This yearly assessment of the shipbuilding capability shall be the basis to determine which size and type of vessels will be restricted from importation. This will establish the capacity of local shipyards to meet the demand for newly built vessels of our domestic shipping sector.
- In pursuit of the modernization program of the domestic sector under the DSDP Study and the gradual phase out of wooden-hulled ships, MARINA in coordination with JICA shall develop standard ship designs for RORO ships and FRP boats to consider port developments, trade requirements as well as sea conditions

Goal 2 - A well-developed shipbuilding, ship repair and ship breaking industry catering to national and international requirements

- Pursuant to EO 588 issued on 08 December 2006, MARINA, shall formulate a comprehensive development plan for the shipbuilding and ship repair sector. In view of the capacity of the SBSR sector to contribute to the country's economy thru its potential to attract investments, provide opportunities for employment and skills training to Filipinos, it is also a key component to the government's continuing industrial development program.

Goal 3 – Internationally-respected Flag Administration

- Provide support in the Implementation of Technical Assistance on the Project Proposal "The Establishment of Sound Maritime Legislation in the Philippines"
- To enhance the competitiveness of Philippine flag vessels, the MARINA shall continue to initiate/undertake negotiations on bilateral/multi-lateral agreements with trading partners such as hosting of the Joint Committee on Maritime Affairs (JCMA) with Netherlands and Brunei
- Ratify IMO Conventions based on prioritization

#### Goal 4 - Prime employer/supplier of qualified seafarers

- Adopt standards for the training of domestic maritime manpower:
  - ⇒ MARINA, as a member of the Technical Panel for Maritime Education, shall assist in the development/revision/review of curriculum for maritime degree courses for the maritime manpower.
  - ⇒ MARINA shall review existing procedures in the accreditation of training center for domestic seafarers
- Focus on more stringent rules for maritime training centers and monitor their compliance with international standards
  - ⇒ The MARINA, as a member of Maritime Training Council (MTC) shall continue to participate in the conduct of inspections of maritime training centers.
- Enhance/increase Shipboard Training Opportunities to become qualified/competent marine officers on board international and domestic vessels thru the following:
  - ⇒ Implementation of the National Pooling of Cadets for Shipboard Training for Domestic Trade in coordination with the Philippine Association of Maritime Institution (PAMI)
  - ⇒ Development of an Integrated Program on how the domestic shipping industry can work with schools to take on students on the third year of college for Shipboard Training
  - ⇒ Implementation of the MARINA – NMD Project entitled “Competency Based Professional Development Program for Filipino Seafarers via Distance Learning”

#### Goal 5 - Excellent maritime safety records

- Strict implementation/enforcement/monitoring of safety laws, rules and regulations such as:
  - ⇒ Approval/Implementation of the Revised 1997 Philippine Merchant Marine Rules and Regulation (PMMRR)
  - ⇒ Harmonization of Validity of Ship Certificates  
The Authority shall pursue the harmonization of issuance/renewal of ship certificates of all Philippine-registered ships operating in the domestic trade with the objectives of maximizing the logistic and efficiency in the operation of MARINA; ensuring the strict enforcement of maritime laws, rules and regulations of the authority; and promoting convenience to shipowners/operators
- To institutionalize a Philippine Government (PG) Classification Society following procedures, rules and guidelines in the classification of domestic ships by Administration Surveyors

#### Goal 6 – Efficient and Effective Delivery of Services

With the objective to provide superior service/improve/enhance MARINA’s delivery of front-line service to MARINA clients and stakeholders, the MARINA continuously formulates, reviews and assesses laws, regulations, policies, systems and procedures. To realize this objective, the Authority shall undertake the following priority activities:

- Codification of MARINA Rules and Regulations

Phase II of the Codification Activity shall be pursued which will cover the following activities:

- ⇒ Identification of applications and actions under RA 9295 and its IRR that require further rules and procedures
- ⇒ Identification of present applications/actions that are without rules and procedures
- ⇒ Re-writing of valid provisions of existing MCs, formulations of rules and regulations and revisions/amendments of MCs

➤ Enhancement of Existing Application Systems and Information Sharing and Updating of Databases:

For the effective delivery of frontline services, continuous enhancement of existing/development of new application systems shall be implemented such as i.e., Development of Domestic Shipping Office Application Systems (DSOAS), Overseas Shipping Office Application Systems (OSOAS), Shipbuilding and Shiprepair Application Systems (SBSRAS) and the Revised Seafarer's Identification and Record Book System (SIRB) to include Seafarer's Identity Document Systems (SIDS).