

EXECUTIVE SUMMARY

In spite of the pervasive depressed economic climate, the period under review witnessed favorable accomplishments towards the realization of MARINA's goal of introducing institutional improvement in its service delivery.

To give flesh to the shift that seeks to transform the Agency's paradigm from an organization that is exercising authority, to one that is aware of its responsibility to the public, a package of core activities and projects were undertaken, as well as issuance of several Memorandum Circulars, Administrative Orders and Flag State Administration Advisories, clarifying and/or amending existing rules and regulations.

Further Develop the Philippine-Flag Vessels

In order to further develop the Philippine-flag vessels capability to pursue the objectives of national growth and economic development, Memorandum Circular No. 181 was approved to provide the qualification requirements for accreditation of shipping companies which shall acquire ships to be registered under Philippine-flag for international voyages. Likewise, Memorandum Circular No. 182 was approved to rationalize the rules for ships registered under the Philippine flag and achieve maximum benefits envisioned under PD 760, as amended.

Revised Schedule of Fee and Charges/Annual Supervision Fee/Report of Finances & Operations

In support of government's thrust to generate more revenue as stipulated under DOF-DBM Joint Circular No. 2000-2, the MARINA shall collect and impose a minimum 20% increase in the rates of fees and charges on the various

applications filed with the MARINA through the issuance of Memorandum Circular No. 183.

A uniform basis of assessment of annual Supervision Fee (SF) for liner and tramp operators based on Gross Tonnage has been adopted thru Memorandum Circular No. 187. The annual SF shall become due and payable on or before 30 September of each year. Likewise, Memorandum Circular No. 188 is intended to institute greater transparency in the recording of shipping and cargo handling operations in the financial accounts of domestic water transport providers.

Protection of the Marine Environment

Memorandum Circular No. 184 requires all Philippine-registered ships to be covered by an insurance or other financial security for not less than the limits set to answer for the liability for pollution damage under the International Convention on Civil Liability for Oil Pollution Damage, 1992 (CLC 92).

Accreditation of Training Centers / Entities/Accreditation of Maritime Enterprises

Memorandum Circular No. 185 provides rules on the accreditation of maritime training centers/entities which shall offer/conduct courses on maritime security as required by the International Code for the Security of Ships and Port Facilities (ISPS Code), and to ensure that Ship Security Officers (SSO) and Company Security Officers (CSO) acquire the minimum competencies and knowledge to properly undertake the tasks required by the ISPS Code.

To promote the growth and development of maritime-related activities and regulate and supervise maritime enterprises with the end in

view of formulating policies and programs that will encourage investments in maritime-based activities thereby support the shipping industry, Memorandum Circular No. 186 was issued.

For Safe and Secure Sea Travel

A “No Ticket, No Boarding” policy has been implemented thru the approval of Memorandum Circular No. 189. All passengers must be manifested to ensure that the passengers whether ticketed, unticketed, minor (regardless of age), paying, non-paying, holding discounted or complimentary tickets and/or other accommodated passengers including those accompanying vehicle or animals carried by contract of carriage onboard do not exceed the maximum authorized passenger capacity of said ships. This MC also provides for the allows the full payment of indemnity in the amount of P100,000.00 to all unmanifested passengers. However, during a Special Meeting of the MARINA Board held on 11 August 2003, the above-cited MC was repealed with Memorandum Circular No. 192 that will put premium on unmanifested passengers and will prevent the occurrence of unticketed/unmanifested passengers onboard domestic passenger vessels.

To further enhance and ensure the safety of life and property at sea, and accelerate fleet modernization of ships plying in the domestic trade, Memorandum Circular No. 190 has been approved which provides rules on the progressive/gradual phase out of wooden-hulled ships in the domestic trade.

Memorandum Circular No. 191 prescribes the rules that aims to minimize the occurrence of incidents/accidents at sea, and further promote maritime safety by conducting random drug and alcohol testing on all

seafarers and other personnel serving onboard domestic ships, and to promote a Drug and Alcohol-Free Workplace in support of the Drug Free Philippines 2010 Program.

Rules on the implementation of maritime security measures for Philippine-registered ships engaged in international voyages was established through Memorandum Circular No. 193. This requires the establishment of roles and responsibilities of companies operating ships registered in the Philippines and the crew on board in maintaining security of ships in accordance with SOLAS, 1974 as amended and the International code for the Security of Ships and Port Facilities (ISPS Code).

All ships covered under Memorandum Circular No. 194 shall be provided with a ship security alert system that will initiate and transmit a ship-to-shore security alert to a competent authority designated by the MARINA and to the company operating the ship, identifying the ship, its location and indicating that the security of the ship is under threat or it has been compromised.

Introduction of Reclining Seat Accommodation/Deregulation of Domestic Shipping Rates

Memorandum Circular No. 196 outlines the rules in the introduction of a new/alternative type of accommodation to provide the ship operators/owners other opportunities for competition under a deregulated/liberalized regime.

Memorandum Circular No. 195 requires shipowners/operators to cause the publication of notice of adjusted rates, once in one (1) daily newspaper of national circulation and once in one (1) daily newspaper of regional circulation in the port/s affected by the adjustment.

Pursue Bilateral Agreements

In line with the country's promotion and facilitation of bilateral trade and linkages, trade missions, conferences, and cooperation visits were organized to strengthen maritime/shipping ties with our Asian bilateral partners and those of other countries.

Institutional Development

MARINA personnel were assigned at the POEA with the institutionalization of the Philippine Seafarers One-Stop Center (PSOC) under Administrative Order No. 6, series of 2003 issued by President Gloria M. Arroyo in January 2003 to rationalize the documentation of seafarers employment papers and other requisites.

Administrative Development

In the aftermath of the sea accident involving MV San Nicholas, and in compliance with the six-point directive of President Gloria M. Arroyo to prevent similar accidents to happen in the future, the MARINA as the lead Agency in the Joint Inspection Team (JIT), in coordination with the PCG and the PPA/CPA, undertook the immediate re-inspection of all wooden-hulled passenger-carrying vessels plying in the bay/river and coastwise trade through the issuance of Administrative Order No. 06-2003 to ensure their continued seaworthiness and compliance with all maritime safety rules and regulations.

The immediate review of the certification standards for Major and Minor Patrons was undertaken, with the ultimate objective of limiting their command to passenger-carrying ships operating in bay or river trade.

A monitoring arm was established through the cited Administrative Order No. 06-2003 which required the Central Office and the Regional Offices to submit a monthly report of the status of compliance with the ISM/NSM Code by all shipping companies and ships, and take legal actions against non-compliance with the Code.

An agency-wide effort to speedily accomplish an intensified collection of unpaid Supervision Fees covering the period 2000 and 2001 was implemented with the issuance of Administrative Order No. 01-2003. Pursuant to Memorandum Circular No. 120, the non-payment of Supervision Fee for three (3) consecutive years shall cause the suspension/cancellation of the CPC/PA/SP of the vessel.

To serve as tool/guide to all MARINA officials and employees in achieving efficiency, timeliness and uniformity in the processing of application, the adoption of the Revised Service Guide Manual was directed through Administrative Order No. 04-2003.

To maximize the potential of its 17,500 kilometers of shoreline, the government has launched the Roll-On/Roll-Off Terminal System (RRTS), also known as the Strong Republic Nautical Highway (SRNH), which would bridge the islands, open new markets in trade and tourism and move goods and services faster and at cheaper cost. The SRNH is part of the vision of Pres. Gloria M. Arroyo to bring the islands closer to each other and lower the cost of transport for goods and commodities, particularly from the rich food baskets of Mindanao to the consumer markets in Luzon.

Our commitment as Lead Shepherd economy in the APEC-TWG was pursued with the Agency's

participation in international conferences, symposia and workshops.

The Memorandum of Agreement (MOA) between SECOJ and the MARINA was signed on 17 February 2003 to implement the 14th batch of the training program. MARINA facilitated the nationwide written examination and the oral interview for the selection of the successful participants. A total of 30 cadets, 15 deck and 15 engine were sent to Japan to undergo the 14-month training program.

On the promotion of maritime safety, trainings were conducted by the JICA experts for MARINA personnel on the Inspection Database System under the Promotion of Ship Inspection System and Techniques Project. Part IV of the Training Program was developed to serve as a mechanism to upgrade MARINA's current pool of NSM Auditors to become ISM Auditors. The course shall cover IMO Conventions such as ISM, IMDG and ISPS.

To establish a working environment which shall promote harmonious relationship, and enhance the employees' welfare and productivity and contribute to the attainment of a genuine public service, the First Collective Negotiation Agreement (CNA) between the MARINA and the Alliance of MARINA Employees (AME) was signed on 02 June 2003.

Financial Performance

The economic impact of the recent events did not cause a huge setback in the overall financial performance of the Agency as it generated a total revenue of PHP206,377,714.00.

Human Resource

The MARINA regular force for the period under review was composed of 465 employees distributed as follows:

Central Office 260 (56%) and MROs 205 (44%). Regular personnel were complemented by six (6) casual/contractual employees most of whom were hired to augment the workforce specifically at the Regional level.

There are efforts being made to make the maritime industry more competitive and responsive to the needs of the riding public. We just need to look closer at the vast ocean of opportunity out there for its growth.

PROMOTIONAL and DEVELOPMENTAL ACTIVITIES

To be responsive to the needs of the riding public and to intensify its campaign against oil pollution, maritime security, development of the Philippine-flag vessels the MARINA approved the following Memorandum Circulars:

1. **Memorandum Circular No. 181 - Rules in the Accreditation of Shipping Companies for Purposes of Acquiring/Operating Philippine-Registered Ships for International Voyages Under Regulation XV of the Philippine Merchant Rules and Regulations (PMMRR), 1997**

This MC provides for the rules in the accreditation of shipping companies, firms and entities which shall acquire ships to be registered under the Philippine flag or operate Philippine-registered ships for international voyages.

2. **Memorandum Circular No. 182 - Rules in the Acquisition of Ships Under Presidential Decree (PD) 760, as amended, and Providing herewith the Implementing Rules Under Chapter XV of the 1997 Philippine Merchant Marine Rules and Regulations (PMMRR) on the Registration and Licensing of Ships for International Voyages**

This Memorandum Circular provides the rules in the implementation of PD 760, as amended and shall form part of the implementing rules under Regulation XV/3.3.1 of the 1997 PMMRR.

3. **Memorandum Circular No. 183 - Revised Schedule of Fees and Charges**

This Memorandum Circular provides the schedule of adjusted rates of fees and charges by 20% pursuant to EO Nos. 197 and 218 and their

Implementing Rules and Regulations under DOF-DBM Joint Circular No. 2000-2 which the MARINA shall collect and impose on the various applications filed.

4. **Memorandum Circular No. 184 - Revised Rules Governing Mandatory Cover Against Civil Liability for Oil Pollution Damage**

This Memorandum Circular requires all Philippine-registered ships to be covered by insurance or other financial security for not less than the limits set to answer for the liability for pollution damage under the CLC #92.

5. **Memorandum Circular No. 185 - Rules on the Accreditation of Training Centers/Entities which shall offer Courses on Maritime Security**

This Memorandum Circular provides the rules in the accreditation of maritime training centers/entities which shall offer/conduct courses on maritime security as required by the International Code for Security of Ships and Port Facilities and ensure that Ship Security Officers (SSO) and Company Security Officers (CSO) acquire the minimum competencies and knowledge to properly undertake the tasks required by the ISPS Code.

6. **Memorandum Circular No. 186 - Rules on the Accreditation of Maritime Enterprises**

This Memorandum Circular provide the rules on the accreditation of maritime enterprises which shall promote the growth and development of maritime-related activities and regulate and supervise maritime enterprises with the end in view of formulating policies and programs that will encourage

investments in maritime-based activities.

7. Memorandum Circular No. 187 - Revised Rules on Annual Supervision Fee

This Memorandum Circular provides the revised rules on annual supervision fee which is aimed at providing a more equitable basis for the assessment of the annual supervision fee, come up with a more favorable investment and operating climate in public service, simplify and accelerate the collection and/or timely payment of annual supervision fee, and enable the Authority to effectively and efficiently administer, supervise and regulate public service.

8. Memorandum Circular No. 188 - Revised Rules on the Mandatory Submission of Annual Report of Finances and Operations

This Memorandum Circular is intended to institute greater transparency in the recording of shipping and cargo handling operations in the financial accounts of domestic water transport providers.

9. Memorandum Circular No. 189 - Rules Providing Indemnity of P100,000.00 to Each Unmanifested Passenger Onboard Passenger-Carrying Ships in the Domestic Trade

This Memorandum Circular provides the rules on passenger ticketing and manifesting onboard passenger-carrying ships in which the "No Ticket, No Boarding" policy must be strictly observe.

10. Memorandum Circular No. 190 - Rules on the Progressive/Gradual Phase Out of Wooden-Hulled Ships in the Domestic Trade

To further enhance and ensure the safety of life and property at sea and accelerate fleet modernization, this Memorandum Circular shall provide rules on the progressive/gradual phase out of wooden-hulled ships plying in the domestic trade.

11. Memorandum Circular No. 191 - Rules in the Conduct of Drug and Alcohol Testing of all Seafarers and Other Personnel Serving Onboard Ships Engaged in the Domestic Trade

This Memorandum Circular aims to minimize the occurrence of incidents/accidents at sea as well as promote maritime safety by conducting random drug and alcohol testing on all seafarers and other personnel serving onboard domestic ships in support of the Drug Free Philippines 2010 Program.

12. Memorandum Circular No. 192 - Repeal of MARINA Memorandum Circular No. 189, Series of 2003 (Re: Rules Providing Indemnity of P100,000.00 to Each Unmanifested Passenger Onboard Passenger-Carrying Ships in the Domestic Trade)

Under this Memorandum Circular, only manifested passengers are entitled to claim payment of the indemnity under the passenger insurance policy.

13. Memorandum Circular No. 193 - Rules on the Implementation of Maritime Security Measures for Philippine-registered Ships Engaged in International Voyages

This Memorandum Circular provides guidelines in the implementation of Chapter XI-2, SOLAS, 1974, as amended and the International Code for Security of Ships and Port Facilities for companies

operating Philippine-registered ships and crew on board in maintaining ships security as well as ensure the efficient generation and exchange of updated security-related information.

14. Memorandum Circular No. 194 - Rules on the Provision/Installation of Ship Security Equipment

This Memorandum Circular provides guidelines to all Philippine-registered ships engaged in international voyages, as well as Philippine-registered ships primarily documented for domestic trade but temporarily allowed by the Administration to undertake international voyages on the implementation of security measures in accordance with SOLAS, 1974, as amended.

15. Memorandum Circular No. 195 - Amendment to Memorandum Circular No. 153 entitled the Revised Rules and Regulations Implementing Deregulation of Domestic Shipping Rates

This Memorandum Circular requires the shipowners/operators to cause the publication of notice of rate adjustment once in one (1) daily newspaper of national circulation, and once in one (1) daily newspaper of regional circulation in the ports affected by such adjustment. The adjusted rates shall take effect fifteen (15) days after the date of last publication and no rate increase shall be implemented until publication in all affected areas/ports is completed.

16. Memorandum Circular No. 196 - Rules on the Introduction of Reclining Seat Accommodation on Passenger-Carrying Ships in the Inter-Island Trade

This Memorandum Circular prescribes the rules in the introduction of a new/alternative type of

accommodation, and provide ship operators/owners other opportunities for competition under a deregulated/liberalized regime. These rules shall cover all passenger-carrying Philippine-registered ships engaged in domestic trade duly accredited by the Dept. of Tourism (DOT) with travel time of more than four (4) hours, except High Speed Crafts (HSC).

Flag State Administration Advisories Issued

1. **Advisory No. 33 - 03** - Implementation of Shipboard Marine Pollution Emergency Plan for Noxious Liquid Substances
2. **Advisory No. 34 - 03** - Reiteration of the Flag State Administration Advisory No. 027, Series of 2002 on the Additional Measures to Ensure the Safety and Security of Our Ships, their Passengers and Cargoes
3. **Advisory No. 35 - 03** - Additional Security Measures to Ensure the Safety and Security of Filipino Seafarers/Onboard Ships Within the Vicinity of the War Area
4. **Advisory No. 36 - 03** - Contingency Measures in Case of the Outbreak of War in Iraq
5. **Advisory No. 37 - 03** - Guidance on the Implementation of MARINA Memorandum Circular No. 159, otherwise known as the National Safety Management (NSM) Code
6. **Advisory No. 38 - 03** - Revised Flag Advisory on the Special Authority to Operate Passenger and/or Cargo Liner Ships During Holiday Season
7. **Advisory No. 39 - 03** - Guidance on the Implementation of MARINA Memorandum Circular No. 179 on the Issuance of the Minimum Safe Manning Certificate (MSMC) for Philippine-Registered Ships/Fishing Vessels Operating in the Philippine

Waters or Temporarily Utilized in Overseas Trade/International Waters

8. **Advisory No. 40 - 03** - Indemnity of Ph100,000.00 to each Unmanifested Passenger
9. **Advisory No. 41 - 03** - Revised Chart of Accounts
10. **Advisory No. 42 - 03** - Drug and Alcohol Testing of all Seafarers Serving Onboard Passenger-Carrying Ships in the Domestic Trade
11. **Advisory No. 43 - 03** - Progressive Retirement of Passenger-Carrying Wooden-hulled Ships in the Domestic Trade
12. **Advisory No. 44 - 03** - Mandatory Filling-up by All Passengers in the Domestic Trade of a Health Checklist From
13. **Advisory No. 45 - 03** - Extension of Moratorium on Compliance with Certain Life-Saving Appliances Required Under the PMMRR
14. **Advisory No. 46 - 03** - Revised Class Requirement for Philippine-Registered Domestic Ships
15. **Advisory No. 47 - 03** - Extension of Moratorium on Compliance with Certain Life-Saving Appliances Under the PMMRR
16. **Advisory No. 48 - 03** - Deferment of the Implementation of MARINA Memorandum Circular No. 190 (Rules on the Progressive/Gradual Phase-Out of Wooden-hulled Ships in the Domestic Trade)
17. **Advisory No. 49 - 03** - Introduction and Use of Reclining Seats in the Second Class Air-Conditioned Passenger Accommodation of Passenger-Carrying Ships Engaged in the Domestic Trade

18. **Advisory No. 50 - 03** - Security Measures to Protect Critical Infrastructures

19. **Advisory No. 51 - 2003** – Additional Measures to Ensure the Safety and Security of our Ships, their Passengers and Cargoes

20. **Advisory No. 52 - 03** - Effectivity of the 2001 and 2002 Amendments to the International Convention for the Safety of Life at Sea (SOLAS), As Amended

Administrative Orders Issued

1. **Administrative Order No. 01 - 2003** - Intensified Collection of Supervision Fees
2. **Administrative Order No. 02 - 2003** - Strict Enforcement of ISM and/or NSM Requirements
3. **Administrative Order No. 03 - 2003** - Monitoring of DOTC-ARMM Issuances of MARINA Devolved Functions in the ARMM
4. **Administrative Order No. 04 - 2003** - Adoption of the Revised Service Guide Manual
5. **Administrative Order No. 05 - 2003** - Approval of Special Orders and Vouchers
6. **Administrative Order No. 06 - 2003** - Nationwide Inspection of all Passenger-Carrying Wooden Hulled Ships
7. **Administrative Order No. 07 - 2003** - Delegation of Signing Authority for ISM/NSM Certificates and other Related Documents
8. **Administrative Order No. 08 - 2003** – Reconstitution of Records Management Improvement Committee (RMIC)

9. **Administrative Order No. 09 - 2003** - Official Signatory for Licenses of Major Patron (MAP)/Minor Patron (MIP)/Boat Captain (BC) and Marine Diesel Mechanic (MDM)
 10. **Administrative Order No. 10 - 2003** – Implementing Guidelines: Item No. 52 of CSC MC No. 30, s. of 1994
 11. **Administrative Order No. 11 - 2003** – Guidelines on the Grant of Authority to Concerned MARINA Office/Unit/Staff to Render Overtime Service
 12. **Administrative Order No. 12 - 2003** – Restoration of Technical Evaluation for Vessel Acquisition Projects
 13. **Administrative Order No. 13 - 2003** – Uniform Procedures & Guidelines for Central and Regional Office Personnel Involved in ISM/NSM Code Implementation
 14. **Administrative Order No. 14 - 2003** - Assignments of Deputy Administrators for Purposes of Administrative Supervision and Coordination
 15. **Administrative Order No. 15 - 2003** – Security Measures to Protect MARINAs Critical Infrastructures
2. Promotion of Ship Inspection System and Technique in the Philippines
 - To develop a ship inspection administration system, train ship inspectors, engineers and supervisors to acquire new techniques for onboard inspection, marine pollution prevention, inspection of ships being built.
 3. MARINA - SECOJ Shipboard Training Program
 - To provide graduates of AMT/BSMT and AME/BS MarE graduates with apprenticeship training on board overseas vessels and enhance opportunity for employment of those who completed the apprenticeship.
 4. NMD Project on “Competency – Based Professional Development Program for Filipino Seafarers via Distance Learning”
 - 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 by the STCW Convention.

Projects Implemented

1. MARINA – NMD Shipboard Training Scheme
 - To provide graduates of AMT/BSMT and AME/BS MarE graduates with apprenticeship training on board domestic vessels and enhance opportunity for employment of those who completed the apprenticeship.

SUPERVISORY and REGULATORY ACTIVITIES

The Supervisory and Regulatory activities of the Authority have been relatively subdued compared to last years' in view of the unforeseeable constraint that affected not only the Philippines but the rest of the world. The magnitude of decline in the different performance indicators maybe attributed to adverse events during the year.

Potential investors have painted a bleak future in the country's economic position due to so many factors, among them, the political instability, the peace and order situation and other internal concerns which accounted for a 9% decrease in the accreditation of Domestic Shipping Companies under Memorandum Circular No. 79.

Vessel acquisition for domestic utilization decreased remarkably by 14% as against those acquired in 2002 as the Philippine peso showed every sign of continuing its decline and increasing interest rate. That same year reflected a total of 121 vessels acquired through importation as against 104 for the period under review or a 21% decrease. Bareboat Chartering manifested a 14% increase, 25 vessels in 2003 as against 22 vessels in 2002. While this was the scenario in the local market, the number of imported vessels sold locally has increased by 87%, which the local players considered a cheaper option than acquire vessels from abroad.

The sentiments of the domestic shipowners, is the lack of government support in terms of incentives or affordable financing scheme. Changes in the legal framework should be considered to allow the domestic shipowners to improve their costs to level with that of their best ASEAN competitors. While their counterpart in the overseas shipping sector enjoy a

relatively tax-free environment, the domestic shipping sector is being taxed heavily. Aside from leveling the playing field with respect to incentives and financing support, the sector must be properly deregulated, government regulatory requirements streamlined, trading practice improved for the sector to be globally competitive. Further, access to affordable financing should be given. Our local players do not have access to alternative sourcing of funding like foreign loans that offer lower interest rates than commercial banks because of our antiquated legal regime.

Special Permits/Exemption Permits issued to overseas vessels deployed in the domestic trade decreased by 57% due to the termination of contracts for government projects where such vessels are being utilized and the availability of local vessels to service the requirements of local shippers to transport their cargoes.

Issuance of CPCs for vessels plying in the domestic trade increased by 9% and this affected in the issuance of PAs. SPs increased by 87% due to request for extra trips outside of applied routes.

Deletion of vessels from the Philippine registry increased by 10% due to the increase in the exportation of used vessels which accounted for 87%. The issuance of CVR increased by 47% and the issuance of COs decreased by 6%.

Data showed that there was a decrease in the accreditation of overseas shipping companies operating vessels under the Philippine registry by 74%. Old players who have been dormant during the entire validity period due to no business opportunities/no market or no new vessel are not

qualified to renew its certificate of accreditation pursuant to Memorandum Circular No. 33-A. On the other hand, issuance of CPR increased by 2% where new players ventured into the shipping business.

Acquisition of vessels through bareboat chartering decreased by 28% due to the non-renewal of bareboat contract brought about by the unstable business climate in the country. No vessel importation was recorded for the period under review. Deletion of vessels from the Philippine registry increased by 53% due to the flagging-out of vessels and the non-renewal of bareboat contract.

Business opportunities of our Philippine-flag vessels transporting cargoes increased by 84% due to the numerous issuance/renewal of permits issued to Joss Asian Feeders.

The decision of big SBSR companies with no projects to lease their shipyard to shipbuilders with no yards for economic reasons, and the development of the boatbuilder sector contributed to the increase of 20% in the

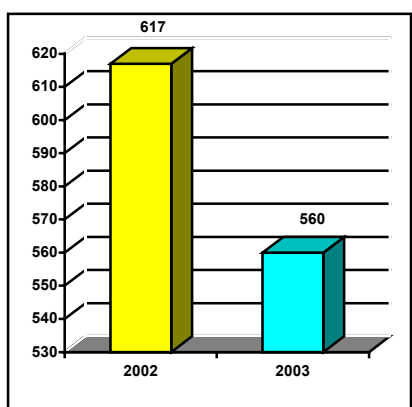
issuance/renewal of license for the period under review. Inspection of shipyard decreased by 9% caused by the closure of some yards due to the adverse effect of the depressed economy in the country. Few drydocking activities were undertaken this year due to non-renewal of contracts and the flagging-out of vessels.

Issuance of SIRB and QDC certificates are demand-driven activities, while issuance of license for BC/MAP/MIP/MDM are requirements for qualified seafarers to act as master or officer in command of a ship.

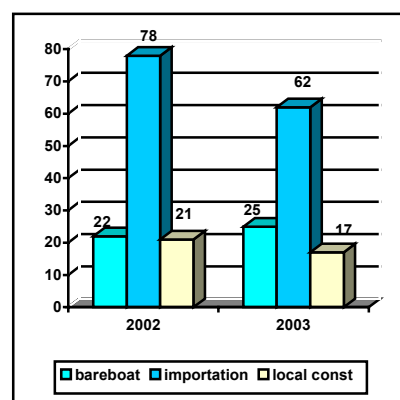
Even under the most trying times, the MARINA has proven that it always delivers its mandated functions.

• DOMESTIC SHIPPING SECTOR

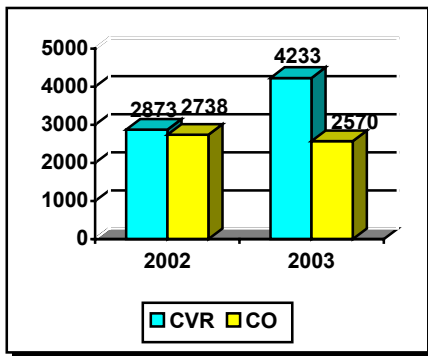
No. of Domestic Shipping Companies Accredited under MC. No. 79



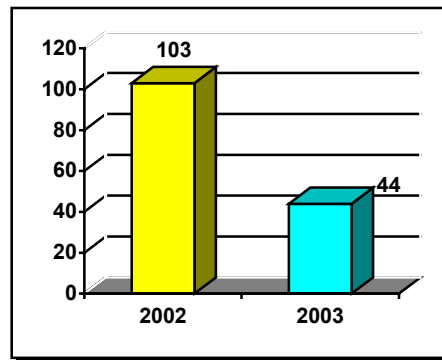
No. of Domestic Vessels Approved for Acquisition (including Fishing)



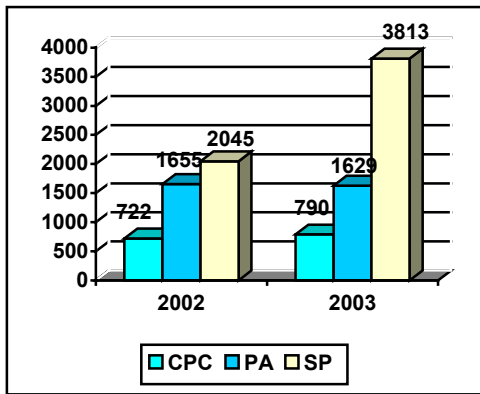
No. of Vessels Registered



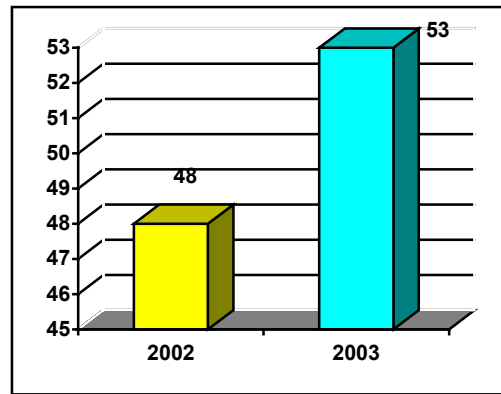
No. of Special Permits/Exemption Permits Issued to Overseas Vessels Deployed in the Domestic Trade



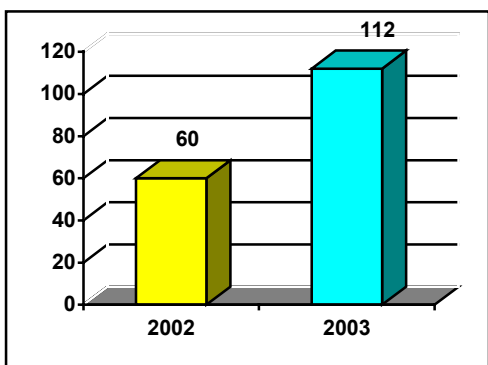
Quasi-Judicial Issuances



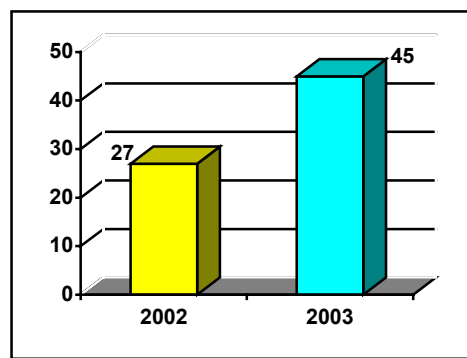
No. of Deletion Certificates Issued



No. of Imported Vessels Sold Locally

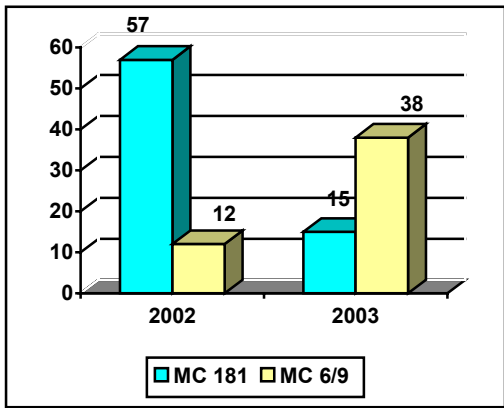


No. of Authority Issued to Export Vessel

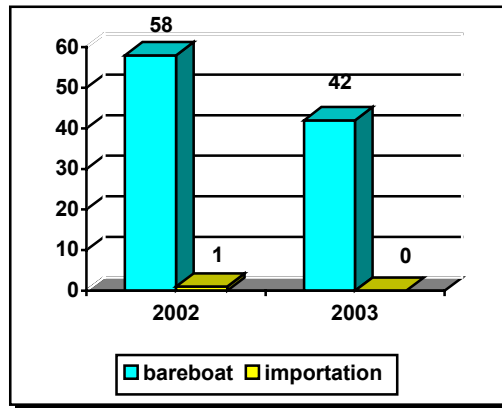


• **OVERSEAS SHIPPING SECTOR**

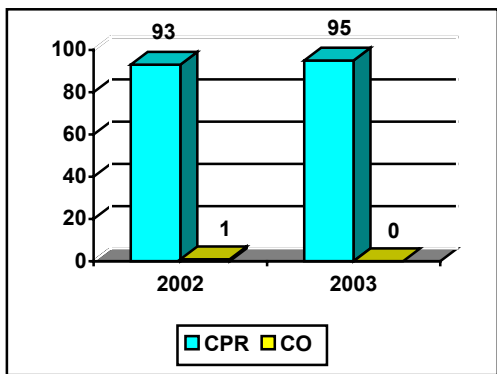
No. of Overseas Shipping Companies Accredited under MC 181



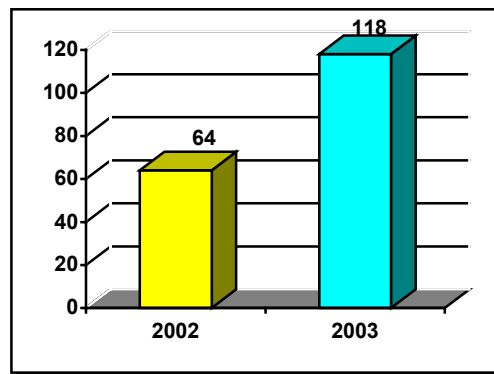
No. of Vessels Approved for Acquisition



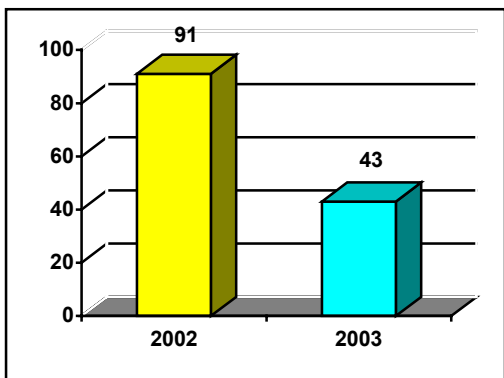
No. of Overseas Vessels Issued Certificate of Philippine Registry (CPR)



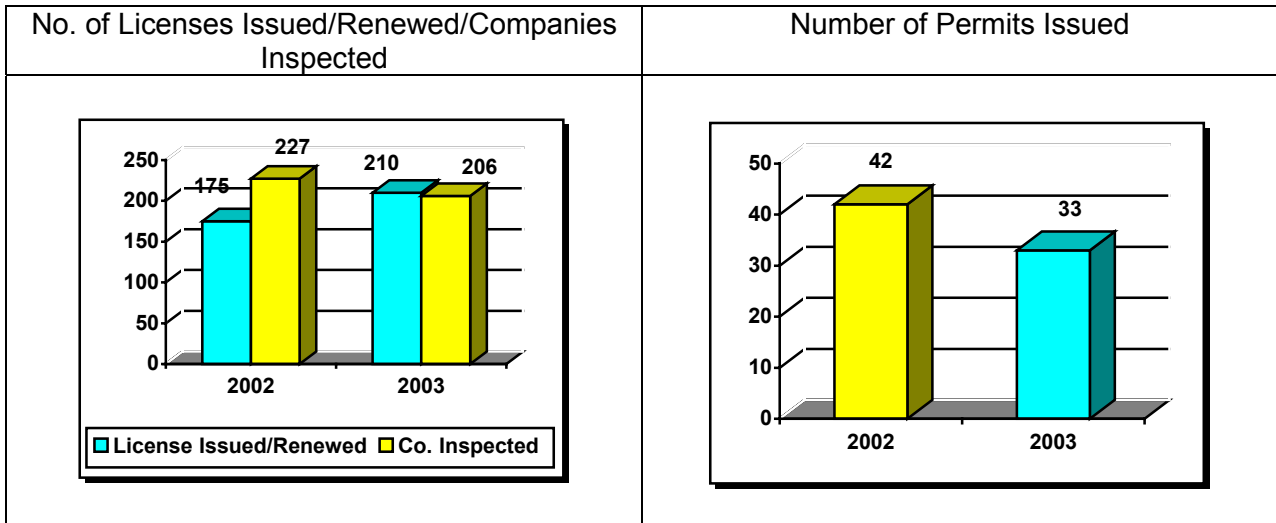
No. of Special Permits Issued for Domestic Vessels Deployed in the International Trade (Cargo Operation) Including BIMP-EAGA Route



No. of Deletion Certificates Issued

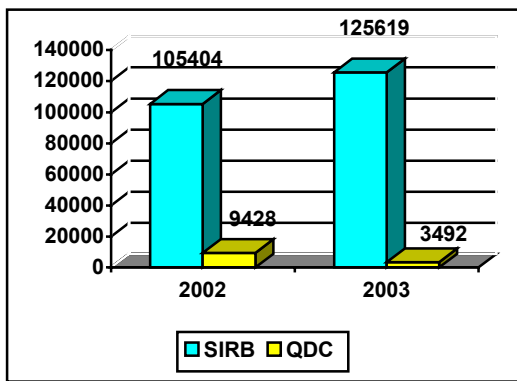


- SHIPBUILDING AND SHIP REPAIR SECTOR**

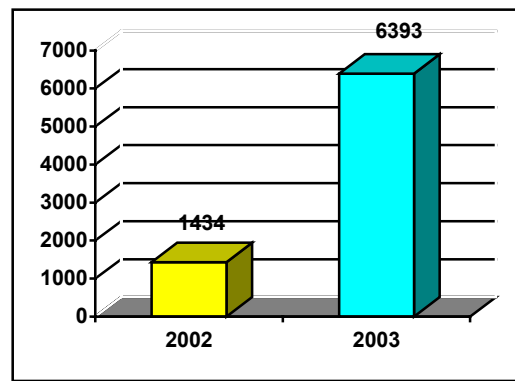


- MARITIME MANPOWER SECTOR**

No. of SIRB/QDC Certificates Issued



No. of Harbor Pilot/BC/MDM/MAP/MIP Licenses Issued



ADMINISTRATIVE, FINANCE, MANAGEMENT and ORGANIZATION

Profile of Personnel Complement

The MARINA regular force for the period under review was composed of 465 employees distributed as follows: Central Office 260 (56%) and MROs 205 (54%). Regular personnel were complemented by 6 casual/contractual employees most of whom were hired to augment the workforce specifically at the Regional level.

Recruitment and Selection

The Human Resource Development Division, acting as the Secretariat to the Personnel Selection Board processed a total of 4 appointments for regular positions, 2 for the Central Office and 2 for the MROs.

Training and Development

MARINA places high priority in developing its most valuable asset, the employees. It therefore continues to focus the empowerment of its workforce through the implementation of a comprehensive manpower development program.

For the period under review, a total of 550 employees attended foreign (34) and local (516) trainings, seminars, meetings, conferences, workshops and symposia.

Financial Matters

The economic impact of the recent events did not cause a huge setback in the overall financial performance of the Agency as it generated a total revenue of

PHP206,377,714.00. The biggest revenue source was the Service Income with 67%, followed by revenue from Permit and Licenses, 32% and the remaining 1% was sourced from Other Income.

Revenue collection from the Central Office was registered at PHP122,922,138.58 or 60% of the total revenue, while share from the Operations of the Regional Offices was recorded at PHP83,455,575.92 or 40%.

The Strong Republic Nautical Highway: Linking the Islands, Empowering the Nation

To maximize the potential of its 17,500 kilometers of shoreline, the government has set out on a journey that launched a thousand new opportunities for the country's coastal industries. This bold undertaking is called the RO-RO shipping lane also known as the Strong Republic Nautical highway (SRNH), which would bridge the islands, open new markets in trade and tourism and move goods and services faster and at cheaper cost. The SRNH is part of the vision of Pres. Gloria M. Arroyo to bring the islands closer to each other and lower the cost of transport for goods and commodities, particularly from the rich food baskets of Mindanao to the consumer markets in Luzon.

Asia-Pacific Economic Cooperation Transportation Group (TPT-WG)

As part of its commitment as Lead Shepherd economy, the Philippines through the Maritime

Industry Authority, participated in the following international conferences:

1. Special meeting of the Shepherds / Steering Committee Coordinators/APEC Programme Director/Heads of Delegation Meeting (S/SC/PD/HODS) in Wellington, New Zealand on 12-13 June 2003. The Philippines presided this meeting where the APEC Transportation Working Group had acknowledged the leadership of the Philippines in advancing the work of the transportation and facilitation, maritime safety and port security, transportation security, and aviation security, among many other cross-cutting issues.
2. International Maritime Security and Trade Symposium. The Philippines attended this meeting in Melbourne, Australia from 18-20 June 2003. Funded by the Australian Government, the symposium aimed at assisting developing economies meet their commitments under the STAR Initiative and the new international regime of the International Maritime Organization (IMO) on maritime security.
3. International Workshop on High Seas Biodiversity Conservation. Funded by Australia and Canada, the Philippines, as Lead Shepherd economy was invited to attend this workshop participated in by more than 50 countries and other international organizations.

The Philippines obtained funding approval from the APEC Secretariat of its project to hold an APEC High Level Meeting on Maritime Security Cooperation to be held in Manila from 8-9 September 2003. The APEC Transportation Working Group (TPT-

WG) endorsed favorably this Philippine initiative to respond to the Counter-Terrorism Statement of APEC Economic Leaders.

The meeting gathered heads or senior officials of various maritime authorities of the APEC Region as well as President/Chief Executive Officers of various multinational companies with interest in maritime security.

Pursuance of Bilateral Agreements

- RP - Brunei Merchant Shipping Agreement

A MOA was signed by MARINA Administrator Atty. Oscar M. Sevilla and Brunei's Prime Minister's Office' Permanent Secretary on 29 January 2003.

- RP - Iran Shipping Agreement

Participated in the RP-Iran Joint Economic Meeting held in Tehran, from 12-17 January 2003 and prepared corresponding report to be submitted to DOLE and MARINA.

- RP - Germany Merchant Shipping Agreement

Firmed up Philippine position on the bracketed provisions during a meeting of the private sector-representatives and the Philippine delegation held on 12 March 2003 in preparation for the final negotiation and possible signing during the scheduled state visit for Germany of H.E. Pres. Gloria M. Arroyo on May 2003. Outputs of the meeting included the re-drafted Agreement (Philippine proposal), protocols, letters to DFA and concerned Embassy citing Philippine position. However, the final negotiation/signing

was postponed indefinitely due to the US-Iraq War.

- RP - Romania Maritime Shipping Agreement

Consolidated the comments / recommendations for the proposed Philippine-Romania Maritime Shipping Agreement and proposed a negotiation prior to the signing of the Agreement.

- RP - Spain Shipping Agreement

Drafted RP-Spain Agreement per request of Dept. of Foreign Affairs and submitted the same on 11 Feb. 2003.

- RP - Netherlands

Drafted/disseminated letters soliciting proposed agenda items and requested names of government and private agencies representatives to the 4th JCMA Meeting on 20 May 2003.

Information Dissemination

The Agency carried out its mandate of disseminating information to the general public, developing necessary technology solutions and maintaining its databases and computer hardware.

Giving information dissemination a full go, the Library served 148 walk-in researchers, 40 data requests by letter, fax, e-mail and phone queries and cleared 108 vessel names prior to the registration of a vessel.

To improve operational efficiency and increase productivity, the following systems and procedures are being developed/ reviewed/maintained. Among them are:

1. QDC Application System (QDCAS)

A computerized application system designed to improve efficiency and increase employee's productivity by way of speeding up the processing of QDC applications.

2. SBSR Information System

A system designed and developed to capture all the necessary information/data of the SBSR companies including their accomplishments in terms of shipbuilding and shiprepair. Phase I of system development was completed and Phase II covering report generation is expected to be completed this year.

3. DSO Application System (DSOAS)

A computerized application system that will assist evaluators / reviewers in evaluating and processing of applications. This system aims to generate information/data relative to applications on accreditation of domestic shipping companies, acquisition of vessels and Special Permit for temporary change of vessel operation from overseas to domestic trade.

4. Vessel Inventory System (VIS)

An information system that will capture data on vessel registration, licensing and quasi-judicial/franchise issuances. For this year, the 2000 Vessel Inventory was generated.

5. Computerized Document Tracking System (DTRACKS)

A system that will keep/monitor status of all documents officially received by the Authority with the end in view of delivering quality service as well as provide management with a more accurate report of its operations.

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