

EXECUTIVE ORDER NO. 213

DEREGULATING DOMESTIC SHIPPING RATES

WHEREAS, Executive Order No. 185 was issued on 28 June 1994, opening the domestic water transport industry to new Operators and investors and minimizing government intervention and control over the domestic shipping industry to attract more control over the domestic shipping industry to attract more investments under an environment of free-market competition;

WHEREAS, Executive Order No. 185 liberalize only the entry of vessels into liner routes but has not covered the deregulation of domestic shipping rates;

WHEREAS, there is an imperative need to deregulate domestic shipping rates by the government which prescribes such rates based on an outdated commodity classification by then Public Services Commission which is considered obsolete and unrealistic;

WHEREAS, the supply and demand in the domestic shipping industry would determine the rates of shipping services provided/ availed of, as now widely practiced internationally;

NOE, THEREFORE, I, FIDEL V. RAMOS, President of the Philippines by virtue of the powers vested in me by law do hereby order:

Section 1. Deregulation of Passage Rates. Passage rates are hereby deregulated as follows:

1. First and Second Class - Passenger rates for First Class and Second Class rates are hereby deregulated for all passenger-carrying domestic vessels: Provided, That such accommodation is in accordance with the service standards prescribed by the Maritime Industry authority (MARINA); Provided, further, That at least fifty percentum(50%) of the authorized passenger capacity of the vessel shall be allocated and reserved for Third Class accommodation, whose rates shall be regulated by the MARINA.
2. Tourism – Oriented Vessels – for vessels catering to tourism as duly certified by the Department of Tourism (DOT), or passenger vessels of any type/size serving DOT, identified tourist priority links/areas, they shall be exempted from the requirements of allocating 50% of their total passenger capacity for Third Class accommodation, and accordingly, their passage rates are hereby deregulated, unless the operators opt to have their rates rationalized/prescribed by the MARINA.

3. Vessels Not Covered Above - In cases where only First and Second Class passenger accommodations are provided by a vessel under the MARINA – prescribed service standards, or where Third Class passenger accommodations provided by a vessel is less than 50% of the vessel’s total passenger capacity, the Second Class passage rates shall be regulated in accordance with the prescribed rates as determined by the MARINA.

Section 2. Deregulation of Cargo Shipping or Freight

1. The freight rates for all commodities now classified as Class “A” and “B” and “C” are hereby deregulated, except for non-containerized basic commodities the freight rates of which shall continue to be regulated, with the MARINA prescribing the indicative/reference rates thereto; Provided, that the Government hereby reserves its right to intervene in cases of unreasonably high rates, especially with respect to basic commodities.
2. In cases, however, where a route/link is still monopolized or cartelized as determined by the MARINA, the freight rates to be charged therein shall remain regulated until such time that a new operator is authorized to operate in such route/link to provide cost-effective/competitive shipping service, as defined by the MARINA.

Section 3. Implementing Guidelines.

1. The MARINA in coordination with the Philippine Shippers’ Bureau of the Department of Trade and Industry, is hereby directed to undertake the needed activities and issue the pertinent rules and regulations for the effective implementation of this Executive Order. The implementing guidelines shall include sanctions on ship owners who will just and reasonable cause.
2. All government departments, offices, agencies, or instrumentalities, including government-owned and controlled corporations, are hereby order to assist, coordinate and cooperate with the MARINA in the implementation of this Order.

Section 4. Repealing Clause. This Order repeals or amends all executive, departments and other agency issuances, or any provision thereof inconsistent with this Order.

Section 5. Effectivity. This Executive Order shall take the effect fifteen(15) days after its publication once in newspaper of general circulation.

Done in the city of Manila, this 28th day of November in the Year of Our Lord,
Nineteen Hundred and Ninety – Four.

(SGD.) FIDEL V. RAMOS

By the President:

TEOFISTO T. GUINGONA, JR.
Executive Secretary