

MEMORANDUM CIRCULAR NO. 166

TO : ALL DOMESTIC SHIPPING COMPANIES AND OTHER MARITIME CONCERNED

SUBJECT : RULES ON THE UTILIZATION OF DOMESTIC SHIPS IN OVERSEAS TRADE/OPERATION.

Pursuant to the provisions of Presidential Decree No. 474 and Executive Order 125, as amended and in recognition of the need for Philippine-registered ships to maximize their operation and to enable them to compete globally, the following rules shall govern the utilization of domestic ships in the overseas trade/operation:

I. COVERAGE:

This rule shall apply to all Philippine-registered ships documented for domestic trade as follows:

1. Ships that shall engage in the Brunei-Indonesia-Malaysia-Philippines (BIMP)-East Asean Growth Area (EAGA);
2. Ships that shall engage in liner operations which include foreign ports in their trading routes; and
3. Ships that shall engage in overseas trading occasionally.

II. GENERAL PROVISIONS:

Philippine-registered ships documented for domestic operation may be allowed to engage in overseas trading provided that a Special Permit is secured from and issued by the Maritime Industry Authority (MARINA);

III. SPECIFIC PROVISIONS

1. Only those ships classed by a government-recognized classification society may be granted a Special Permit, except wooden-hulled ships which are engaged in barter trading/border crossings between the specially designated points in the southern provinces of Mindanao and Palawan;
2. The crew shall possess proper certificates appropriate to their positions and in accordance with the International Convention on Standards of training, certification and Watchkeeping (STCW) for seafarers 1978, as amended;
3. The ship shall at all times during its overseas operation be under the full management and operational control of the Filipino owner/operator and manned completely by Filipinos;
4. Only lawful cargoes shall be carried on board the ship and it shall be the duty and responsibility of the owner/operator to make sure that such cargoes have all the

necessary documents and clearance/approvals required by appropriate government agencies;

5. A ship with passenger accommodations may be allowed to carry passengers, whether paying or non-paying, up to the maximum authorized capacity;
6. The ship shall, at all times during its overseas operations, have valid international trading certificates and safety documents;
7. The Special Permit issued to ships falling under Paragraph I.3 shall, upon revision to domestic trade be, considered automatically revoked. Notice of such reversion shall be submitted to MARINA;
8. In the case of a bareboat chartered ship, the grant of Special permit shall be conditioned on its being utilized in the domestic trade for an aggregate period equivalent to one half (1/2) of the bareboat charter period as approved by MARINA; and
9. A ship that will be utilized in the Easy ASEAN Growth Area (EAGA) pursuant to this Circular shall not be covered by the immediately preceding provision.

IV. DURATION AND VALIDITY OF THE PERMIT

The Special Permit shall be valid for the period requested by the company/applicant, which shall not be more than ONE (1) YEAR, renewable for the same period.

V. COMPLIANCE WITH DOMESTIC REQUIREMENTS

While the ships are operating in the domestic trade, the terms and conditions prescribed in the Provisional authority (PA)/Certificate of Public Convenience (CPC) shall be strictly complied with.

VI. DOCUMENTARY REQUIREMENTS

The following documents shall be submitted to warrant the issuance of a Special permit:

1. Letter of intent signed by the Chief Executive Officer or the Chief Operating officer of the applicant-company/enterprise indicating the name of the vessel, its authority to operate (CPC/PA/SP) in the domestic trade and the validity thereof, period requested and intended of overseas operation;
2. Ship documents, as applicable namely:
 - a. Cargo Ship Safety Equipment Certificate (CSSEC);
 - b. Cargo Ship safety Construction Certificate (CSSCC);
 - c. Cargo ship Safety Radio (CSSSR)/Telephony Certificate (TC);
 - d. International Oil Pollution Prevention Certificate (IOPP);
 - e. International Load Line Certificate (ILLC);
 - f. International Tonnage certificate (ITC);
 - g. Exemption Certificate;
 - h. Manning Certificate (MC);
 - i. Passenger Ship Safety Certificate;

- j. Document of Compliance (DOC) and safety Management Certificate (SMC);
 - k. Cargo securing Manual;
 - l. Global Maritime Distress Safety system (GMDSS);
 - m. Certificate of Fitness;
- 3. Crew list; and
 - 4. Photocopy of STCW certificates of the crew.

VII. FEES

A non-refundable processing fee shall be charge by MARINA in accordance with the following schedule:

a. TRAMPING OPEARTION

<u>Duration of Special Permit</u>	<u>Amount</u>
Three (3) months or less	P 5,000.00
Over three (3) months but not More then six (6) months	P10,000.00
Over six (6) months	P15,000.00

b. LINER OPERATION

<u>Duration of Special Permit</u>	<u>Amount</u>
Six (6) months or less	P 25,000.00
Over six (6) months but not Exceed one (1) year	P40,000.00

VIII. VIOLATIONS

Any violation of the requirements/conditions of the Special Permit or any provision of this Circular shall be subject to the following sanctions:

Offense	1st Violation	2nd Violation	3rd & Succeeding Violation
1. Operating without a Special Permit	P3,000/day of operation but not to exceed P36,000.00 + warning	P5,000.00/day of operation but not to exceed P40,000.00 + non-issuance of Permit for one (1) year	P50,000.00 + ban from being issued a Permit
1. Violation of any of the conditions specified in the Special Permit	P3,000.00/condition +warning	P4,000.00/condition but not to exceed P40,000.00 + non-issuance of Permit for (1) one year	P5,000.00/condition or P50,000.00 + ban from being issued a permit

IX. REPEALING CLAUSE

Memorandum Circular No. 86 as amended, is hereby revoked. Provisions of MARINA Memorandum Circulars inconsistent herewith is modified/amended accordingly.

XIV. EFFECTIVITY:

This Circular shall take effect fifteen (15) days after its publication once in a newspaper of general circulation.

Manila, Philippines, 21 June 2001.

BY AUTHORITY OF THE BOARD:

ATTY. LAMBETO V. PIA
Officer-in-Charge
and
Deputy Administrator for Operations

SECRETARY'S CERTIFICATE

This is to certify that Memorandum Circular No. 166 has been approved in meeting of the MARINA Board held on 13 June 2001.

ATTY. GLORIA V. BANAS
Acting Corporate Board Secretary

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