

MEMORANDUM CIRCULAR NO. 190
Series of 2003

TO : **ALL DOMESTIC SHIPOWNERS/SHIP OPERATORS AND ALL CONCERNED**

SUBJECT : **RULES ON THE PROGRESSIVE/GRADUAL PHASE OUT OF WOODEN-HULLED SHIPS IN THE DOMESTIC TRADE**

Pursuant to Presidential Decree No. 474, E.O. 125, as amended, and Flag State Administration Advisory No.43, the following rules are hereby prescribed:

I. OBJECTIVES:

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

II. COVERAGE:

This Memorandum Circular shall cover all Philippine-registered wooden-hulled ships in the domestic trade except:

1. Those below 3 GT and other motor bancas belonging to the 3-35 GT ship's size category trading within protected waters;
2. Those ships which are solely or exclusively utilized in DOT-identified tourist destinations provided that their travel time from port-to-port shall not exceed one (1) hour and that they shall operate only in partly protected waters (cruising only); and,
3. Fishing vessels.

III. GENERAL PROVISIONS:

1. The operation of **existing** wooden-hulled ships shall be gradually phased out, except those mentioned under **Rule 1** hereof.

2. The continued operation of **existing** wooden-hulled ships covered under this Circular shall be allowed subject to compliance with the additional safety requirements as outlined in **Rule IV** below.
3. The Administration will issue, within sixty (60) days from effectivity hereof, the standards for wooden-hulled ships which will serve as basis for the development of classification rules.
4. There shall be no approval of ship's plans and/or registration under Philippine flag of new construction, whether locally or abroad and existing unregistered or existing unfranchised wooden-hulled ships, except those mentioned under Rule I and subject further to the restrictions under **Rule VI** below. Likewise, the issuance/extension/renewal of Certificate of Public Convenience (CPC)/Provisional Authority (PA)/Special Permit (SP) to such ships shall no longer be allowed.
5. The entry of wooden-hulled ships in routes already served by steel-hulled, aluminum, fiberglass or any other technologically-improved hull material shall **no longer** be allowed.
6. The continuing training of ship's officers and ratings as prescribed under **Sec. 1.3 of Rule IV** below shall be strictly enforced. Further, the mandatory testing/actual demonstration of skills/competence of such officers and ratings shall be pursued.
7. Fishing vessels shall be strictly prohibited to carry passengers (whether paying or non-paying) and/or to operate for commercial purposes.

IV. SPECIFIC PROHIBITIONS:

1. Wooden-hulled ships may still be allowed to continue their operation until their phase out period only upon compliance with the following additional conditions and service restrictions to the existing safety and documentary requirements under the relevant MARINA Memorandum Circulars, laws, rules and regulations, as follows:

SHIP SIZE CATEGORY (A)	PHASE OUT PERIOD (B)	ADD'L SAFETY CONDITIONS AND SERVICE RESTRICTIONS FOR CONTINUED OPERATION PRIOR TO PHASE OUT (C)
Over 100-500 GT	Three (3) years from effectivity of this Circular	1. Must have passed the re- inspection to be conducted by the PCG using the Wooden- Hulled Ship Inspection Checklist attached as Annex "A" and made an integral part

		<p>of this Circular;</p> <ol style="list-style-type: none"> 2. The minimum competency / license requirement for the Master shall be that of a 2nd Mate with one (1) year actual sea service as Deck Officer and may employ a Major Patron as Deck Officer with Qualification Document Certificate (QDC); 3. Daytime operations only
Over 35-100 GT	Five (5) years from effectivity of this Circular	<ol style="list-style-type: none"> 1. Must have passed the re-inspection to be conducted by the PCG using the Wooden-Hulled Ship Inspection Checklist attached as Annex "A" and made an integral part of this Circular; 2. The minimum competency / license requirement for the Master shall be that of a Major Patron and may employ a Minor Patron as Deck Officer with QDC; and, 3. Daytime operations only in protected/partly-protected waters.
3-35 GT	Seven (7) years from effectivity of this Circular	<ol style="list-style-type: none"> 1. Must have passed the re-inspection to be conducted by the PCG using the Wooden-Hulled Ship Inspection Checklist attached as Annex "A" and made an integral part of this Circular; 2. The minimum competency / license requirement for the Master shall be a Minor Patron/Boat Captain; and, 3. Daytime operations only in protected/partly-protected waters.

The additional safety conditions and service restrictions for continued operation prior to phase out under column (C) above shall be complied with by the shipowner/ship operator not later than sixty (60) days from effectivity of this Circular.

2. The upgraded minimum competency/license requirement for Masters as prescribed above for each ship size category shall likewise apply to steel-hulled ships.
3. The continued operation of wooden-hulled ships below 3GT and other motor bancas belonging to the 3-35 GT ship size category shall, however, be subject to the following additional conditions:
 - a. The ship must have passed the re-inspection to be conducted by the PCG using the appropriate Ship Inspection Checklist (Annex "A");
 - b. The minimum competency/license requirement for the Master shall be a Boat Captain; and,
 - c. Daytime operations only within protected waters.
4. Only ship's officers and ratings with valid Seafarer's Identification and Record Book (SIRB) and Qualification Document Certificate (QDC) or 1995 STCW Certificate shall be allowed to serve on board. Further, said officers and ratings must submit proof of completion of the following recurrency and other training programs, as applicable:
 - 4.1. Safe Navigation and Collision Regulation
 - 4.2. Crowd/Crisis Management and Behavior Training for Personnel Serving Onboard Domestic Passenger Ships
 - 4.3. Deck Watchkeeping in the Domestic Trade
 - 4.4. Engine Watchkeeping in the Domestic Trade
 - 4.5. Prevention and Control of HIV-AIDS, Alcohol and Drug Abuse in the Maritime Sector
 - 4.6. Radio Telephony Communications and Radar Operation and Plotting for Major/Minor Patron engaged in the Domestic trade
 - 4.7. Ship Cargo Handling and Stability
 - 4.8. Ship/Company Security
5. All valid and existing CPCs/PAs/SPs issued to wooden-hulled ships are hereby ordered amended or modified accordingly by the above provisions. For this purpose, the Original Copy of the CPC/PA/SP shall be surrendered to the MARINA prior to the issuance of the amended certificates.

V. COMPUTATION OF CPC VALIDITY:

1. Prior to determining the CPC validity of affected wooden-hulled ships, the ship's age shall be deducted from the maximum economic life of such ship to arrive at the remaining economic life. The maximum economic life of a wooden-hulled ship, except motor bancas, is twenty (20) years.

2. The CPC validity shall be equal to the ship's remaining economic life if its phase out period is longer than or equal to the ship's remaining economic life.
3. If the ship's remaining economic life is longer than its phase out period, the CPC validity shall be equivalent to its phase out period.
4. No CPC shall be issued if the ship has already reached its maximum economic life.
5. In no case shall the CPC validity exceed the phase out period of the affected wooden-hulled ship.
6. The CPC validity of motor bancas shall be equivalent to two (2) years per issuance or maximum of eight (8) years in four (4) issuances.

VI. TRANSITORY PROVISIONS:

1. Subject to compliance with the additional safety conditions and service restrictions for operation prior to phase out under Rule IV hereof, existing operators of wooden-hulled passenger and/or cargo ships may be allowed to continue in operation provided that:
 - 1.1 There are no alternative passenger and/or cargo shipping services provided in the route/s presently served by them until the entry of new operators therein with more modern or technologically advanced shipping services that can adequately provide the required service or serve as an improvement over the existing ships operating therein, either in terms of age, size, capacity, hull material or other technical features. The instances allowing the entry of new operators in routes already served by existing operators as prescribed in Sec.IV.3.c of Memorandum Circular No. 161 and its subsequent amendments, including all relevant provisions thereof, are hereby incorporated herewith; or, there is absence of facilities for steel-hulled ships and/or there are natural and/or physical limitations of the ports served until such time that the said port limitations are addressed.
2. Wooden-hulled ships which are 75% newly-built or completed, repaired or rehabilitated or converted/alterd as of the effectivity of this Circular, whose ship's plans were previously approved by the MARINA, may still be allowed to be registered under Philippine flag and subsequently qualified for issuance of CPC/PA/SP. The MARINA shall require the presentation of proof of such 75% completion/rehabilitation/conversion/alteration subject to actual inspection and/or verification thereof. It is understood, however, that the same ships shall still be subject to the phase out period as prescribed under **Rule IV** hereof.

VII. INSTITUTIONAL SUPPORT MECHANISMS:

1. Within three (3) months from date hereof, the MARINA shall, in close coordination with the Development Bank of the Philippines (DBP) and the Board of Investments (BOI), develop the appropriate and affordable financing scheme and incentives for the acquisition of replacement ships by existing wooden-hulled operators.
2. Within six (6) months from date hereof, the MARINA shall develop a standard ship design and alternative boat-building technology (steel, fiberglass, aluminum, etc) for the replacement of such wooden-hulled ships.

VIII. SANCTIONS AND PENALTIES:

Following the summary administrative procedure under Memorandum Circular No. 74-A, the applicable fines and penalties under Memorandum Circular No. 120, and its subsequent amendments, shall be imposed on the shipowner/ship operator who have found to have committed any violation of this Circular.

IX. REPEALING CLAUSE:

The Minimum Safe Manning Scale for steel-hulled ships under Rule VI of MARINA Memorandum Circular No. 148 is hereby amended/modified accordingly. All other issuances, rules and regulations, Circulars, Orders and Decisions inconsistent with this Circular are hereby amended/modified accordingly.

X. SEPARABILITY CLAUSE:

Should any provision or part of this Circular be declared by the competent authority to be invalid and unconstitutional, the remaining provisions or parts thereof shall remain in full force and effect and shall continue to be valid and effective.

XI. EFFECTIVITY CLAUSE:

This Memorandum Circular shall take effect immediately upon its publication once in a newspaper of general circulation in the Philippines.

Manila, Philippines, 11 August 2003.

BY AUTHORITY OF THE BOARD:

(Sgd.) ATTY. OSCAR M. SEVILLA
Administrator

SECRETARY'S CERTIFICATE

This is to certify that Memorandum Circular No. **190** was approved during the Special Meeting of the MARINA Board held on 11 August 2003.

(Sgd.) ATTY. GLORIA J. VICTORIA-BANAS
Director II/CESO V
Franchising Office and Corporate Board Secretary

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