



MARITIME INDUSTRY AUTHORITY

PANGASIWAAN NG KALAKALANG PANDAGAT

<http://www.marina.gov.ph>

MARINA CIRCULAR No. 2015-04

Series of 2015

TO : ALL DOMESTIC SHIPOWNERS OR OPERATORS AND ALL CONCERNED

SUBJECT : RULES AND REGULATIONS TO IMPLEMENT EXECUTIVE ORDER 909 ENTITLED "ENCOURAGING INVESTMENTS IN NEWLY CONSTRUCTED SHIPS OR BRAND NEW VESSELS IN THE DOMESTIC SHIPPING INDUSTRY BY PROVIDING INCENTIVES THEREFOR"

Pursuant to Executive Order No. 909 issued on 29 June 2010, Presidential Decree No. 474, Executive Order Nos. 125/125-A, Republic Act No. 9295 and its Revised Implementing Rules and Regulations (R-IRR), the following rules and regulations are hereby adopted:

I. OBJECTIVES

1. To provide rules and regulations in the grant of "Pioneer Status" and the availment of corresponding incentives for domestic shipowners/ operators;
2. To provide scheme that will encourage the modernization/ improvement and upgrading of existing domestic merchant fleet; and
3. To encourage the introduction of internationally-classed brand new or newly constructed vessels in the domestic shipping industry that will bring about safer and more efficient sea transport and improved quality of services.

II. COVERAGE

This Circular shall apply to all domestic shipowners or operators intending to invest in an IACS classed brand new or newly constructed ships in the domestic shipping industry for the purpose of transporting passengers, cargoes or fuel/ oil products into the domestic water.

III. DEFINITION OF TERMS

For purposes of this Circular, the following terms are defined:

1. **"Certificate of Public Convenience"** refers to the license or authority issued by MARINA to a domestic ship operator to engage in domestic shipping.
2. **"Classed Ships"** refer to ships that are designed, constructed and/ or maintained in accordance with the rules and standards of a MARINA-recognized IACS classification society.

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3. **"Domestic Shipping"** refers to the transport of passengers or cargo, or both, by ships duly registered and licensed under Philippine laws to engage in trade and commerce between and among Philippine ports and within Philippine territorial or internal waters, for hire or compensation, with general or limited clientele, whether permanent, occasional or incidental, with or without fixed routes, and done for contractual or commercial purposes.
4. **"Domestic Ship Operator" or "Domestic Shipowner"** may be used interchangeably and refers to a citizen of the Philippines, or a commercial partnership wholly owned by Filipinos, or a corporation of at least sixty percent (60%) of the capital of which is owned by Filipinos, which is duly authorized by the Maritime Industry Authority (MARINA) to engage in the business of domestic shipping.
5. **"IACS"** refers to the MARINA-recognized International Association of Classification Societies.
6. **"Liner Service"** refers to the operation of a domestic ship operator which publicly offers its service without discrimination for the carriage of passengers and/or cargoes, has regular ports of call or destination and fixed sailing schedules and frequencies.
7. **"MARINA"** refers to the Maritime Industry Authority.
8. **"New Ship"** refers to a brand new or newly-constructed ship for which the building contract is placed or in the absence of a building contract, the keel of which is laid.
9. **"Pioneer Status"** refers to the status or classification or category granted to domestic shipowners/ operators who will introduce IACS-classed brand new or newly constructed ships in their authorized or applied routes with corresponding benefits and privileges appurtenant thereto.
10. **"Tramp Service"** refers to the operation of a cargo which mostly does not run in any regular line but takes cargo wherever the shippers desire, is hired on a contractual basis, or chartered by any one or few shippers, under mutually agreed terms and usually carries full cargoes or bulk commodities.

IV. GENERAL PROVISIONS

1. New and existing domestic shipowners/operators who will introduce IACS classed brand new or newly constructed ships in their respective authorized or applied routes may be granted "Pioneer Status."
2. Domestic shipowners/operators shall file their applications for the grant of incentives under EO 909 at the Domestic Shipping Service, MARINA Central Office (MCO) or the MARINA Regional Office (MRO) where their principal office is located.
3. Qualified applicants for the grant of incentives under EO 909 shall be issued Letter-Approval by the MARINA Administrator and entitled to such incentives under Item VI of this Circular

4. A domestic shipowner/ operator who had been granted incentives under EO 909 under this Circular shall be required to apply for the issuance of the pertinent Certificate of Public Convenience (CPC).

V. SPECIFIC PROVISIONS

1. A domestic shipowner/operator may propose to operate in a route with or without existing service.
2. When MARINA determines that a route is in need of additional bottoms, the grantee of the "Pioneer Status" should be given the opportunity to add ships to fill the demand, without prejudice to applications by shipowners/operators offering IACS classed brand new or newly constructed vessels.
3. Domestic shipowners or operators may be allowed to temporarily replace their vessel in the route under the "Pioneer Status" in case of accidents and drydocking, provided they replace the vessel with an IACS-classed vessel of the same size and type which shall assume the remaining period of protection granted to the original ship. However, if the shipowner/ operator fails to replace the original ship within two (2) months, such "Pioneer Status" shall be revoked/ cancelled in the said route.
4. Domestic shipowners or operators shall inform MARINA on the replacement, stoppage of operation, transfer of route or any changes in the granted "Pioneer Status".
5. In case of vessels acquired through bareboat charter under PD No. 760, as amended, the incentives granted under EO 909 shall be co-terminus with the bareboat charter contract approved by MARINA but not to exceed six (6) years.

VI. INCENTIVES

The following incentives under EO 909 are hereby given to domestic shipowners or operators operating as "Liner" or "Tramper", whichever is applicable, for a period of six (6) years; to wit:

1. Protection of Investment and/ or Route Protection (For "Liner" Only)

For purposes of recovering its investment, the domestic shipowner or operator granted "Pioneer Status" shall be given protection of investment for a period of six (6) years by imposing a moratorium on the deployment of additional vessels or not allowing other vessels to ply in the applied link/ route, subject to Sec. V.2 above.

2. Priority in the Issuance of Certificate of Public Convenience (CPC)

Domestic shipowners/ operators granted "Pioneer Status" shall likewise be given priority in the issuance of CPC by MARINA in the route it proposes to operate whether said route has an existing ship operator or not.

MARINA shall, promptly and without delay, issue all request for issuance of ship documents, certificates, and licenses within ten (10) working days provided the shipowner or operator has complied and submitted all the required documentary requirements.

3. Fees and Charges

Domestic shipowners or operators granted Pioneer Status shall only be charged fifty percent (50%) of the regular fees in all applications and renewals of ship documents, licenses, certificates and permits.

4. Drydocking of Vessels

All provisions on drydocking of classed vessels shall comply with the drydocking schedule required by the Authority.

5. Provision for Special Ramp/ Berth Facility

Special ramp or berthing facility in any port shall be made available to IACS classed brand new or newly constructed ships under EO 909 subject to existing policies of the Port Authorities.

VII. QUALIFICATION REQUIREMENTS:

- The vessel must be:
 1. Classed by an IACS member;
 2. Brand new or newly-constructed either abroad or built locally by a MARINA-licensed shipyard;
 3. Appropriate and suitable to the weather and sea conditions of the area where it will operate
 4. Covered by a Certificate of Philippine Registry (CPR) and Certificate of Ownership (CO) under MARINA Circular No. 2013-02
 5. Owned and operated by a domestic shipowner/operator and fully-manned by qualified Filipino officers and crew
- The domestic shipowner or operator must be a duly accredited maritime entity in accordance with MARINA Circular No. 2006-03 and its subsequent amendments.

VIII. DOCUMENTARY REQUIREMENTS:

The following documentary requirements shall be submitted, as applicable:

1. Letter of Intent/ Application addressed to the MARINA Administrator
2. Copy of valid MARINA Accreditation Certificate as a domestic shipowner or operator under MARINA Circular No. 2006-003 and its subsequent amendments
3. IACS classed certificate and other applicable safety certificates
4. Certificate of Ownership (CO) and Certificate of Philippine Registry (CPR)
5. Proof of payment of processing fee of P20,000.00 per ship

IX. CANCELLATION/ REVOCATION OF "PIONEER STATUS" AND ITS INCENTIVES

The existence of any of the following shall constitute grounds for cancellation or revocation of the "Pioneer Status" and its incentives:

1. Failure to deploy a ship within six months from grant of the "Pioneer Status"; or
2. Any unauthorized suspension or withdrawal of service; or
3. Voluntary permanent withdrawal of service within the protection period of six years; or
4. Failure to deploy a suitable replacement vessel in a route covered by the "Pioneer Status" in case of temporary or permanent cessation of service of the original vessel within the period specified by MARINA; or
5. Failure to maintain IACS class; or
6. Any violation of the provisions of this Circular.

X. REPEALING CLAUSE

All existing MARINA Circulars, rules and regulations inconsistent herewith are hereby amended or modified accordingly.

XI. EFFECTIVITY:

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

MANILA, PHILIPPINES, SEP 07 2015.

BY AUTHORITY OF THE MARINA BOARD:



MAXIMO Q. MEJIA JR., PhD
Administrator

SECRETARY'S CERTIFICATE

This is to certify that MARINA Circular No. 2015-04 was approved during the Regular Meeting of the Maritime Industry Authority Board held on SEP 07 2015.



ATTY. VIRGILIO B. CALAG
Corporate Board Secretary