

MEMORANDUM CIRCULAR NO. 26(A)

TO : ALL SHIPPING COMPANIES, SHIPOWNERS AND SHIPOPERS

SUBJECT : GUIDELINES ON THE SALE OR TRANSFER OF COASTWISE VESSEL(S) AND/OR FRANCHISE(S) (RATIONALIZATION OF INTER-ISLAND SHIPPING OPERATIONS)

Pursuant to Section 20 (I) of the Public Service Act and the MARINA-BOT Memorandum of Agreement dated February 26, 1982 and in order to protect the interest of existing operators and to stabilize domestic shipping operations, the sale or transfer of coastwise vessel (s) and/or franchise(s) shall be made in accordance with the following guidelines:

1. Prior to the actual sale or transfer of a coastwise vessel and/or its franchise, the seller shall inform the Maritime Industry Authority and the Board of Transportation of his intention by appropriate written notice which shall include the following: the name and the address of the proposed buyer; the proposed selling price; the particulars of the vessel and/or franchise, as the case may be; and the consequential replacement of vessel, re-routing, redeployment or other changes, as the case may be.
2. The sale or transfer of the vessel and/or franchise shall be based on just and reasonable grounds and shall not be the prejudice or detriment of public interest.
3. The sale or transfer of a franchise is subject to the following requirements:
 - a. the proposed buyer must be a citizen of the Philippines or a corporation, partnership, association or entity constituted and organized under the laws of the Philippines at least sixty per centum of the stock or paid-up capital of which belongs entirely to citizens of the Philippines;
 - b. the proposed buyer must be financially capable of undertaking the proposed service and meeting the responsibilities incident to its operation.
4. If the seller of a franchise is, at the time of application for approval of sale, in violation of any law, regulations or conditions which would warrant

imposition of the penalty of cancellation of its franchise, the proposed sale shall not be approved, the franchise shall be cancelled and the route shall be declared open to new applicants on a first come first serve basis.

This circular shall take effect on 28 November 1983.

VICTORINO A. BASCO
Administrator

Approved:

JOSE P. DANS, JR.
Minister of Transportation and
Communications