

## **MEMORANDUM CIRCULAR NO. 27-B**

**TO : ALL SHIPPING OWNERS , OTHER MARITIME ENTITIES, ALL CONCERNED, EXCEPT FISHING COMPANIES**

**SUBJECT : GUIDELINES FOR THE ISSUANCE OF TEMPORARY PHILIPPINE REGISTRY UNDER P.D. 866/1711**

Hence forth , the following guidelines shall govern the issuance of temporary certificate of Philippine registry (TCPR) for overseas pursuant to P.D. 866/1711, to wit:

### **I. QUALIFICATION REQUIREMENTS**

1. Only Philippine nationals authorized to engaged in overseas shipping with all other qualification may charter and register any foreign-owned vessel under P.D. 866/1711.
2. Applicant's principal officers , e, President , vice President for operations, General Manager , freight / chartering Manager or there equivalents have at least three (3) years ' experience in both ship and shipping Management.

### **II. PRE-APPROVAL CONDITIONS**

1. The applicant shall have an owners ' equity or paid –up capital of at least P1.5M for the first three (3) chartered vessel shall increase the same to P2.5 M for the charter of additional vessel in excess of three.
2. The applicant may bare boat charter vessels up to at most seven (7) vessels for every owned vessel of at least 5,000 DWT registered permanently under the Philippine flag.
3. In case where the applicant does not own any vessel it may initially Bare boat charter five (5) vessels for a maximum of four (4) years per vessel . the bare boat shall be not be extended beyond the four (4) years maximum unless the applicant acquires at least one (1) of the least 5,000 DWT vessel through the conversion the bare boat charter into a lease –irrevocable purchase financing scheme in which a down payment of at least ten (10) percent is required and no “balloon” payments shall be allowed beyond the first half of the charter period . thenceforth the company may bare boat charter up to seven (7) vessel

provided it has at least one (1) vessel of at least 5,000 DWT under permanent Philippine registry , that is, the ratio of the bare boat chartered tonnage to owned tonnage shall be maintained at maximum 7:1 in terms of numbers of vessel

4. In cases where the applicant owns a vessel to be bare boat chartered and where the vessels are registered under foreign flag it may bare boat charter such vessel without limitations provided that evidence of owners shall be submitted to Marina
5. The vessel shall be classed by a recognized international classification society and shall have the valid continuous machinery survey (CMS) and continuous hull survey (CHS) at the time of application issued by an internationally accredited classification society.
6. The vessel shall be chartered shall in no case be more than 25 years old.
7. The technical, management , financial and economic evaluation of the project shall be favorable . the applicant shall pay a filling fee of P4,000 per vessel .for an application for involving vessels 16 years old and above , the applicant shall pay a filling fee of P, 5000 per vessel . the age of the vessel shall be reckoned from the date of the launching.
8. Pro –forma bare boat (and time charter ) contract shall be in accordance with the international chartering practices

### **III. POST-APPROVAL CONDITIONS**

1. A certification by an internationally accredited classification society and the vessel's class is maintained shall be submitted to Marina not later than thirty (30) days from approval of charter.
2. Copies of all duly extended and authenticated bare boat and time charter party shall be submitted to the Marina not later than thirty (30) days from execution of the document and in no case more than six (6) months from approval of the charter .
3. Copies of the duly executed lease – financing agreements shall be submitted not later than thirty (30) days after the Marina approval of the request.
4. That any and all documents issued to the vessel by the original flag of registry which are on board the possession of the charter er shall be removed from the vessel and surrendered to the Marina for safe keeping within thirty (30) days after registration under Philippine flag .

5. Copies of all shipping articles covering the subject vessel shall be submitted within thirty (30) days from the execution .
6. A colored photograph (in different angles ) showing the place of the registry in the astern portion of the vessel be submitted to the Marina within thirty (30) days after registration under Philippine flag .
7. That the vessel after the registration , shall immediately and at all times during the charter period utilize the Philippine flag and call sign duly authorized by the Philippine coast guard and national telecommunications commission , respectively .
8. A annual economic project performance evaluation report based on Marina –presented format shall likewise be submitted not later than 20 June of the following year.
9. The company shall comply with all laws , rules and regulation pertaining to Philippine flag vessels.

#### **IV. TRANSISTORY**

1. All existing bare boat contracts which have been duly approved by the Marina prior to the date of the effective of this Memorandum circular may not be renewed unless such contracts are in accordance with this Circular. All companies with existing bare boat contracts and which have an owners equity or paid-up capital of less than the required minimum of P1.5 Million or P2.5 Million , as the case may be , shall be given one (1) year from the date of effectivity of this circular to comply with this capitalization requirement.

#### **V. SANCTIONS**

1. Any violation of the aforementioned post-approval conditions shall be meted the corresponding fines , penalties, or forfeitures as follow:
  - A. For the first violation of neglecting or refusing without reasonable cause to comply with or submit any or all of post-approval conditions or other documents, information of data requested by Marina by a fine of not more than P10,000.00.\
  - B. For the second violation , for will full neglect of duty to submit the data mentioned in the proceeding paragraph, by a fine of not more than P20,000.00.

- C. For the continued will full neglect or refusal to submit within the period the foregoing reports , charter parties, or other relevant information and conditions as required by Marina by a fine of not more than P20,000.00/month (or a fraction of a month ) of default or by revoking the approval of the bare boat charter contract or by cancellation of the permanent certificate of Philippine registry (PCPR) of the vessel.
2. For failure to comply the transitory provision requiring a minimum owners ' equity of P1.5 Million or P2.5 Million , by a fine of P20,000.00/ month or a fraction or a month default or by revoking the approval of the bare boat and consequently cancellation of the permanent certificate of the Philippine registry (PCPR) of the vessels.
  3. For violation of other laws , rules and regulations pertaining to the Philippine flag vessels, these shall be meted the same penalties fined provided therein.
  4. For purpose of posing fines , penalties, or for feitures, the Marina through its legal office and the office of overseas shipping shall conduct a hearing to enable the shipping entity to explain the circumstances of the violation . the same offices shall adopt their own rules and procedures provided sufficient notice is given to all parties concerned.
  5. The findings and recommendation of the offices concerned shall be forwarded to the administrator who shall render the decision. Said decision shall become final and executory after the lapse of fifteen (15) days from receipt of decision unless the same is appealed within the said period to the Maritime Industry Authority Board , whose decision shall be final and immediately Executory .

Marina Memorandum circular No. 20 dated 4 September 1979 insofar as it is Not consistent with this circular , shall remain in full force and effect.

This circular shall take effect immediately .

Manila, Philippines, 17 may 1984.

VICTORINO A. BASCO  
Administrator

APPROVED:

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