

MEMORANDUM CIRCULAR NO. 46

TO : ALL OWNERS / OPERATORS OF INTERISLAND LINER VESSELS

SUBJECT : IMPLEMENTING GUIDELINES ON THE RATE INCREASE AND CHANGES IN LEVEL AND STRUCTURE

Pursuant to the Order of the Maritime Industry Board dated 11 May 1989 increasing passage and freight rates and providing for changes in the level and structure of interisland liner shipping rates, the following guidelines for implementation are hereby promulgated.

1. All interisland liner service operators are hereby bound by the following rules and regulations:
 - 1.1 The charging of ad valorem rates is hereby abolished and all commodities currently classed as Ad Valorem shall be classified under Class A or revert to their original classification as per the classification of commodities .
 - 1.2 All commodities are henceforth to be charged the corresponding class rate on a weight or volume basis , whichever is higher .
 - 1.3 A surcharge of 3/10% of the declared value of the commodity shall be imposed in addition to the applicable class rate excluding BASIC commodities.
 - 1.4 The following commodities shall be considered BASIC commodities , namely : rice, palay, corn, corn grits, fruits, vegetables , and livestock .
 - 1.5 The BASIC commodities are hereby reclassified to Class C and shall be known as Class C (BASIC) and shall adopt the Class C rate as of 23 April 1986, as prescribed herein
 - 1.6 The service standards prescribed by the Inter- Island Passenger Service Standards Project for the First , Second , and Third class accommodations is hereby adopted and imposed.

2.1 PASSAGE RATES

<u>Distance in Nautical Miles</u>	PER PASSENGER		
	<u>First Class</u>	<u>Second Class</u>	<u>Third Class</u>
0-100	Unregulated	Unregulated	0.7680
101-300	Unregulated	Unregulated	0.7056
301 and over	Unregulated	Unregulated	0.6434

CONDITIONS

- a. A minimum of 50% of the authorized capacity of the vessel shall be allocated and maintained as Third Class accommodation .
- b. The service standards prescribed by the Inter-Island Passenger Service Standards Project for First , Second , and Third class accommodations shall be complied with.
- c. No increase of more than 22% of the existing rate pegged at their 23 April 1986 levels shall be allowed. In case when the computed fare exceeds the existing rate by more than 22% a maximum allowable increase in the passage rate per route of 22% shall be imposed .
- d. In case where the computed fare is less than the existing passenger fare , the existing 23 April 1986 rate shall be adopted .
- e. In the computation of the passenger rate wherein the computed fare is imposed , the rate for a longer distance than 100 nautical miles, at the lower rate , shall in no case be less than the rate for a shorter distance at the higher rate.

2.2 FREIGHT RATES

<u>Distance in Nautical Miles</u>	<u>Per Revenue- Ton</u>			
	<u>Class A</u>	<u>Class B</u>	<u>Class C</u>	<u>Class D (BASIC)</u>
0-100	80.1113+ (0.6056 x Distance)	64.1200+ (0.4844 x Distance)	52.0629+ (0.3943 x Distance)	48.2249+ (0.3651 x Distance)

101-300	65.9830+ (0.5651 x Distance)	52.7865+ (0.4519 x Distance)	42.9004+ (0.3680 x Distance)	39.7226+ (0.3407 x Distance)
300 and over	51.8549+ (0.5248 x Distance)	41.4998+ (0.4191 x Distance)	33.7161+ (0.3414 x Distance)	31.2186+ (0.3161 x Distance)

CONDITIONS

- a. In the computation of the freight rate , the computed rate shall be considered the official rate; and the rate for a longer distance than 100 nautical miles or 300 nautical miles , at the lower rate for a shorter distance at the higher rate.
- 2.3 The above schedule of rates shall likewise be further subject to the following conditions:
1. That vessels must have passed the Operational Readiness Evaluation (ORE) and complied with SOLAS and other safety requirements to the satisfaction of the Philippine Coast Guard and this Authority before they can charge the foregoing rates.
 2. That operators shall post in conspicuous places at their terminals, booking stations, and other places of transaction the prescribed rates and /or matrices thereof .
 3. That the posted prescribed rates and or matrices shall be certified by this Authority.

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

Manila, Philippines, 12 May 1989

PHILIP S. TUAZON
Administrator

Noted:

ATRURO C. MOJICA
Chairman
Maritime Industry Board