

## **MEMORANDUM CIRCULAR NO. 81**

**TO : ALL INTERISLAND SHIPPING COMPANIES, TANKER OPERATORS AND OTHER RELATED CONCERNED ENTITIES**

**SUBJECT : AMENDED GUIDELINES IN THE ACQUISITION OF ANY TYPE OF VESSELS FOR DOMESTIC TRADE**

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Pursuant to Section 6(b) of Presidential Decree No. 474, Section 12(a) of Executive Orders 125 and 125-A, and in consonance with the present policy of the Government to liberalize/deregulate importations, including those of vessels, as embodied under the Central Bank Circular No. 1347, s.1992 dated 27 July 1992, the following guidelines are hereby adopted:

### **I. OBJECTIVE**

This Memorandum Circular aims to harmonize the policy of this Authority on vessel acquisitions with the national policy on importations, specially CB Circular No. 1347, s. 1992, and consequently, to apprise prospective and existing shipping companies/operators of the basic and general consideration or requirements that shall be taken into account in the acquisition of vessel intended for operations in the domestic trade.

### **II. COVERAGE**

This Circular shall apply to all persons, corporations, firms and entities acquiring vessels of any type for use in the domestic trade, except fishing vessels and tankers which are covered by separate Memorandum Circulars.

### **III. DEFINITION OF TERMS**

1. Acquisition – shall include the importation, bareboat charter, lease – purchase and local construction of a vessel intended to be used as a public utility.
2. Domestic Trade – shall mean the carriage for hire of passengers and/or cargo between various ports and places in the Philippines.
3. Vessel – a general term for all crafts or artificial contrivance capable of floating on water, designed to be used as a means of water transportation utilizing its own motive power or that of others.

4. Conversion – shall include re– engining (replacement) of major propulsion machinery to include major auxiliaries; jumboizing (lengthening) of vessel’s hull; construction of additional deck above the main deck; enlargement, transfer of movement of superstructure; alteration or compartmentation affecting watertight bulkheads; and conversion of spaces into loads for liquids and/or holds for dry cargoes.
5. Age – shall be reckoned from the date of the vessel’s launching vis-a-vis the date of acquisition.
6. Motor Yacht – a small water craft designed to accommodate a limited number of passengers and used exclusively for pleasure, tourism or commerce.
7. Tugboat – a mechanically propelled vessel of small tonnage with little or no cargo capacity, used for towing or pushing to assist vessels at sea, in or out of harbors, rivers and docks, and also for coastal or harbor towage of barges, lighters and other small craft.
8. Lighter – a dumb barge without its own mechanical means of propulsion.
9. Barge – a general name given to a flat – bottomed, rigged or unrigged craft of full body and heavy construction (built of wood, iron, steel or concrete), especially adapted for the transportation of bulky freight such as coal or lumber, sand, stone, oil, etc. Some types trade solely on rivers and canal but a great number are built and equipped for short – distance coastwise traffic.
10. Tankers – a vessel especially designed and constructed for the carriage of fluid cargoes in bulk. The vessel’s holds are subdivide by longitudinal and transverse bulkheads so that each compartment forms a separate tank.

#### **IV. GENERAL GUIDELINE**

Henceforth, vessels of any age and size, provided the same are not wooden-hulled, shall be allowed for importation, bareboat charter, lease-purchase or lease-irrevocable purchase by a domestic shipping company/operator duly accredited under MARINA Memorandum Circular No. 9 or its subsequent registration/accreditation rules and regulations.

For vessel acquisitions through local construction, wooden-hulled vessels shall be allowed.

## V. SPECIAL REQUIREMENTS

### 1. Classification

All vessels to be acquired, shall be classed by an international or local classification society recognized by the government except:

- 1.1 tugboats, and lighters
- 1.2 motor yachts for personal use
- 1.3 wooden – hulled vessel's including motor bancas

All vessels required to be classed shall be maintained to class during their operations in the domestic trade, and class report of surveys shall be periodically submitted to this Authority.

### 2. Insurance

- 1.1 All vessels carrying passengers shall be required to secure compulsory insurance coverage of P50,000/passenger.
- 1.2 Tankers and barges hauling petroleum products shall be covered by Protection and Indemnity Clubs (P & I) and Tanker Owners Voluntary Agreement Concerning Liability for Oil Pollution (TOVALOP) or its equivalent against oil/marine pollution risks in the amount equivalent to US\$300 million if the tanker/barge has 700,000 liters or more capacity, or US\$10 million if the tanker/barge has less than 700,000 liters capacity.
- 1.3 Chemical/ Liquefied Petroleum Gas (LPG) and Liquefied Natural Gas (LNG) tankers shall be covered against third party liability in the amount equivalent to US\$2 million to be secured from a recognized insurance company/ies, Protection Indemnity (P & I) clubs, or their equivalent.

### 3. Authority to Operate

All vessels, except tugboats and lighters, shall secure from the MARINA an Authority in the form of a Provisional Authority (PA) or Certificate of Public Convenience (CPC) prior to the vessels' operation in the inter – island trade.

4. Conversion

Any conversion of a vessel acquired during the effectivity of this Circular shall require prior MARINA approval.

5. Sale/Transfer

Any and all subsequent sale/transfer of a vessel acquired under this Circular shall require prior MARINA approval.

**VI. REPEALING CLAUSE**

Henceforth, MARINA Memorandum Circular Nos. 17, 22, 25 and 25-D, are hereby repealed accordingly.

The Guidelines on Meritorious Cases for inter-island shipping projects under Memorandum Circular No. 25-D is also hereby repealed.

**VII. EFFECTIVITY**

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

08 November 1993, Manila, Philippines.

PACIENCIO M. BALBON, JR.  
Administrator

**SECRETARY'S CERTIFICATE**

This is to certify that MEMORANDUM CIRCULAR NO. 81 has been approved during 117<sup>th</sup> Regular Meeting of the Maritime Industry Board on 05 Nov 1993, with subsequent amendment on its coverage as duly approved in a Resolution adopted by the Board.

EMERSON M. LORENZO  
Corporate Board Secretary