MEMORANDUM CIRCULAR NO. SR-2019-02
SERIES OF 2019

TO : ALL SHIP/BOAT OWNERS/OPERATORS, SHIP/BOAT BUILDERS/REPAIRERS, AFLOAT SHIP REPAIRERS AND ALL OTHER CONCERNED ENTITIES

SUBJECT : REVISED RULES AND REGULATIONS TO GOVERN ENTITIES WITHOUT DRY-DOCKING FACILITIES ENGAGED OR INTENDING TO ENGAGE IN AFLOAT SHIP REPAIR IN THE PHILIPPINES

Pursuant to Presidential Decree No. 474, Presidential Decree No. 1059 and its Implementing Rules and Regulations, Executive Order Nos. 125/125-A, and Republic Act 9295 and its Implementing Rules and Regulations, the following rules and regulations are hereby adopted and prescribed:

SECTION I. OBJECTIVE

To provide standard requirements and guidelines for the licensing and operation of entities without dry-docking facilities engaged or intending to engage in afloat ship repairs in the Philippines.

SECTION II. COVERAGE

These rules and regulations shall cover all entities without dry-docking facilities engaged or intending to engage in afloat ship repair in the Philippines.

SECTION III. DEFINITION OF TERMS

1. “Administration” refers to the Maritime Industry Authority (MARINA).

2. “Afloat” refers to a ship/boat while at sea voyage, at anchorage or at berth not dry-docked, aground or beached.

3. “Afloat Ship Repairer” refers to an entity without dry-docking facility that undertakes repairs onboard a ship while at sea voyage, at anchorage or at berth which will not require dry-docking/ shipyard service, subject to ship safety procedures.

4. “Annual Endorsement” refers to the endorsement of License Certificate after an inspection has been conducted for the purpose of ensuring continuous compliance with MARINA rules and regulations.

5. “License Certificate” refers to the document issued by the Administration to a qualified afloat ship repairer to engage in ship repair in accordance with this Circular.

6. “Dry-docking” refers to the condition in which a ship is taken out of the water for cleaning and/or repair of its hull and other integral parts.
7. “Entity” refers to a sole proprietorship, partnership, cooperative, association or corporation, duly registered with the MARINA and other appropriate government agency.

8. “Emergency Ship Repair” refers to a repair work done on a ship which may either be major or minor repair.

9. “Machine Shop/ Marine Repair Shop” refers to an area owned or leased by an afloat ship repairer for the purpose of maintenance/ repair/ fabrication of ship/boat’s machineries, equipment or parts that will not require dry-docking/ shipyard/ boat yard service.

10. “Major Ship Repair” refers to large scale repair works and maintenance services performed only in the shipyard’s dry-docking facility such as hull and superstructure refitting, retrofitting, overhauling of machineries, propulsion systems and equipment, conversion, modification, alteration and rebuilding of ships that will greatly affect the hull integrity and stability of the vessel.

11. “Minor Ship Repair” refers to small scale repair works and maintenance services done on board a vessel while on sea voyage, afloat, or during dry-dock such as planned maintenance, simple breakdown repair, spare parts & component replacement, routine maintenance, tank cleaning, superstructure carpentry works that will support the normal operation of the vessel.

12. “Qualification Inspection” refers to an inspection conducted by the Administration to verify and validate the compliance of the afloat ship repairer to all the requirements and conditions prescribed by this circular prior to the issuance license.

13. “Scope of Work” refers to the description of specific works, as prescribed by the Administration, to be conducted onboard a ship while afloat and outside a dry-docking facility.

14. “Service Contractor” refers to entities subcontracted by a MARINA-Registered/ Licensed Shipyards that undertakes repair activity above waterline of the ship such as overhaul, refurbishment, renovation, improvement, or alteration of the hull, engine and machineries, superstructure carpentry, electrical equipment and other components, including lifesaving and safety, communication, navigational and electronics equipment on ships.

15. “Ship” or “Vessel” refers to any craft or artificial contrivance capable of floating on water, designed to be used or capable of being used as a means of transportation utilizing its own motive power or that of others.

16. “Ship repair” shall mean the overhaul, refurbishment, renovation, improvement, or alteration of the hull, machineries, equipment, outfits and components of all types of ships.

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1 Refer to RA 9295 Definition of Terms
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17. “Shipyard” refers to the shipbuilding or repair facilities which have the capability to lift vessels above waterline in order to effect ship work on vessels, appendages, structure, machinery and equipment.⁴

SECTION IV. GENERAL PROVISIONS

1. All entities engaged or intending to engage in afloat ship repair activities covered by this Circular must be properly licensed and issued a License Certificate.

2. All afloat ship repairers shall be inspected prior to its issuance, endorsement or renewal of License Certificate and must be highly capable to undertake the activities accorded to its issued license.

3. MARINA-licensed Afloat Ship Repairer shall only undertake ship repairs on board a ship while afloat and outside a dry-docking facility within the territorial jurisdiction of the Philippines.

4. The name of entity for afloat ship repairer shall reflect the nature of operation of the business as afloat ship repair covered by this Circular and as one of the primary purpose(s) stated in their: DTI Certificate of registration for Single Proprietorship; SEC Articles of Incorporation for Partnership and Corporation; and, CDA Articles of Cooperation.

5. MARINA-licensed Afloat Ship Repairer/Service Contractor contracted by a Shipyard/boat builder to undertake works/activities within the facility of the latter shall be governed by the shipyard policies and relevant existing MARINA Circulars.

6. All MARINA-licensed Afloat Ship Repairers shall have a documented quality, health and safety, and environmental management system verified by the Administration based on standards to be developed by the Administration, concerned government agencies and its recognized industry partners/ associations.

7. MARINA-licensed Afloat Ship Repairer shall ONLY CONDUCT MINOR REPAIRS AND MAINTENANCE of a ship as classified under Section V.1.1.1.

8. Any major repairs that needs dry-docking shall only be undertaken by a MARINA-registered/ licensed SBSR entity.

9. All MARINA-licensed Afloat Ship Repairers shall conform to relevant environmental standards particularly taking measures to prevent, reduce or control pollution of the marine environment in accordance with relevant International Maritime Organization (IMO) instruments and national laws, rules and regulations.

10. All MARINA-licensed Afloat Ship Repairers shall promote and observe gender equality and women empowerment principles in the workplace in support of the Gender and Development program of MARINA and as mandated by the Republic Act 9710 or the Magna Carta of Women Sec. 22. Right to Decent Work and its Implementing Rules and Regulations Sec. 25. Right to Decent Work.

⁴ Refer to RA 9295 Definition of Terms
SECTION V. MINIMUM QUALIFICATION REQUIREMENTS

1. Operation Requirements

1.1 The scope of operations of an Afloat Ship Repairer is based on the following minor ship repair work/s:
   - Mechanical Repair and Maintenance;
   - Heating, Ventilation and Air Conditioning (HVAC) Works;
   - Electrical Repair and Maintenance;
   - Cleaning of tanks and underwater hull;
   - Underwater welding for emergency repairs;
   - Machine shop works;
   - Supply and Installation of ship’s equipment only;
   - Navigational, fire control system and other ship control systems; and,
   - Superstructure carpentry and painting works.

1.2 The Entity must have at least a machine/marine repair shop with a minimum of thirty (30) square meters area. If leased, Lease Contract shall be valid for at least one (1) year from the date of issuance/endorsement/renewal of License Certificate.

1.3 The Entity must have a minimum capitalization of P500,000.00.

2. Staffing Requirements

2.1 Management/Technical Skills Competence

For Technical/Operations Manager, the ASR must have sufficient formal related educational background/training in ship repair & maintenance operations.

For Skilled Workers, the ASR must have sufficient formal related trade or skills training (as certified by educational institutions, classification societies, TESDA, DOLE, etc.), or proven experienced of at least 3 years in ship repair and maintenance.

2.2 Minimum Number of Workers

For Technical, at least one (1) of any of the following designated technical personnel and a designated safety officer:
   - Naval Architect
   - Marine Engineer
   - Mechanical Engineer
   - Electrical Engineer
   - Other related technical field

For Skilled Workers, at least four (4) of any of the following designated skilled personnel and a designated quality control officer:
   - Welder/Cutter
   - Pipe Fitter
   - Carpenter
• Electrician
• Machinist
• Ship Mechanics
• Other related skills

2.3 Machineries and Equipment Requirements

At least three (3) of the following (depending on the nature of the repair activities under this Circular):

• Welding Machine
• Portable Cutting Outfit
• Precision Machine
• Grinding Machine
• Blowers
• Multi-gas Detector
• Others

SECTION VI. DOCUMENTARY REQUIREMENTS

1. ISSUANCE

1.1. Letter of application
1.2. Certificate of Registration (e.g. SEC, DTI, CDA)
1.3. Alien Employment Permit issued by DOLE or BID (For Foreign National)
1.4. Proof of employment and Bio-data of Technical and Skilled Personnel
1.5. Proof of Trainings for Management, technical and skilled personnel
1.6. List/ Inventory of the machineries/equipment/tools
1.7. Valid Mayor’s Permit or PEZA Certification including Fire Safety Inspection Certification from BFP or equivalent
1.8. Copy of Occupational Safety & Health (OSH) accreditation/ DOLE Certification.
1.9. Duly accomplished Data Sheet prescribed by the Administration

2. RENEWAL

2.1. Letter of application
2.2. Valid Mayor’s Permit or PEZA Certification including Fire Safety Inspection Certification from BFP or equivalent
2.3. Latest Financial Statement stamped received by BIR
2.4. Duly accomplished Data Sheet prescribed by the Administration
2.5. Original License

3. ANNUAL ENDORSEMENT

3.1. Letter of application
3.2. Copy of original License
3.3. Duly accomplished Data Sheet prescribed by the Administration.
3.4. Latest Financial Statement stamped received by BIR

SECTION VII. VALIDITY OF CERTIFICATE

1. The License Certificate shall be valid for a period of five (5) years subject to annual endorsement unless revoked/ cancelled.
2. Renewal or endorsement date of the License Certificate, upon compliance of this Circular, shall be dated and valid from the next day of its expiration or anniversary.

3. License Certificate not endorsed or renewed after the date of endorsement/renewal is considered invalid.

SECTION VIII. CONDITIONS AND OBLIGATIONS ATTENDANT TO THE LICENSE ISSUED:

1. The license is non-transferable.

2. The original License Certificate shall be displayed in a conspicuous place in the main office and certified true copy of the certificate shall be posted at its place of business.

3. A MARINA-licensed Afloat Ship Repairer intending to withdraw or temporarily suspend its business operations is required to submit written notice to the Administration within thirty (30) calendar days prior to suspension of operation and the original license must be surrendered.

4. A license surrendered may be reissued within the 5-year validity period provided that inspection requirements are complied with. Otherwise, a new license shall be secured from the Administration.

5. The application for the renewal of license must be filed at least thirty (30) days before the expiry date. No license shall be renewed unless an inspection shall have been conducted.

6. License not renewed and/or endorsed on time shall be assessed an additional fee/surcharge of fifty percent (50%) of the processing fee for each month of default or any fraction thereof, which shall be without prejudice to the imposition of administrative, fines and penalties for operating without valid MARINA license prescribed in Section X of this Circular.

7. A license valid for five (5) years shall be endorsed annually by the Administration. Non-endorsement of License shall be subject to penalties under Section X of this Circular.

8. MARINA-Licensed Afloat Ship Repairer shall only cover the minor repair work/s:

   8.1 Mechanical Repair and Maintenance;
   8.2 Heating, Ventilation and Air Conditioning (HVAC) Works;
   8.3 Electrical Repair and Maintenance;
   8.4 Cleaning of tanks and underwater hull;
   8.5 Underwater welding for emergency repairs;
   8.6 Machine shop works;
   8.7 Supply and Installation of ship's equipment only;
   8.8 Navigational, fire control system and other ship control systems; and,
   8.9 Superstructure carpentry and painting works.

9. MARINA-licensed Afloat Ship Repairers are not authorized to issue Builder's and Dry-docking Certificate. MARINA-licensed Afloat Ship Repairers are NOT authorized to perform major repairs.
10. All entities licensed under this Circular, in cases of incident related to their operation shall submit report this Authority within fifteen (15) days indicating the nature of the incident and shall be held liable upon investigation.

11. A MARINA-Licensed Afloat Ship Repairer shall inform/submit to the Administration the following:
10.1 New business address and telephone numbers within ten (10) days after the actual change;
10.2 Names of new Director or other principal officer within thirty (30) Calendar days after the appointment;
10.3 Certified true copy of Amended Articles of Incorporation/Partnership or By-laws duly approved by SEC, within thirty (30) calendar days after approval;
10.4 Any change in the lease contract;

12. Annual accomplishment report duly accomplished by a responsible officer of a MARINA-Licensed Afloat Ship Repairer to be submitted to the Administration every annual endorsement. A standard form shall be prescribed by the Administration for this report. The Annual Report shall serve as pre-requisites for the endorsement and renewal of the required license.

SECTION IX. FEES AND CHARGES

The following fees shall be charged for the issuance, renewal and annual endorsement of Afloat Ship Repair Registration:

<table>
<thead>
<tr>
<th>Type of Application</th>
<th>Inspection Fee</th>
<th>Processing Fee</th>
<th>License Certificate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>New</td>
<td>P 5,400.00</td>
<td>P 6,600.00</td>
<td>P 500.00</td>
<td>P 12,500.00</td>
</tr>
<tr>
<td>Renewal</td>
<td>5,400.00</td>
<td>6,600.00</td>
<td>500.00</td>
<td>12,500.00</td>
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<tr>
<td>Annual</td>
<td>5,400.00</td>
<td>-</td>
<td>-</td>
<td>5,400.00</td>
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SECTION X. FINES AND PENALTIES

1. For engaging in afloat ship repair activities without a MARINA-ASR License, a person or enterprise shall be subject to closure, to be effected by the Administration in coordination with an appropriate Law Enforcement Authorities after due process.

2. For engaging in afloat ship repair activities with expired and/or non-endorsed MARINA-ASR License, a person or enterprise shall be imposed the following administrative fines:

<table>
<thead>
<tr>
<th>ASR</th>
<th>1st Offense (PHP)</th>
<th>2nd Offense (PHP)</th>
<th>3rd Offense &amp; Succeeding Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25,000.00</td>
<td>Plus 100% of first violation fines</td>
<td>Closure after due process Plus 200% of first violation fines</td>
</tr>
</tbody>
</table>

Likewise, for ship owners/operators/shipyards hiring or commissioning the services of non-licensed Afloat Ship Repairers shall be imposed the following administrative fine:
3. Non-submission of required report/s:

<table>
<thead>
<tr>
<th>ASR</th>
<th>1st Offense per document (PHP)</th>
<th>2nd Offense per document (PHP)</th>
<th>3rd Offense per document (PHP)</th>
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<tbody>
<tr>
<td></td>
<td>1,000.00</td>
<td>2,000.00</td>
<td>4,000.00 and cancellation/revocation of License</td>
</tr>
</tbody>
</table>

4. Violation of conditions and obligations attached to the license in Section VIII:

<table>
<thead>
<tr>
<th>ASR</th>
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<th>3rd Offense &amp; Succeeding Violation</th>
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<tr>
<td></td>
<td>25,000.00</td>
<td>Plus 100% of first violation fines</td>
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</tbody>
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5. Submission by the Entity of any false statement or misrepresentation or fraudulent or tampered or irregularly issued certificates, license, or other pertinent documents orspurious/ tampered/ fake documents and unauthorized/ unlicensed signatory/s required by this Circular;

<table>
<thead>
<tr>
<th>ASR</th>
<th>1st Offense (PHP)</th>
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<tbody>
<tr>
<td></td>
<td>25,000.00</td>
<td>Plus 100% of first violation fines</td>
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6. The MARINA may, after due notice and hearing, suspend/cancel/revoke the license to operate of a MARINA-licensed Afloat Ship Repairer for any of the following grounds:
   5.1 Failure to maintain the qualification for licensing as required in Section V.
   5.2 Willful or gross violation of SBSR laws and rules and regulations.
   5.3 Violation of safety and environment protection laws and rules and regulations.

SECTION XI. TRANSITORY CLAUSE

All existing MARINA-Licensed Afloat Ship Repairer shall comply with this Circular on their next Annual Endorsement or Renewal or one (1) year from the effectivity hereof, whichever comes later.

SECTION XII. REPEALING CLAUSE

MARINA Memorandum Circular 2007-02 and other issuances which are inconsistent herewith are hereby repealed, modified or amended accordingly.
SECTION XIII. SEPARABILITY

Should any provision or part of this Circular be declared by a Competent Authority to be invalid or unconstitutional, the remaining provisions or parts thereof shall remain in full force and effect shall continue to be valid and effective.

SECTION XIV. EFFECTIVITY

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


BY THE AUTHORITY OF THE BOARD:

VADM NARCISO A. VINGSON JR
Officer-In-Charge

SECRETARY'S BOARD CERTIFICATE

This is to Certify that MEMORANDUM CIRCULAR NO. SR-2019-02 has been approved by the MARINA Board in its 27th Regular Board Meeting held on 25 October 2019.

Atty. EUSEBIA CADLUM-BOCO
Corporate Board Secretary

Date of Publication: 20 December 2019
Business Mirror
Date of Submission to ONAR: