Pursuant to Presidential Decree No. 474, Presidential Decree No. 1059 and its Implementing Rules and Regulations, Executive Order Nos. 125/125-A, Republic Act 9295, Republic Act 9729 and its Implementing Rules and Regulations, in compliance with Annex VI of MARPOL 73/78, as amended on the use of 0.50% m/m Sulphur limit on fuel oil of ships, the following rules and regulations are hereby adopted and prescribed.

I. OBJECTIVES

1. To ensure that all Philippine Registered Ships comply with the mandatory use of 0.50% m/m Sulphur limit on fuel oil in compliance with MARPOL 73/78, Annex VI on the "Regulations for the Prevention of Air Pollution from Ships", where the Philippine is a party to the Convention; and,

2. To promote the effective control of all sources of marine pollution and to take all practicable steps to reduce air pollutions and greenhouse gases from ships.

II. COVERAGE

This Circular shall apply to all Philippine-registered ships, engaging or intending to engage in the domestic or international voyages.

Ports, refineries and fuel suppliers shall comply with the implementation of this Circular.
III. EXEMPTIONS AND EXEPTIONS

The Administration may issue an exemption when the:

1. Ships is acting to secure the safety of the ship or to save a life at sea; or,

2. Ship fitted with an exhaust gas cleaning system (EGCS) experiences unintentional damage resulting in emissions that exceed the Sulphur limit, the ship is expected to take all reasonable steps to reduce emissions. This may include carrying out repair works or switching to compliant fuel; or,

3. Ship obtains a Fuel Oil Non-Availability Report (FONAR) due to non-availability of fuel from port of origin. Please see Section X for provision of fuel oil non-availability.

IV. DEFINITION OF TERMS

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

2. “Bunker Delivery Note (BDN)” refers to the standard document required by Administration, which contains information on fuel oil delivery.

3. “Emission Controlled Areas (ECA)” refers to sea areas in which stricter controls were established to minimize airborne emissions from ships as defined by Annex VI of the 1997 MARPOL Protocol.

4. “Exhaust Gas Cleaning System (EGCS) or Scrubber” refers to the device used to remove particulate matter and harmful components, such as Sulphur Oxides (SOx) and Nitrogen Oxides (NOx) from the exhaust gasses generated as a result of combustion processes in marine engines, to implement pollution control.

5. “Fuel Oil Non-Availability Report (FONAR)” refers to a mechanism for a ship to report an inability to comply due to an unforeseen situation to allow the ship to continue its voyage to secure compliant fuel oil and/or debunker non-compliant fuel.

6. “Ship Specific Implementation Plan (SIP)” refers to ship’s transition plan in preparation for compliance with the use of a complaint fuel.

7. “Low Sulphur Fuel Oil (LSFO)” refers to fuel with relatively low viscosity, low density fuel oil and low Sulphur oil with good ignition properties.

9. "MARPOL Annex VI" refers to the revised Annex VI to the MARPOL Convention containing regulations for the prevention of pollution by air from ships.

10. "Oil Record Book" refers to the document where the Chief Engineer will record all oil or sludge transfers and discharges within the ship.

11. "Phase-in LSFO Implementation Roadmap" refers to the document formulated by the Administration which contains the phase-in implementation plan of all Philippine registered ships in compliance with the Sulphur Cap regulation.

12. "Recognized Organizations (ROs)" refers to an organization that has been assessed by the Administration and have complied with MC 2018-01 and the RO Code and has entered into a Memorandum of Agreement (MOA) with the Administration.

13. "Scrubber" refers to an organization that has been assessed by the Administration and have complied with the RO Code and the provisions of this Circular and has entered into a Memorandum of Agreement (MOA) with the Administration.

14. "Sulphur Emission Control Areas (SECA)" refers to sea areas in which stricter controls are establish to minimize Sulphur emissions from ships.

15. "Ship or Vessel" may be used interchangeably and shall mean any kind, class or type of craft or artificial contrivance capable of floating in water, designed to be used, or capable of being used, as a means of floating in water transport in the domestic trade for the carriage of passengers or cargo, or both, utilizing its own motive power or that of another.

V. GENERAL PROVISION

1. Fuel oil to be used on board ship for propulsion or operation shall have a maximum Sulphur content of 0.50% per mass by mass including all gas, petrol, distillates, residual and blended fuels.

2. All Philippine registered ships plying in international trade shall comply with the 0.50% m/m fuel oil Sulphur content limit by 01 January 2020.

3. All Philippine registered ships plying in domestic trade shall comply with the 0.50% m/m fuel oil Sulphur content limit by 01 January 2025.

4. All Philippine-registered ships in the domestic trade shall develop a Ship Specific Implementation Plan (SIP), based on the attached Phase-in LSFO Implementation Plan. The plan should be complemented with a record of actions taken by the ships in order to be compliant by the applicable date. However, ships that are operating an approved Exhaust
Gas Cleaning System (EGCS) shall be able to use and carry fuel oil with a Sulphur content that is more than 0.50% m/m.

5. All newly constructed ships covered by this Circular shall comply with the 0.50% m/m fuel oil Sulphur content limit on 01 January 2025.

6. All brand new and secondhand ships for importation shall comply with the 0.50% m/m fuel oil Sulphur content limit on 01 January 2025. Non-complaint application for ships importation in accordance with this Circular shall be disapproved by the Administration.

7. For the consistent interpretation and implementation of the use of LSFO under MARPOL 73/78 Annex VI, shipowners, operators, charterers and IACS/ROs shall use the approved MEPC.1/Circ.878 and its subsequent amendments on the “Guidance on the development of a ship specific implementation plan for the consistent implementation of the 0.50% Sulphur limit under MARPOL Annex VI.”

8. This Circular requires the following specific information to be included on the Bunker Delivery Note (BDN), provided to a ship receiving fuels and make available to the administration and other enforcing agencies for monitoring purposes:

1. Name and IMO number (if applicable) of receiving ship;  
2. Port;  
3. Date of commencement of delivery;  
4. Name, address and telephone number of marine fuel oil supplier;  
5. Product name(s);  
6. Quantity (metric tons);  
7. Density at 15°C (kg/m3);  
8. Sulphur content (per cent m/m); and,  
9. A declaration signed and certified by the fuel oil supplier’s representative that the fuel oil supplied is in conformity with regulation 18.3 of Annex VI and that the Sulphur content of the fuel supplied does not exceed the limit value prescribed under regulation 14 of MARPOL Annex VI.

8. Ships upon complying with this Circular shall properly discharge any fuel that has a Sulphur content of more than 0.50% m/m.

9. Non-compliant fuel oil can be de-bunkered to another ship to be carried as cargo, or to an appropriate shipboard or land-based facility.

VI. ALTERNATIVE MEASURES

The Administration permits the following alternative measures for compliance:

1. Alternative fuel such as liquefied natural gas (LNG), or compliant marine diesel oil that has a Sulphur content of 0.50 per cent m/m or less.
2. The use and installation of Exhaust Gas Cleaning System (EGCS) or “scrubber” type shall be approved by the Administration or its ROs.

3. Other alternative measure to reduce Sulphur oxide emissions approved by the Administration in accordance with International Maritime Organization (IMO) requirements provided the resulting emissions are equivalent (<0.50% m/m).

VII. EXHAUST GAS CLEANING SYSTEM (EGCS) OR SCRUBBER

The Administration permits the use of approved ECGS or Scrubber to comply with the low Sulphur fuel oil limit, provided that the:

1. Ships are required to submit to the Administration or its ROs the Schematic Diagram of the EGCS or “scrubber” for verification and approval under MC 2015-07; (Retrofitting or fitting of EGCS may affect the stability, load line or even tonnage of the ship)

2. Systems shall be type approved by the Administration or its ROs;

3. System is operated in accordance with IMO requirements, including the IMO Resolution MEPC.259(68) on the 2015 Guidelines for Exhaust Gas Cleaning Systems and its subsequent amendments;

4. The crew are trained on the use of the system and the system is kept in good working order, with maintenance up to date and monitoring devices fully operational;

5. EGCS or scrubber approval documents, as well as operational and maintenance records for the EGCS are maintained on board Philippine-registered ships and made available for inspection by the Flag State and Port State;

6. Any EGCS found to be non-compliant with IMO guidelines in any respect (including but not limited to the wash water discharge criteria) shall be prohibited for use in the Philippine waters;

7. The following ECGS particulars shall be readily available onboard ship for verification and monitoring:
   - Ship name;
   - IMO number (if applicable);
   - Make and model of EGCS; and
   - Open-loop, closed-loop or hybrid-type system.
VIII. MONITORING AND ENFORCEMENT

1. The Survey and Certification shall be conducted by the Administration or its ROs.

2. The Administration shall rely on documentation, such as bunker delivery notes and oil record books, as well as shipboard procedures. The initial inspection is intended to check if the ship is compliant with its documentation and the low Sulphur fuel requirements.

3. The Administration may conduct a more detailed inspection, which may include fuel oil sample analysis, to verify compliance.

IX. INFORMATION SHARING RELATED TO NON-COMPLIANCES UNDER THIS CIRCULAR

The information of non-compliant ship or fuel oil supplier shall be reported by the Administration, in coordination with appropriate authorities, to the MARPOL Annex VI GISIS Module (Regulation 11.4).

X. NON-AVAILABILITY OF LOW SULPHUR FUEL OIL

1. In the event that compliant fuel oil cannot be obtained, the Administration or its ROs shall request evidence outlining the attempts made to obtain the compliant fuel oil, including attempts made to local alternative sources. Regulations 18.2.4 and 18.2.5 of MARPOL Annex VI then require that the ship notifies its Administration/ROs and other implementing agencies of the port of destination on the inability to obtain compliant fuel oil, with the Party to notify IMO of the non-availability. This notification is commonly referred to as a Fuel Oil Non-Availability Report (FONAR).

2. FONAR shall be submitted in the approved form and include evidence of all attempts made by the ship to obtain compliant fuel oil, including attempts to source compliant fuel from alternative local sources.

XI. FINES AND PENALTIES

After due notice and hearing, an administrative fine of Php 3,000,000.00 plus suspension of Authority to Operate (no sail condition until compliance) regardless of the size of vessel shall be imposed upon a company/person found to have violated/ contravened this Circular particularly for using fuel oil with Sulphur content of more than the prescribed limit onboard a ship.

Note: Ships with an approved Exhaust Gas Cleaning System (EGCS) may use and carry fuel oil with a Sulphur content that is more than 0.50% m/m.
XII. TRANSITORY PROVISIONS

1. All Philippine registered ships trading internationally covered by this Circular shall comply on 01 January 2020.

2. All new ships to be locally constructed in the Philippine intended for domestic trade shall comply on 01 January 2025.

3. Upon effectivity of this Circular all application for importation of ships shall comply with this Circular by 01 January 2025.

4. For Philippine-registered ship plying in domestic waters shall have the following phase-in implementation.
   .1 All ships shall develop LSFO Ship Specific Implementation Plan (LSFO-SIP) on how companies will comply with the Sulphur limit prior its mandatory compliance date and shall be submitted to the Administration for approval not later than 01 January 2022.
   .2 All existing ships may start the retrofitting upon effectivity of this Circular and may voluntarily use the compliant fuel; and,
   .3 All ships shall fully comply with this regulation by 01 January 2025.

5. All Philippine-registered ships shall be compliant with the IMO 2020 Sulphur Cap by 2025 and beyond.

XIII. SEPARABILITY CLAUSE

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

XIV. EFFECTIVITY

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

Done in the city of Manila, Philippines, this 28 day of January 2021.

BY THE AUTHORITY OF THE BOARD:

VADM ROBERT A EMPE DrAD (Ret)
Administrator

7
SECRETARY’S CERTIFICATE

This is to certify that Memorandum Circular No. SR-2020-06 was approved by the MARINA Board of Directors during its 281st Regular Meeting on November 26, 2020.

ATTY. EUSEBIA CADLUM-BOCO
Board Secretary

Date of Publication: 17 February 2021
Business Mirror

Date of Submission to ONAR: