



Republic of the Philippines
Department of Transportation
MARITIME INDUSTRY AUTHORITY
Bonifacio Drive corner 20th St., Port Area, Manila



MEMORANDUM CIRCULAR NO. SR 2021-03

**TO : ALL SHIPOWNERS/ OPERATORS/ CHARTERERS/ AGENTS/
SHIPYARDS/ BOATYARDS AND ALL OTHERS CONCERNED**

**SUBJECT : REVISED GUIDELINES IN THE IMPLEMENTATION OF
PRESIDENTIAL DECREE NO. 1221**

Pursuant to Presidential Decree No. 474, Republic Act No. 1059 and its Implementing Rules and Regulations (IRR), Executive Order 125/125-A, Republic Act No. 9295 and its IRR and Presidential Decree No. 1221 and its IRR requiring all Philippine-owned and/or registered ships to undertake repairs and dry-docking with MARINA-registered ship repair yards, the following guidelines shall govern the implementation of PD 1221 and the grant of exemption of a Philippine-owned and/or registered ship from the requirements of the said Decree:

I. OBJECTIVE

1. To provide guidelines in the implementation of Presidential Decree No. 1221 and its IRR;
2. To provide guidelines in the grant of exemption/waiver of a Philippine-owned and/or registered ship from the requirements under PD 1221 to undertake all repairs, improvement, rebuilding, modification, alteration, reconditioning, conversion or dry-docking with MARINA-registered ship repair yards;
3. To promote competitiveness of Philippine-registered ships by providing flexibility to their operations; and,
4. To promote, develop and maintain the Philippine shipbuilding and ship repair industry as a major government priority program.

II. COVERAGE

These guidelines shall cover all Philippine-owned and/or registered ships subject for repairs, improvement, rebuilding, modification, alteration, reconditioning, conversion or dry-docking.

III. DEFINITION OF TERMS

1. "Administration" refers to the Maritime Industry Authority (MARINA).
2. "Decree" refers to Presidential Decree No. 1221 and its IRR.

3. **"Dry-docking"** refers to the condition in which a ship is taken out of water for cleaning and repair of its hull and integral parts such as rudder, propeller, sea valves and sea chests, among others. ¹
4. **"MARINA-Registered ship repair yards"** refers to shipyards owned and operated by Filipino Citizen and/or Foreign National, corporation, partnerships, cooperatives and entities duly registered by the Administration under this Circular and its subsequent amendments.¹
5. **"Peril of the sea"** refers to all kinds of marine casualties similar to shipwreck, floundering, stranding, collision and any damage done to the ship at sea by the violent action of the winds and waves.
6. **"Philippine-Registered ships"** refers to any watercraft or other conveyance used or capable of being used as a means of transportation in water, except seaplanes, bancas, sailboats, and other watercraft which are not motorized and of less than (3) gross tons, which are of domestic ownership, flying the Philippine flag and possessing Certificate of Philippine Registry and/or Ownership.
8. **"Re-building"** refers to an existing ship subjected to changes specifically the re-plating of its hull/ superstructure and replacement of its main engine in order to substantially prolong its operating life to such an extent of at least 85% of its total hull has been replaced including its main engine. ³
7. **"Ship repair"** shall mean the overhaul, refurbishment renovation improvement, or alteration of the hull, machineries, equipment, outfits and components of all types of ships. ²
8. **"Shipyard"** shall mean the shipbuilding or repair facilities which have the capability to lift vessels above the waterline in order to effect ship work on vessels, appendages, structure, machinery and equipment. ²

IV. GENERAL PROVISIONS

1. All Philippine-owned and/or registered ships shall undertake all repairs, improvement, rebuilding, modification, alteration, reconditioning, conversion or dry-docking with MARINA-registered ship repair yards. MARINA Memorandum Circular 152, as amended, shall govern the procedures in dry-docking and inspection.
2. The Administration may exempt any such ship from the requirement of undertaking all repairs, improvement, rebuilding, alteration, reconditioning, conversion or dry-docking with MARINA-registered ship repair yards in any of the following cases:

- 2.1** When as a result of collision, grounding, heavy weather, breakdowns and other perils of the sea occurring abroad, the ship suffers damages necessitating emergency and/or extraordinary repairs, and it is impracticable that such ship be brought to the Philippines for the needed repairs. The shipowner/ operator/ charterer shall submit a written notification to the Administration within five (5) days from any of the above occurrence, with the following details:
- Name of ship;
 - Peril of the Sea;
 - Extent of damage of ship;
 - Time and place of occurrence;
 - Inclusive dates of dry-docking or repair; and,
 - Name and place of shipyard where dry-docking or repairs will be undertaken
- 2.2** When on account of existing prior commitments or due to inadequacy or lack of service facilities of MARINA-registered ship repair yards, as determined by the Administration, the repair of works sought to be undertaken on the ships cannot be accommodated by such ship repair yards. The shipowner/ operator shall submit the following:
- Name of ship;
 - Purpose or reason for dry-docking or repair;
 - Plans in case of conversion;
 - Inclusive dates of dry-docking or repair; and,
 - Name and place of shipyard where the dry-docking or repairs will be undertaken.
- 2.3** When the Philippines is not one of the ship's ports of call, in which case a waiver from the said requirement must be obtained from the Administration. The applicant shall submit an application for exemption/waiver with the following details:
- Name of ship;
 - Ship's ports of call; (NOTE: inventory or records on the ship's ports of call)
 - Purpose or reason for dry-docking or repair;
 - Inclusive dates of dry-docking or repair; and,
 - Name and place of shipyard where the dry-docking or repairs will be undertaken.
- 2.4** All other meritorious cases as may be determined by the Administration, the applicant shall submit a letter-request for exemption/waiver to MARINA with the following details:
- Name of ship;
 - Reason to allow the ship to dry-dock abroad;
 - Inclusive dates of dry-docking and repair; and,
 - Name and place of shipyard where the dry-docking or repairs will be undertaken.

If the shipowner/ operator/ charterer is a corporation, the applicant shall also submit a Resolution of the Company's Board of Directors, certified by the Board Secretary, authorizing the filing of the application and designating the officials/ authorized representatives to represent the applicant/ company.

V. SPECIFIC PROVISION

1. All shipowners/ operators/ charterers of Philippine-registered ships shall submit to the Administration within thirty (30) days from the effectivity of this Circular and every year thereafter a list of their Philippine-registered ships and trading areas, together with their corresponding schedule for dry-docking, repairs or works to be done and the name of shipyard.
2. Exemption/ waiver under PD 1221 shall not be issued to a Philippine-registered ship until after the shipowner/ operator/ charterer shall have duly notified the Administration in writing, at least thirty (30) days prior to the scheduled date of dry-docking, repair, improvement, rebuilding, alteration, reconditioning or conversion of ship, of the exact position and location/ port/ shipyard abroad of the said ship immediately before the said date.
3. Upon issuance of the exemption/waiver, the ship can proceed to undergo repairs and/or drydocking abroad without the need of a Special Permit from MARINA under MC 2013-04.
4. An exemption/waiver shall be issued strictly to cover only one (1) specific ship and may be used only once in accordance with its Terms and Conditions.
5. Any violation of or non-compliance with the provisions of this circular shall be subject to the provisions of Rule VI of the IRR of PD 1221.
6. A Certificate of Dry-docking shall be issued by the shipyard only after the conduct of the required dry-docking and compliance with safety regulations.
7. After a waiver shall have been issued, the shipowner/ operator/ charterers shall submit to the Administration a full report of the actual costs of dry-docking, repair, improvement, rebuilding, alteration or convention for every ship within fifteen (15) working days after undocking.

In addition, the shipowner/ operator shall be required to submit the following documents:

- 7.1 Photographs of the ship being dry-docked / repaired in various angles with the corresponding date when it was taken, to be reflected in the photo. The size of the photographs should be 5" x 7" showing the following angles before and after dry-docking / repair.

- 7.1.1 Bottom, side and bilge plating;
- 7.1.2 Propeller and Rudder;
- 7.1.3 Bow;
- 7.1.4 Stem; and,
- 7.1.5 Close-up photo of the portion of the ship's hull, which was repaired;
- 7.2 Shell Expansion Plan of the ship that has been repaired with markings (except for wooden-hulled ships);
- 7.3 Copies of the job orders and work done; and,
- 7.4 Certificate of Dry-docking

VI. DOCUMENTARY REQUIREMENTS

Pre-approval

The following pre-approval documents shall be required in order to process requests for exemption from PD 1221:

1. Letter of Application indicating the required information prescribed under Section IV.2; and,
2. Duly notarized Affidavit by the shipowner/ operator/ charterer of the ship stating the reason for exemption from the requirement of PD 1221 prescribed under section IV.2.

Post-approval

The following post-approval requirement shall be submitted to this Authority within fifteen (15) days upon completion of the ship's drydocking:

1. Total cost incurred of the ship dry-docking;
2. Survey report of the dry-docking; and,
3. Post approval documentation required under Section V.8

VII. FEES AND CHARGES

The following fees shall be paid for processing requests for exemption from PD 1221:

For ships engaged in domestic and overseas Trade	Php 5,600.00 per ship
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VIII. FINES AND PENALTIES

The following fines shall be imposed for violation of this Circular after due notice and hearing:

1. For ships engaged in domestic trade	Php 5,000.00 per ship
2. For ships engaged in overseas trade	Php 10,000.00 per ship

The Certificate of Philippine Registry of the ship may also be cancelled due to exceptional circumstances, at the discretion of the MARINA.

VIII. REPEALING CLAUSE

MARINA Memorandum Circulars No. 35, 178 and other issuances which are inconsistent with this Circular are hereby repealed, modified or amended accordingly.

IX. SEPARABILITY CLAUSE

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

X. EFFECTIVITY

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

Manila, Philippines, this 3rd day of August 2021.

BY AUTHORITY OF THE BOARD:


VADM ROBERT A EMPEDRAD AFP (Ret)
Administrator

SECRETARY'S CERTIFICATE

This is to certify that Memorandum Circular No. SR-2021-03 was approved by the MARINA Board of Directors during its 285th Regular Board Meeting held on 26 May 2021.


ATTY. EUSEBIA CADLUM-BOCO
Board Secretary

Date of Publication: 10 August 2021 Business Mirror
Date of Submission to the U.P. Law Center: