



Republic of the Philippines
DEPARTMENT OF TRANSPORTATION



MARITIME INDUSTRY AUTHORITY

SEP 28 2021

MEMORANDUM CIRCULAR No. DS-2021-03
Series of 2021

TO : ALL DOMESTIC SHIPOWNERS OR OPERATORS AND ALL CONCERNED

SUBJECT : REVISED RULES AND REGULATIONS IN THE GRANT OF PIONEER STATUS UNDER EO 909

Pursuant to Executive Order No. 909 issued on 29 June 2010, Presidential Decree No. 474, Executive Order Nos. 125/125-A, Republic Act No. 9295 and its Revised Implementing Rules and Regulations (R-IRR), the following revised rules and regulations are hereby adopted:

I. OBJECTIVES

1. To provide rules and regulations in the grant of "Pioneer Status" and the availment of corresponding incentives for domestic shipowners/ operators;
2. To provide scheme that will encourage the modernization/ improvement/ upgrading of existing domestic merchant fleet and the introduction of internationally-classed brand new or newly constructed ships in the domestic shipping industry that will bring about safer and more efficient sea transport and improved quality shipping services; and
3. To support the 10-Year Maritime Industry Development Plan (MIDP) Program 1 entitled "Upgrading of Domestic Shipping in Support of the Philippine Nautical Highway Development".

II. COVERAGE

This Circular shall apply to all domestic shipowners or operators intending to invest in an IACS classed brand new or newly constructed ships such as RoPax, RORO, cargo ship and other similar type of ships in the liner service.

III. DEFINITION OF TERMS

For purposes of this Circular, the following terms are defined:

1. **"Abandonment of Service"** refers to the unauthorized suspension, stoppage or withdrawal of ship's service for a period of three (3) months, or nonservice of the route since the issuance of the CPC.
2. **"Certificate of Public Convenience"** refers to the license or authority issued by MARINA to a domestic ship operator to engage in domestic shipping.
3. **"Classed Ships"** refer to ships that are designed, constructed and/ or maintained by an International Association of Classification Societies (IACS).
4. **"Domestic Shipping"** refers to the transport of passengers or cargo, or both, by ships

duly registered and licensed under Philippine laws to engage in trade and commerce between and among Philippine ports and within Philippine territorial or internal waters, for hire or compensation, with general or limited clientele, whether permanent, occasional or incidental, with or without fixed routes, and done for contractual or commercial purposes.

5. **"Domestic Ship Operator" or "Domestic Shipowner"** may be used interchangeably and shall mean a citizen of the Philippines, or a commercial partnership wholly owned by Filipinos, or a corporation of at least sixty percent (60%) of the capital of which is owned by Filipinos, which is duly authorized by the Maritime Industry Authority (MARINA) to engage in the business of domestic shipping.
6. **"IACS"** refers to the International Association of Classification Societies.
7. **"Liner Service"** refers to the operation of a domestic ship operator which publicly offers its service without discrimination for the carriage of passengers and/or cargoes, has regular ports of call or destination and fixed sailing schedules and frequencies.
8. **"MARINA"** refers to the Maritime Industry Authority.
9. **"New Ship" or "Newly Constructed Ship"** refers to a ship whose age is at least one (1) year old from the date of launching as appear in the Builder's Certificate.
10. **"Pioneer Status"** refers to the status or classification or category granted to domestic shipowners/ operators who will introduce IACS-classed brand new or newly constructed ships in their authorized or applied routes with corresponding benefits and privileges appurtenant thereto.
11. **"Temporary Stoppage of Operations"** refers to any interruption of a ship's service such as drydocking or in case of accident in its pioneering route for a period of three (3) months.

IV. GENERAL PROVISIONS

1. New and existing domestic shipowners/operators who will introduce IACS-classed brand new or newly-constructed ships in their respective authorized or applied routes may be granted "Pioneer Status."
2. Ships granted with Pioneer Status must be IACS class maintained for the entire duration of its six (6) years route protection.
3. No application for Pioneer Status shall be granted to any domestic shipping company/operator without existing CPC.
4. Only domestic shipowners/operators with liner service will be granted "Pioneer Status". Trampers and fastcrafts cannot avail incentives under this Circular.
5. Application for Pioneer Status shall be filed at any MARINA Regional Office (MRO)

where the existing company CPC is issued.

6. If the applied route covers inter-regional linkages, the regional office where CPC is issued shall prevail. However, the concerned MRO shall coordinate with other regional offices for concurrence and evaluation.
7. Qualified applicants for the grant of incentives under EO 909 under this Circular shall be issued Letter-Approval by the MRO Directors.
8. A domestic shipowner/ operator who had been granted incentives under EO 909 under this Circular shall be required to apply for the issuance of the pertinent Certificate of Public Convenience (CPC) within six (6) months from the date of the grant of the Pioneer Status.

V. SPECIFIC PROVISIONS

1. A domestic shipowner/ operator may propose to operate as a Pioneer Status in a route with or without existing shipping service.
2. Domestic ships that have been granted to operate in Pioneer Status routes shall be entitled to incentives under Item VI of this Circular.
3. Domestic ships that have been granted Pioneer Status may be allowed to operate to other routes as long as the approved pioneering route will still be served by a brand new or newly constructed IACS classed ship.
4. Existing shipping operators in a route granted with a Pioneer Status may still be allowed to continue operating in the said route. They may also be allowed to add, replace ships and change its sailing schedule, provided they are brand new or newly constructed IACS-classed ship, but this is without the benefits of a Pioneer Status.
5. Due notice must be filed by domestic shipowners or operators, informing MARINA of the replacement, stoppage of operation, transfer of route or any changes in the granted "Pioneer Status"
6. In case of ships acquired through bareboat charter under PD No. 760, as amended, the incentives granted under this Circular shall be co-terminus with the bareboat charter contract approved by MARINA but not to exceed six (6) years.

VI. INCENTIVES

The incentives under this Circular are given to domestic shipowners or operators for a period of six (6) years starting from the period of its CPC amendment/ approval; to wit:

1. Route Protection

The IACS-classed brand new or newly constructed ship shall be given a route protection for a period of six (6) years.

Route protection is a one-time privilege given to that specific ship at the time of its application for Pioneer Status.

Route protection is non-transferrable and non-extendable.

2. Fees and Charges

Domestic shipowners or operators with IACS-classed brand new or newly constructed ship granted Pioneer Status shall be charged fifty percent (50%) of the regular fees in all applications, renewals of ship documents, licenses, certificates and permits, including Annual Tonnage Fee (ATF), for a period of six (6) years.

3. Priority in the Issuance of Certificate of Public Convenience (CPC)

Domestic shipowners/operators granted "Pioneer Status" shall likewise be given priority in the issuance of CPC by MARINA in the route it proposes to operate whether said route has an existing ship operator or not.

MARINA shall promptly and without delay, issue all request for issuance of ship documents, certificates, and licenses within fifteen (15) working days provided the shipowner or operator has complied and submitted all the required documentary requirements.

VII. QUALIFICATION REQUIREMENTS:

- The vessel must be:
 1. Classed by an International Association of Classification Societies (IACS)
 2. Brand new or newly-constructed ship, either built abroad or by a local MARINA-licensed shipyard; and
 3. Owned and operated by a domestic shipowner/operator and fully-manned by qualified Filipino officers and crew.
- The domestic shipowner or operator must be a MARINA accredited maritime entity/enterprise.
- The domestic shipowner or operator must be an existing CPC grantee.

VIII. DOCUMENTARY REQUIREMENTS:

The following documentary requirements shall be submitted:

1. Letter of Intent/ Application
2. IACS-Classed Certificate
3. Builder's Certificate
4. Proof of payment of processing fee of P30,000.00 per ship

IX. CANCELLATION/ REVOCATION OF "PIONEER STATUS" AND ITS INCENTIVES

The existence of any of the following conditions shall constitute grounds for cancellation or revocation of the "Pioneer Status" and its incentives:

1. Failure to deploy a ship within a maximum period one (1) month reckoned from its CPC amendment/ approval; or
2. Three (3) months unauthorized suspension or withdrawal of service or transfer of ownership of the ship (except in cases of war and force majeure such as but not limited to epidemic, pandemic and calamities); or
3. Voluntary or permanent withdrawal of service within the protection period of six (6) years. The pre-termination of the Pioneer Status is subject to the payment of a pecuniary penalty in the amount of P50,000.00.
4. Abandonment of shipping service in the route granted with Pioneer Status; or
5. Failure to maintain IACS-classed ships within the six (6) year route protection period.

X. OVERSIGHT FUNCTION

As a way of promoting modernization in domestic shipping without necessarily resulting to cut-throat competition, the Domestic Shipping Service, MARINA Central Office, will exercise the oversight function in the review, assessment and monitoring of this policy implementation to ensure adequate shipping services while protecting the investment interests of the concerned domestic shipowners/operators by the grant of incentives.

XI. REPEALING CLAUSE

MC 2015-04 and all existing MARINA Circulars, rules and regulations inconsistent herewith are hereby repealed, amended or modified accordingly.

This MC will be revisited/ reviewed after three (3) years of its implementation to assess its effectivity.

XII. EFFECTIVITY:

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

MANILA, PHILIPPINES, SEP 28 2021.

BY AUTHORITY OF THE MARINA BOARD:


VADM ROBERT A EMPEDRAD AFP (Ret)
Administrator

SECRETARY'S CERTIFICATE

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



ATTY. MAXIMO I. BANARES, JR.
Board Secretary

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