

## [ MIA MEMORANDUM CIRCULAR NO. 79, November 08, 1993 ]

### ACCREDITATION OF DOMESTIC SHIPPING ENTERPRISES/ENTITIES

Pursuant to paragraph (2) Section 4, Section 6(a) and (j) of Presidential Decree No. 474 and Sec. 12 (a) of E.O. 125-A, the following guidelines are hereby adopted:

**SECTION 1.** Objective - This Circular is intended to foster standards for domestic shipping operations in order to protect public interest, and envisions to generate vital information and data that will enable this Authority to effectively supervise, regulate, and rationalize the organizational management, ownership and operation of all interisland water transport utilities, and consequently, to prevent the proliferation of incompetent, inefficient, unreliable and fly-by-night vessel operators.

**SECTION 2.** Coverage - This Circular shall apply to all persons, corporations, firms and entities engaged in the use of vessels for the carriage of passengers or cargo between various ports and places in the Philippines. Domestic shipping entities already registered/accredited under MARINA Memorandum Circular Nos. 9 and 51 shall likewise be required to be accredited under this Circular after a period of one (1) year from its effectivity.

**SECTION 3.** Qualification Requirements -

**A.** Citizenship/Equity Participation - The applicant must be a citizen and permanent resident of the Philippines, or a corporation or co-partnership, association, or joint-stock company constituted and organized under the laws of the Philippines, with at least sixty per centum (60%) of the subscribed capital belonging entirely to citizens of the Philippines.

**B.** Nature of Business Undertaking - For corporations and partnerships, the primary purpose of the entity, as reflected in the Articles of Incorporation or Articles of Partnership, shall be to engage primarily in domestic shipping business/operation. For single proprietorships, it shall have domestic shipping business operations as a major activity or concern and duly registered with the Bureau of Domestic Trade/Department of Trade and Industry.

**C.** Management Competence - (1) For corporations and partnerships, at least two (2) of the company's principal officers (e.g., President, Vice-President for Operations, or General Manager or their equivalents) shall have at least two (2) years experience in ship management, shipping operations and/or chartering. In the case of corporations moreover, the Chief Executive Officer (CEO) and the Chief Operating Officer (COO), or their equivalents, shall be citizens and permanent residents of the Philippines.

**2.** For single proprietorships, the owner/operator or a principal officer shall have at least two (2) years experience in ship management, shipping operations and/or chartering.

**D.** Capitalization - (1) In the case of a corporation, the company shall have a minimum paid-up capital dependent on the total GRT of its owned/operated vessels, as follows:

Below 500	501- 1000	1001- 2000	2001- 3000	3001- 4000	4001- 5000	ABOVE 5000
P.5M	P.75M	P1M	P1.5M	P2M	P4.0M	P6.0M

For companies still without any vessel owned/operated at the time of filing of application for accreditation, a minimum paid-up capital of P500,000.00 shall be required.

For new companies, proof of the company's paid-up capital shall be that reflected in the Articles of Incorporation. For existing companies, that reflected in the Certification issued by the SEC Examiners and Appraisers Department and the latest audited financial statement shall serve as proof of its paid-up capitalization.

2. In the case of a partnership, it shall have a minimum capitalization dependent on the total GRT of its owned/operated vessels, as follows, the proof of which shall either be that reflected in the Articles of Partnership or a Certification issued by the SEC for new and existing companies, respectively.

20 GRT BELOW	21-500	ABOVE 500
P50,000	P200,000	P500,000

If the applicant, at the time of filing, is still without any vessel owned/operated, the minimum capitalization required shall be P50,000.00.

3. If the applicant is a single proprietorship, the proprietor/owner shall have a minimum capitalization dependent on the total GRT of vessels owned/operated, as specified hereunder, proof of which shall be reflected in the applicant's duly audited financial statement;

20 GRT BELOW	21-500	ABOVE 500
P15,000	P50,000	P200,000

If the applicant, at the time of filing, is still without any vessel owned/operated, the minimum capitalization required shall be P15,000.00.

4. The above capitalization requirements notwithstanding, shipping enterprises/entities applying for accreditation within the context indicated hereunder shall be required a capitalization as correspondingly indicated.

a. For entities availing of incentives under the Investment Priorities Plan of E.O. No. 226, the minimum paid-up capital shall not be less than P1.25 M and P1.0 M for operators engaged in the provisions of passenger-cargo and cargo services (including tankers and barges) respectively, proof of which shall appear in a public instrument which must be recorded in the Securities and Exchange Commission.

b. For owners of tankers and barges hauling oil and petroleum products and which are corporations or partnerships, a minimum paid-up capital of P5.0 M shall be required.

#### SECTION 4. Documentary Requirements -

1. A letter of intent from applicant addressed to MARINA;

2. List of vessels owned/chartered (if applicable) indicating vessel(s) specifications (as supported by corresponding certificate of ownership issued by the PCG and routing patterns and schedules;

3. Latest audited financial statement (if company is already in existence/operation);

4. List of incorporators, directors and principal officers and their bio-data with particular emphasis on shipping or shipping-related experience or expertise duly supported by documents acceptable to MARINA.