

**[MARINA MEMORANDUM CIRCULAR NO. 182, s.
2003, January 22, 2003]**

**RULES IN THE ACQUISITION OF SHIPS UNDER PRESIDENTIAL
DECREE (PD) 760, AS AMENDED, AND PROVIDING HERewith
THE IMPLEMENTING RULES UNDER CHAPTER XV OF THE 1997
PHILIPPINE MERCHANT MARINE RULES AND REGULATIONS
(PMMRR) ON REGISTRATION, DOCUMENTATION AND LICENSING
OF SHIPS FOR INTERNATIONAL VOYAGES**

The Maritime Industry Board during its 162nd Regular Meeting held on 22 January 2003 adopted the following rules in the implementation of PD 760, as amended and which shall form part of the implementing rules under Regulation XV/3.3.1 of the 1997 PMMRR.

I. Objective

This Circular aims to:

1. rationalize the rules in the ships under the Philippine flag; and
2. achieve maximum benefits as envisioned under PD 760, as amended.

II. Coverage

This Circular shall apply to all shipping companies that shall acquire and register ships for international voyages pursuant to PD 760, as amended.

III. Definition Of Terms

For purposes of this Circular:

1. *Administration* refers to the Maritime Industry Authority (MARINA).
2. *Company* refers to the person or entity which has qualified under Memorandum Circular No. 181 and complied with the requirements of this Circular to bareboat charter a ship for registration under the Philippine flag.
3. *Ship-owning company* refers to a company which, at the time of application under this Circular, shall have at least one (1) permanently registered ship under Philippine flag.
4. *Bareboat Charter* refers to a contract for the lease of a ship for a stipulated period not less than one (1) year, by virtue of which the lessee has complete possession and control of the ship including the obligation to appoint the Master and the other crew of the ship for the duration of the lease.

5. *Crew* refers to the officers and ratings of the ship.
6. *Philippine national* refers to a citizen of the Philippines or a partnership or association wholly owned by and composed of the Philippines or of which at least sixty percent (60%) of the capital stock outstanding and entitled to vote is owned and held by Philippine citizens or a trustee of funds for pensions or other employee retirement or separation benefits, where the trustee is a Philippine national and at least sixty percent of the funds will accrue to the benefit of the Philippine national: Provided, that where a corporation and its non-Filipino stockholders own stock in an enterprise, at least sixty percent of the members of the governing board of both corporation must be Philippine nationals.
7. *Supernumerary* refers to a person who is not a crew of the ship and whose presence onboard is for a specific purpose other than to perform navigation, operation and management functions.
8. *Principal Officers* refer to the Chief Executive Officer, Chief Operating Officer or any other officer involved in the management and operation of the company.

IV. General Provisions

1. Any foreign-owned ship bareboat chartered by a Philippine national may be entered under the Philippine Register of Ships upon approval by the Administration.
2. The registration of a ship under a lease-irrevocable purchase arrangement shall be governed by this Circular. A ship subject of a lease-irrevocable purchase arrangement shall be treated as a bareboat chartered ship; it shall be considered an owned ship only after the full purchase price had been paid.
3. The documentation of ships registered under PD 760, as amended shall be governed by the provisions of this Circular and Chapter XV of the 1997 PMMRR.
4. Companies without owned ships which qualify under Regulation V.1 shall be allowed to acquire and register ships pursuant to PD 760, as amended, up to a maximum of ten (10) ships while ship-owning companies have no limit as to the number of ships to be chartered.
5. Ships registered under the Philippine flag pursuant to this Memorandum Circular shall be issued a Certificate of Philippine Registry (CPR) consistent with Regulation XV/3.2 of the 1997 Philippine Merchant Marine Rules and Regulations (PMMRR).

V. Conditions for Ship Registration

1. Only companies which have complied with the following requirements may bareboat charter ships under PD 760, as amended:
 - 1.1 The company is accredited under Memorandum Circular No. 181, provided, that such accreditation shall be maintained for the period that it has a bareboat chartered ship.

1.2 Ship-owning companies must have a paid-up capital of Seven Million Pesos (P7 M) and companies without owned ships must have a paid-up capital of Ten Million Pesos (P10 M).

1.3 The company shall have the following management profile:

- a. The Chief Executive and Chief Operating Officer (but if he is one and the same, the next ranking Operating Officer) shall be citizens and residents of the Philippines; and
- b. Two (2) principal officers of the company shall have at least five (5) years experience in ship management, shipping operations and/or chartering.

- 2. A ship shall be registered under this Circular for a period of not less than one (1) year.
- 3. Extension of the registration of the ship for less than one (1) year for the purpose of finalizing documentation for the extension of the bareboat charter party or the eventual deletion of the ship from the Philippine Registry shall be allowed for a period not to exceed ninety (90) days provided that the registration shall be under the same company.
- 4. If the bareboat charter party is pre-terminated within one (1) year from date of delivery of the ship, the charterer shall be liable to pay the MARINA as penalty the amount equivalent to six (6) months withholding tax or the higher. For purposes of this provision, a ship which has continuously been registered for more than one (1) year under the Philippine flag under the same group of companies shall be deemed to have complied with Regulation V.2 hereof.
- 5. Any change in the terms and conditions of the charter party shall be approved by the Administration.
- 6. Ships registered under this Circular shall be completely manned by Filipino crew except in cases as may be determined by the Administration. For this purpose, Filipino crew onboard Philippine-registered ships shall be covered by prescribed Shipping Articles which shall be submitted for notation by the Administration.
- 7. A Philippine-registered ship, may under circumstances to be determined by the administration, have on board supernumeraries provided that they shall not perform any of the functions of the crew nor interfere with the operation/management of the ship.
- 8. Crew onboard Philippine-registered ships are required to be certificated in accordance with the International Convention on Standards of Training, certification and watchkeeping for seafarers, 1978 as amended.
- 9. Ships registered under this Circular shall, when calling for the first time at a Philippine port, shall be inspected by authorized MARINA surveyors.