

[MIA MEMORANDUM CIRCULAR NO. 95, January 03, 1995]

REVISED IMPLEMENTING GUIDELINES ON THE LICENSING OF SHIPBUILDERS, SHIP REPAIRERS, AFLOAT REPAIRERS, BOATBUILDERS AND SHIPBREAKERS

Pursuant to Section 2 of Presidential Decree No. 474 as Further Strengthened by Executive Order Nos. 125/125-A and Within the Context of Presidential Decree No. 666, the following Rules and Regulations are Hereby Prescribed and Promulgated for Information, Guidance and Compliance of All Concerned.

SECTION 1. Definitions and Basic Guidelines -

1.1. "Shipbuilding" shall mean the design, construction, launching and outfitting of all types of watercraft.

1.2. "Ship Repair" shall mean the overhaul, repair, improvement, alteration of the hull, machineries, equipment, outfits and components of all types of watercraft.

1.3 "Afloat Ship Repair" shall mean the repair, improvement, alteration and reconditioning of the hull and/or the overhaul of the machinery and equipment of vessels at berth or at anchorage or at sea.

1.4 "Boatbuilding" shall mean the design, construction, launching and outfitting of watercrafts with sizes ranging from fifteen (15) gross tons and below.

1.5 "Shipbreaking" shall mean the dismantling of uneconomical or unserviceable ships for the purpose of recovering useful steel and other dismantled parts and the rehabilitation and repair of usable machineries, instruments and devices.

1.6 "Watercraft" shall refer to vessels and any floating structure and/or equipment.

1.7 "Shipyard" shall refer to the area (landbased) where watercrafts are built or repaired or dismantled.

1.8 "MARINA Licensed Enterprise" shall refer to a person or enterprise duly licensed under these rules and regulations implementing PD 666 or under this Memorandum Circular.

SECTION 2. Conditions for Licensing -

2.1 Coverage - No shipyard, graving dock, floating dock, liftdock, marine railway, marine repair shop, shipbreaking yard/facilities, and no person or enterprise shall engage in the construction and/or repair/shipbreaking of any watercraft or any phase or part thereof without a valid license from the Maritime Industry Authority.

2.2. Category - To determine the nature of their activities, licensed enterprises may be divided into the following categories:

- a) shipbuilder
- b) ship repairer with drydocking facilities
- c) shipbuilders and ship repairer
- d) ship repairer without drydocking facilities
- e) afloat ship repair
- f) boatbuilder
- g) shipbreaker.

2.3. Qualification Requirements - For any of the foregoing categories, the applicant must meet the following:

2.3.1. General Requirements -

- a. The applicant must be a Filipino citizen or a corporation/partnership at least 60% of the authorized capital stock of which is owned by Filipino citizens except for joint ventures which are registered with the Securities and Exchange Commission, the Board of Investments and/or Export Processing Zone Authorities.
- b. The undertaking of shipbuilding and/or ship repair/afloat ship repairer or shipbreaking must be within the principal proprietary, partnership or corporate powers of the applicant.
- c. The applicant or applicant's manager/operators and principal officers must have sufficient educational background/training and/or experience in shipbreaking, shipbuilding and/or ship repair or afloat ship repair.
- d. The applicant must own, lease, operate and manage a shipyard or be in a process of building its own shipyard, shipbreaking facilities or shore repair facilities in support of afloat ship repair (This requirement shall not apply to boatbuilders.)

A. Shipbuilder and/or Ship Repairer (shipyard).

There shall be three classification in this category: a) Large shipyard; b) Medium shipyard ; c) Small shipyard.

a. *Large Shipyard*

- i. The applicant must have either a graving dock, a floating dock, a liftdock, a marine railway with a capacity of at least 7,500 DWT.
- ii. The applicant must have a pool of permanent personnel (technical and skilled workers) including one (1) licensed Naval Architect and one (1) licensed Marine Engineer and a duly designated safety officer.
- iii. The applicant must have a minimum paid-up capitalization of P10,000,000.

b. *Medium Shipyard*

- i. The applicant must have either a graving dock, a floating dock, a liftdock, a marine railway with a capacity of 1,500 DWT to 7,499 DWT.
- ii. The applicant must have a pool of permanent personnel (technical and skilled workers) including one (1) licensed naval Architect and one (1) licensed Marine Engineer and a duly designated safety officer.

iii. The applicant must have a minimum paid-up capitalization of P5,000,000.

c. Small Shipyard

i. The applicant must have either a graving dock, a floating dock, a liftdock, a marine railway with a capacity of below 1,500 DWT.

ii. The applicant must have a pool of permanent personnel (technical and skilled) including one (1) licensed Naval Architect and one (1) licensed Marine Engineer and a duty designated safety officer.

iii. The applicant must have a minimum paid-up capitalization of P1,000,000.

B. Afloat Repairer/Ship Repairer (without drydocking facilities).

i. The applicant must have a pool of permanent personnel (skilled and technical).

ii. The applicant must have a minimum paid-up capitalization of P 100,000.

iii. The applicant must have at least welding and cutting equipment.

C. Boatbuilder

i. The applicant must have a minimum land area of 100 sq.m.

ii. The applicant must have at least one (1) skilled/experienced boatbuilder.

iii. The applicant must have a minimum capitalization of P15,000.

D. Shipbreaker

i. The applicant must have a pool of permanent personnel (skilled and technical), including one (1) licensed Naval Architect.

ii. The applicant must have a minimum paid-up capitalization of P 5,000,000.

2.3.2 Documentary Requirements:

i. Letter of Intent, including request for inspection indicating location of shipyard, list of facilities, major machineries and equipment, list of permanent employees including their respective positions, if any.

ii. *For Corporations* - Certificate of Registration with SEC, duly supported by the Articles of Incorporation (AOI) and By-Laws reflecting shipbuilding and/or repair/afloat ship repair/shipbreaking as the primary purposes.

For Single Proprietorship - Certificate of Registration with DTI

For Joint Venture - Certificate of Registration with BOI.

(Note: Boatbuilders are not required to submit compliance herewith).

iii. Bio-data of Incorporators/Partners/Proprietors and Principal Officers, showing shipyard or related experience or expertise.

iv. SEC (Appraiser's and Examiner's Dept.) certification on the required paid-up capital (if AOI does not reflect the same. in case of boatbuilders, proof of capital investment).