

04 JUN 30 P2:57

**THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES**
First Regular Session

RECEIVED BY:

SENATE

S. No. 236

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

Presidential Decree No. 760 was signed in 1975. This decree allowed the temporary registration in the country of foreign-owned ships bareboat chartered by Philippine nationals. Once registered, the ship acquires international recognition as a Philippine registered vessel, entitling it to the rights of a beneficially owned ship.


In 1976, Presidential Decree No. 866 extended the coverage of the law to include overseas shipping, in addition to coastwise shipping. In 1980, Presidential Decree 1711 extended the effectivity of the original law from 1990 to 1999.

The salutary effects of bareboat chartering on domestic and ocean going shipping are apparent in the constant upgrading of bottoms plying the Philippine trade routes. The fast paced developments in transport and cargo handling today have led to a faster rate of obsolescence among vessels. For example, the cargo-ships of a couple of decades ago have been replaced by the more efficient containerized vessels. Japanese roro ships which could accommodate 12 vehicles were popular a decade ago, but have now been outmoded with the availability of European vessels which can accommodate 30 vehicles, and which have higher speeds and superior engine economy. Without bareboat chartering, domestic shipping enterprises would have had to sink scarce capital resources in the acquisition of vessels, and the burden of finding a second hand market once new technology rendered the vessels obsolete. Bareboat chartering has afforded our shipping companies with opportunities to save on capital expenditures, as well as the flexibility to upgrade to the latest innovations in the market.

In cognizance of the fact that bareboat chartering has ceased to be a transitional facet in the development of Philippine domestic and ocean-going shipping, this bill seeks to institutionalize the practice of bareboat chartering, and lift the limitations on the effectivity of P. D. 1711 which ends in 1999.

In view of the foregoing, the immediate approval of this bill is earnestly requested.


SERGIO OSMEÑA III
Senator

13 JUN 2004 04:57
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SENATE
S. No. 236

Introduced by Senator S. R. Osmeña III

“AN ACT
PROVIDING FOR A CONTINUING BAREBOAT CHARTERING PROGRAM.”

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1:** Any provision of law, decree, executive order or rules
2 and regulations to the contrary notwithstanding, any foreign-owned vessel
3 under bareboat charter or lease to Philippine nationals as defined in
4 Section 3 (c) of Presidential Decree No. 474 entitled the “Maritime Industry
5 Decree of 1974”, may be issued a Certification of Philippine Registry by the
6 Maritime Industry Authority (MARINA); Provided, That said charter or lease: (1)
7 has the prior written approval of the MARINA; (2) shall be valid and effective for
8 a period of not less than one (1) year; Provided, FURTHER, That the operation
9 of the vessel shall entirely be in the hands of Philippine nationals and free from
10 any participation or interference from the foreign owner, except insofar as such
11 action shall be to directly protect his rights as owner thereof: Provided, FINALLY,
12 That the registered vessel shall be manned completely by Filipino crew, except
13 in the case of specialized vessels and subject to the rules and regulations that
14 the MARINA may prescribe in relation thereto.

1 **Sec. 2:** Any vessel issued a certificate of Philippine Registry as provided
2 for in the Section 1, shall be entitled to all the rights and privileges of a vessel of
3 Philippine registry, as well as, the protection of Philippine laws during the validity
4 and effectivity of its certificate of registration. Correspondingly, the vessel shall
5 also be subject to all requirements, limitations and all the duties and obligations
6 imposed upon vessels of Philippine registry.

7 **Sec. 3.** The Maritime Industry Authority shall promulgate rules and
8 regulations for the proper and efficient implementation of this Act, considering
9 among others, but not limited to the following : (a) it shall ensure that the
10 bareboat chartered or leased vessels comply with existing Philippine laws,
11 rules and regulations on registration and documentation as well as applicable
12 international rules and standards, particularly on the safety management of
13 ships, safety of persons on board and environmental protection, (b) to ensure
14 that vessels undergo periodic surveys and are in compliance with existing
15 Philippine standards and requirements and/ or international rules and standards,
16 as the case may be; and, (c) that the officers and crew of such vessels are
17 qualified and competent in accordance with the applicable international rules
18 and standards.

19 **Sec. 4.** In the grant of the privilege under this Act, the MARINA shall
20 uphold and safeguard the integrity of the Philippine flag.

21 **Sec. 5. Repealing Clause.** - Presidential Decrees No. 760, 866 and
22 1711 are hereby repealed. Any provision of law, decree, executive order or and
23 regulations inconsistent with this Act is hereby repealed, amended or modified
24 accordingly.

25 **Sec. 6. - Effectivity Clause.** - This Act shall take effect fifteen (15) days
26 after publication in a newspaper of general circulation.

27 Approved,