




NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'22 JUL 27 P4 :40

RECEIVED BY: 

SENATE
S. B. No. 902

Introduced by Senator SONNY ANGARA

AN ACT
ESTABLISHING THE SCOPE AND PROCEDURE FOR PHILIPPINE SHIP
REGISTRY, RECOGNITION AND ENFORCEMENT OF MARITIME CLAIMS,
AND LIMITATION OF LIABILITY, AS WELL AS PROVIDING ESSENTIAL
INCENTIVES, WHICH COLLECTIVELY WILL PROMOTE A COMPREHENSIVE
AND ORDERLY PHILIPPINE SHIP REGISTRY SYSTEM FOR THE
REGULATION OF VESSELS CARRYING THE FLAG STATE

EXPLANATORY NOTE

While we have always taken pride that the Philippines is widely known to be a major supplier of global maritime professionals on board vessels in many parts of the world, records will show however that we only have about 113 vessels on international trade registered under the Philippine flag.

Other countries have attracted many foreign owned vessels to register under their flag states by reason of their simplified system of registration and the appealing incentives they offer.

Thus, this bill aims to help our country become more competitive and allow us to encourage more ship owners in other parts of the world to register their vessels under our flag state. In order to achieve this, we first must recognize that presently, there is a lack of a particular law completely addressing the registry system in the Philippines, which has been a perennial source of confusion and disorder. Clearly, there is a necessity to formulate policies and rules that adhere to the global standards and maritime conventions, particularly on ship registry.

Primarily, this bill will provide a legal framework for the rules on ship registry and the enforcement of maritime claims and limitations of liability. Once the system

is organized, ample protection will be extended equally to ship owners carrying the Philippine flag and all other parties who have a legitimate claim against them. At the outset, this will benefit all our present domestic ship owners who are already registered under the Philippine registry.

Second and equally important, this bill endeavors to provide incentives to all vessels duly registered under the Philippine registry. Surely, a simple yet all-encompassing law compliant with the international standard, defining with specificity the appropriate system on registration, and providing for better incentives will encourage more Filipino ship owners to do wide business trading and shipping in the country flying the Philippine flag. Ultimately, our country will likewise attract more foreign ship owners to register their vessels under Philippines flag state. This will in turn boost more the economy of our country.

The enactment of a law is merely a beginning towards achieving a dream for our country to be among the globally competitive ship registry of choice in the world and be a real maritime power.



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

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Title I

General Provisions

Chapter 1

Policies

Section 1. Title. – This Act shall be known as the “Philippine Ship Registry
System Act”.

Section 2. Declaration of Policy. – It is the policy of the State:

- a. To establish the Philippines as a leading maritime nation and respected
flag State;
- b. To ensure that Filipino-owned-and-manned maritime fleets or vessels
are strengthened and assisted to meet the minimum global standards
for reliability, safety, competitiveness, and effectiveness;
- c. To provide protection to our merchant marine fleets, and help expand
Philippine international trade;

- 1 d. To encourage Philippine vessel acquisition, development, modernization
2 and expansion through systemized and sustainable programs;
3 e. To provide policies that will attract more shi owners to register under
4 Philippine flag, thus ensuring the country’s economic growth;
5 f. To align the tax structure for its domestic and overseas shipping fleet
6 to make it competitive; and
7 g. To provide a mechanism for the early adoption and implementation of
8 international maritime regulations and conventions.

9 **Section 3. Implementing Agency.** – The Maritime Industry Authority
10 (MARINA) shall be the implementing agency of this Act. The MARINA shall provide
11 secretariat support in the enforcement of this Act.

12 Chapter 2

13 **Definitions**

14 **Section 4. Definition of Terms.** – As used in this Act:

- 15 a. **Arrest** refers to the attachment of a vessel by judicial process through
16 an order of a competent court in order to secure the enforcement of a
17 maritime claim, which attachment shall produce the effect of detaining
18 or restricting the removal of a ship in execution or satisfaction of a
19 judgment;
- 20 b. **Bareboat charter** refers to a contract for the lease of a ship, for a
21 stipulated period of time, by virtue of which the bareboat charterer has
22 complete possession and control of the ship, including the right to
23 appoint the master and crew of the ship, for the duration of the lease;
- 24 c. **Bareboat charterer** or **charterer** may be used interchangeably and
25 refers to any person, commercial partnership or corporation which
26 bareboat charters a Philippine flag vessel from another Philippine
27 national, or a vessel of compatible foreign registry, for its own use;
- 28 d. **Certificate of Philippine Registration** refers to the document of
29 registration of a vessel registered in accordance with Section 13 of this
30 Act;
- 31 e. **Claimant** refers to a person who asserts that a maritime claim exists
32 in his favor;

- 1 f. **Court** or **Philippine court** or **competent court** may be used
2 interchangeably and refers to a court of appropriate jurisdiction within
3 the territory of the Philippines;
- 4 g. **De-registration** refers to the act of deleting a ship from the Registry
5 of Ships of the Philippines and the cancellation of the Certificate of
6 Philippine registry in accordance with Section 21 of this Act;
- 7 h. **Foreign flag vessel** refers to a ship which is registered under the
8 laws of a country other than the Philippines and which is authorized to
9 fly the flag of that country;
- 10 i. **Foreign registry** refers to the registry of ships of a country other
11 than the Philippines;
- 12 j. **Maritime claim** refers to any of the claims provided in this Act;
- 13 k. **Maritime lien** refers to a charge that attaches to a ship which rises
14 from a maritime claim against the ship, its owners, charterers,
15 managers, or operators that results in a demand for indemnity or
16 remuneration from the ship or its owners, charterers, managers or
17 operators and is enforceable by judicial action;
- 18 l. **Mortgagee** refers to the person, whether natural or juridical, in whose
19 favor a ship mortgage is created in order to source a secure a principal
20 obligation;
- 21 m. **Mortgagor** refers to a ship owner who constitutes a ship mortgage
22 over a vessel or a vessel under construction registered in its name in
23 order to secure the fulfillment of a principal obligation;
- 24 n. **Philippine Flag Vessel** refers to any vessel duly registered under
25 Philippine Laws and authorized to fly the Philippine flag;
- 26 o. **Philippine national** refers to any individual who is a citizen of the
27 Philippines, or a commercial partnership or corporation organized
28 under the laws of the Philippines, at least 60% of the capital of which
29 is owned by citizens of the Philippines;
- 30 p. **Registration** refers to the act of entering a ship in the Registry of
31 Ships of the Philippines in accordance with this Act;

- 1 q. **Register of Ships of the Philippines** or **Register** or **Registry** may
2 be used interchangeably and refers to the official public register
3 maintained by the MARINA which shall hold the record of all vessels
4 under Philippine laws;
- 5 r. **Record of Ship Mortgages and Encumbrances** refers to the public
6 record maintained by the MARINA containing all details of the vessel's
7 mortgage and encumbrances, as will be further described in details
8 hereafter;
- 9 s. **Seagoing vessel** refers to any Philippine flag vessel of five hundred
10 (500) gross tons or more, authorized to carry passengers or cargo, or
11 both, in trade between a Philippine port and a foreign port, or between
12 two foreign ports;
- 13 t. **Ship manager** refers to any person, commercial partnership or
14 corporation to which the technical or commercial management, or both
15 such technical and commercial management, of a ship has been
16 entrusted by the ship owner and for that purpose is in charge of the
17 operation of the ship which may include vessel maintenance and
18 upkeep, crewing and passenger and cargo solicitations;
- 19 u. **Ship mortgage** refers to a contract executed by the owner of a ship
20 creating a security interest over a particular vessel or a vessel under
21 construction in order to secure the performance of a principal
22 obligation;
- 23 v. **Ship owner** refers to any person, commercial partnership or
24 corporation authorized to own, operate, manage, control, lease or
25 charter out, or otherwise engage in the business of shipping;
- 26 w. **Ship operator** refers to any person, commercial partnership or
27 corporation authorized to operate, manage or control a ship owned by
28 another;
- 29 x. **Tonnage** or **Gross tonnage** may be used interchangeably unless
30 otherwise indicated and refers to the ship's gross tonnage calculated in
31 accordance with the tonnage measurement rules provided in the

1 applicable international convention on the tonnage measurement of
2 ships,

3 y. **Unit of Account** refers to the Special Drawing Rights (SDR) as
4 defined by the International Monetary Fund (IMF). The SDR is an
5 international reserve asset, created by the IMF in 1969 to supplement
6 its member countries' official reserves; and

7 z. **Vessel or ship** may be used interchangeably and refers to any boat,
8 craft or artificial contrivance capable of floating in water, designed to
9 be used, or capable of being used, as a means of water transport for
10 the carriage of passengers or cargo, or both, utilizing its own motive
11 power or that of another, and shall include a ship under construction
12 and for purposes of this Act shall continue to be considered as personal
13 property. It excludes fishing vessels defined and regulated under
14 existing laws and hancas, sailboats, and other water-borne contrivance
15 of less than three gross tons and not motorized: Provided, That this
16 does not include those owned and/or operated by the Armed Forces of
17 the Philippines and by foreign governments for military purposes:
18 Provided further, That mobile offshore platforms used in petroleum
19 exploration and development, such as mobile offshore drilling units and
20 offshore production platforms, shall be considered as ships when they
21 are mobile and not affixed to the seabed.

22 Title II

23 **Ship Registry**

24 **Section 5. The Philippine Ship Registry.** – The Philippine Ship Registry,
25 hereinafter referred to as the "Registry", is hereby established, through which the
26 State confers nationality, exercises its jurisdiction, protects and enforces private
27 rights, and undertakes the national and international responsibilities of a flag State,
28 over all ships flying the Philippine flag.

29 The Registry is comprised of the Register of Ships and the Record of Ship
30 Mortgages and Encumbrances. It shall be maintained by the MARINA in accordance
31 with the provisions of this Act, and the rules and regulations that may be issued
32 pursuant thereto. There shall be one Registry for all ships flying the Philippine flag.

1 Chapter 1

2 **Registration of Ships**

3 **Section. 6. Register of Ships.** – A Register of Ships shall be kept and
4 maintained by the MARINA, which shall record essential ship information, including
5 the following:

- 6 a. Name of vessel;
- 7 b. Keel number;
- 8 c. Hull material;
- 9 d. Principal dimensions;
- 10 e. Gross tonnage;
- 11 f. Net tonnage;
- 12 g. IMO number;
- 13 h. Official number;
- 14 i. Place of build;
- 15 j. Year of build;
- 16 k. Name and address of registered owner, ship operator, bareboat
17 charterer, manager or other person responsible for the ship;
- 18 l. Date of issuance of CPR;
- 19 m. Class of vessel;
- 20 n. A reference that encumbrances on the vessel appear in the primary
21 registry.

22 In the case of second-hand tonnage, the following additional data shall
23 likewise be listed in the Registry of Ships:

- 24 o. Place of previous registry;
- 25 p. Name of previous owner.

26 In the case of bareboat chartered vessels, the following additional data shall
27 also be listed in the Registry of Ships:

- 28 q. Place of primary registry;
- 29 r. Name of registered owner appearing in the primary registry;
- 30 s. Name of the vessel as it appears in the primary registry;

1 t. A reference that encumbrances on the vessel appear in the primary
2 registry;

3 u. Any material change of condition with respect to any of the preceding
4 items and any other fact required by regulation shall likewise be recorded in the
5 Registry of Ships.

6 The MARINA may add to the required information to be submitted in
7 accordance with international standards.

8 **Section 7. Effect of Registration.** – Any ship registered under the
9 Philippine registry shall be entitled to the following:

- 10 a. Conferment of the nationality and status of a Philippine ship;
- 11 b. Entitlement to the protection of the Philippine flag;
- 12 c. Entitlement to the right to invoke the diplomatic, consular and naval
13 protection of Philippine authorities and the protection of the flag of the
14 Philippines;
- 15 d. Imposition of the duty to fly the Philippine flag;
- 16 e. Obligation to abide by all applicable laws, decrees, orders, rules and
17 regulations of the Philippines;
- 18 f. Entitlement to the privilege to engage, consistently with the limitations
19 provided by law, in Philippine coastwise trade in accordance with
20 corollary permits, certificates and franchises that may be issued to the
21 vessel; and
- 22 g. Entitlement to the right to invoke the exercise of jurisdiction and
23 control by Philippine government authorities over all persons found on
24 board the vessel, or over any incident involving the penal or
25 disciplinary responsibility of the master or any member of the crew
26 whether the same arises from a crime or quasi-delict committed on
27 board the vessel or from any collision or other incident of navigation
28 concerning the ship.

29 **Section 8. One Ship, One Registry Rule.** – A ship may be registered with
30 only one ship register at any one time. Before entering the ship in the Register, the
31 MARINA shall ensure that any previous registration has been deleted, or that the
32 ship has been de-registered from any foreign registry. In the case of a foreign flag

1 ship under bareboat charter, the MARINA shall ensure that the right to fly the flag of
2 the former flag State is suspended for the duration of its registration with the
3 Philippine Registry. A Certificate of Registration shall be issued only upon the
4 production of evidence indicating the suspension of its previous registration and
5 nationality under the former flag State, and indicating the particulars of any
6 registered encumbrances entered in the previous registry. It is the duty of the
7 owner, master, or agent of every ship in the Register to inform the MARINA of any
8 change in the facts pertaining to the ship and entered therein.

9 **Section 9. Who may Register. –**

- 10 a. All ships operating within the maritime territory and jurisdiction of the
11 Philippines, except transient foreign flag ships subject to such
12 regulations as the MARINA may prescribe, are mandated to be
13 registered with the Philippine Registry: Provided, That they meet the
14 conditions for the grant of registration imposed by this Act and the
15 regulations pursuant hereto. This mandatory registration under the
16 Philippine Flag is particularly required in the following cases:
- 17 i. The ship is five hundred (500) gross tons or more;
 - 18 ii. The ship is owned by a qualified person, as may be determined
19 by the MARINA;
 - 20 iii. The ship meets the requirements for safety, security, marine
21 environmental protection, crew nationality, training, certification
22 and competency, and crew welfare.
- 23 b. Any other ship, including a foreign-owned ship, may also be registered
24 in accordance with this Act, provided the following conditions are
25 present:
- 26 i. It is used only in international voyages;
 - 27 ii. It is managed by a qualified person residing in the Philippines,
28 as may be determined by the MARINA;
 - 29 iii. It complies with the applicable provisions that govern the safety
30 and security of Philippine ships and persons on board;

- 1 iv. It complies with the applicable provisions that govern the terms
2 and conditions of employment on board Philippine flag vessels;
3 and
4 v. The ship employs full Filipino crew, unless otherwise authorized
5 by the MARINA, consistent with applicable treaties, conventions
6 and internationally-accepted maritime and labor standards and
7 practices: *Provided*, however, That any exemption granted by
8 the MARINA must still require that at least majority of the crew
9 of the seagoing vessel are Filipinos.
10 vi. Additional incentives for payment of tax tonnage, under Section
11 24 hereof, shall be granted to the registered foreign-owned
12 vessel where the ship owner, manager, operator, or bareboat
13 charterer and all its crew officers, and employees have a valid,
14 subsisting and duly implemented collective bargaining
15 agreement that conforms to international labor standards, rules
16 and conventions
17 c. Vessels of a foreign registry that are covered by a bareboat charter
18 may be registered under the Philippine flag: *Provided*, That their
19 registration under the foreign flag of primary registration shall not be
20 abandoned, but shall be deemed suspended, for the duration of the
21 ship's registration under the Philippine flag.

22 **Section 10. Licensure.** – Every ship, regardless of size, intended to be used
23 in the carriage of passengers or cargo, or both, between ports and places, in the
24 coastal, internal, inland or sheltered waters of the Philippines, shall be covered by a
25 license to operate: *Provided*, That such ship is owned by a citizen of the Philippines
26 or a corporation or association organized under the laws of the Philippines at least
27 sixty percent (60%) of whose capital is owned by such citizens and the ship meets
28 the other conditions for the grant of the license imposed by this Act and the
29 regulations pursuant hereto.

30 **Section 11. Conditions for Registration.** – No ship shall be registered
31 unless the following conditions are present, as determined by the MARINA in
32 accordance with this Act and regulations issued related hereto:

- 1 a. Proof of Ownership. - There must be satisfactory proof of ownership
2 and/or management by qualified persons.
- 3 b. Seaworthiness. - A ship must comply with the general requirements for
4 age, safety, security, navigation, manning, and protection and
5 preservation of the marine environment in accordance with national
6 and international standards for ships.
- 7 c. Manning. - A ship must be manned by a crew with such level of skills
8 and competencies as may be necessary in accordance with applicable
9 international maritime conventions, rules, and standards as well as
10 national law and regulations.
- 11 d. Labor and social conditions. - A ship must meet the labor and social
12 standards required by applicable international labor conventions, rules
13 and standards as implemented by the MARINA.
- 14 e. Management. - A ship must be managed by a person or entity that is
15 under the effective jurisdiction of the State.
- 16 f. Payment of fees and dues. - The applicant for ship registration must
17 pay the corresponding registration fees and tonnage dues as may be
18 imposed by the State.

19 **Section 12. Documentary Requirements.** – Every ship owner, master or
20 agent who opts to enroll a vessel for registry under the Philippine flag shall submit to
21 the MARINA the following documents:

- 22 a. A written application for registration;
- 23 b. A documentary proof of ownership over the vessel;
- 24 c. Proof of authority to enroll the ship for registry, if applicable;
- 25 d. A copy of a certification issued by a classification society showing the
26 ship is of a certain class, if existing and applicable; and
- 27 e. Such other necessary documents that may be required by the MARINA
28 in accordance with the best international shipping practices or
29 standards.

30 **Section 13. Issuance of Certificate of Philippine Registration.** – No
31 application for a Certificate of Philippine Registration shall be approved and issued
32 until the MARINA has made the proper evaluation that all the conditions and

1 documents required and mandated for registration under this Act or regulations
2 issued hereto have been complied with. The MARINA or its deputized representative
3 shall inspect the vessel and all its documents and ensure that it is qualified for
4 registration under this Act. A certificate of Philippine registry shall be valid for a
5 period of no more than three (3) years, and may be continuously renewed for a
6 similar period: Provided, That all the requirements for registration or its renewal are
7 met. In case of a bareboat chartered vessel, the Certificate of Philippine Registration
8 shall be valid for a period of no more than three (3) years or the period of the
9 bareboat charter, whichever is shorter.

10 **Section 14. Types of Registration.** – Registration of a ship may be
11 permanent, provisional, or temporary in nature.

12 a. Permanent Registration. - Except as provided in the succeeding
13 sections, the registration of a ship and issuance of a Certificate of
14 Philippine Registration is deemed to be permanent until the ship is
15 actually de-registered or deleted from the Register.

16 b. Provisional Registration. - Ships constructed and/or acquired abroad,
17 before being brought to the Philippines, may be issued a Provisional
18 Certificate of Philippine Registration and a provisional tonnage
19 certificate for conduction purposes.

20 c. Temporary Registration. - The following may be issued a Temporary
21 Certificate of Philippine Registration:

- 22 i. Any ship about to be built, or under construction in the Philippines;
23 ii. Any ship owned and/or operated by an entity duly registered with
24 the Board of Investments (BOI) under pertinent investment laws,
25 rules and regulations, to be used exclusively for the purpose of
26 transporting raw materials and/or finished products within
27 Philippine waters as an essential element and operation in the
28 manufacturing, processing, or other business activity or project
29 registered by such entity with the BOI: Provided, That such
30 temporary registration applies only for the duration of such
31 business activity or project, and shall not exceed one year,
32 renewable for another year: Provided, further, That the type of

1 ship used or service undertaken cannot be provided by a Philippine
2 ship owner;

3 iii. Any ship that is operated and managed under a bareboat charter:
4 Provided. That in case of a foreign flag vessel bareboat-chartered
5 by a qualified person for operation in Philippine waters, the ship
6 may be temporarily registered with the Registry for the duration of
7 the charter: Provided further, That for the duration of temporary
8 registration with the Philippines, any registration with a foreign flag
9 State is suspended: Provided, finally, That no ship under a
10 bareboat charter shall be registered if, after the effectivity of its
11 charter, it has undergone extensive structural modification in a
12 manner that affects its safety and seaworthiness.

13 **Section 15. Markings, Name and Homeport.** – All ships duly registered
14 according to the provisions of this Act shall have their respective names plainly
15 marked upon each side of the bow and the stern; and the homeport and
16 International Maritime Organization (IMO) number upon the stern.

17 **Section 16. Change in Ownership of Ships.** – In case of a sale of a
18 Philippine-flagged ship, the transferee shall present the bill of sale or other
19 certificate evidencing the transfer of ownership to the MARINA within fifteen (15)
20 days after its execution for appropriate recording in the Register.

21 **Section 17. Correction of Errors in the Registry.** – Errors in recording
22 made in the Register shall be corrected in the following manner:

23 a. Mere clerical errors without any effect on the meaning and substance
24 of the document shall be corrected by the appropriate and designated
25 officer of the MARINA who shall make the necessary correction;

26 b. Any mistake or error that might affect the meaning and substance of
27 the documents shall be corrected by order of the MARINA after notice
28 to, and hearing of, the interested parties.

29 **Section 18. Reconstitution of Lost Certificate.** – If the Certificate of
30 Philippine Registration of a ship is lost or damaged, the owner, master or agent
31 thereof may file an application with the MARINA for the issuance of a replacement
32 certificate. The replacement certificate shall indicate that the original certificate is

1 considered cancelled and revoked. If after the issuance of the replacement
2 certificate, the lost original certificate of Philippine registry is found, it shall be the
3 duty of the owner, master, agent or any person having possession of the original
4 certificate to surrender it to the MARINA.

5 **Section 19. Suspension, Cancellation or Revocation of Ship**
6 **Registration.** – The registration of a Philippine flag vessel shall be cancelled and its
7 corresponding Certificate of Philippine Registration shall be revoked in any of the
8 following cases:

- 9 a. The Certificate of Philippine Registration was illegally or fraudulently
10 obtained;
- 11 b. The ship is sold, transferred and/or assigned to a person not qualified
12 to register ships in the Philippines under the provisions of this Title or
13 as may be determined by the MARINA;
- 14 c. In the case of a transfer of ownership over the ship, the new
15 transferee or assignee has properly applied for change of ownership
16 and/or registration;
- 17 d. The ship is sold by the order of a competent court;
- 18 e. The ship is sold for scrapping;
- 19 f. The ship is determined by the MARINA to be unsafe and unseaworthy
20 beyond repair;
- 21 g. The bareboat charter of the ship has expired, or has been cancelled or
22 terminated for any reason, in which case the cancellation from the
23 register of ships and revocation of the certificate of Philippine registry
24 shall be automatic;
- 25 h. The ship has been declared lost or missing pursuant to a written and
26 notarized notice submitted by the owner, master, or agent of a
27 Philippine flag vessel to the MARINA, containing advice of such loss
28 and the probable cause thereof;
- 29 i. Gross violations of the safety, security, environment and other
30 standards or requirements set by the MARINA;
- 31 j. The ship owner, manager, agent or bareboat charterer is proven to
32 have given or submitted to the MARINA fabricated information or

1 fraudulent documents relative to the registration or settlement of their
2 fees or taxes;

3 k. The ship has engaged in illegal activities;

4 l. The ship owner, manager or bareboat charterer commits any act
5 inimical to the national security or national interests of the Philippines;

6 m. The ship is entered in a foreign registry without prior approval of the
7 MARINA.

8 **Section 20. Inspection of the Register.** – The Register of Ships shall be
9 open to public inspection during ordinary business hours, in the offices of the
10 MARINA and online. All documents and information provided in connection with the
11 registration of a ship are considered public documents. Upon request and payment
12 of reasonable fees, authenticated copies of any document or instrument required to
13 be filed under this Act and pertinent rules and regulations, or extracts thereof, shall
14 be furnished to any person.

15 **Section 21. De-registration of Ships.** – A ship which is or has been
16 registered in another State shall not be eligible for permanent registration in the
17 Philippines, unless:

18 a. A certificate has been issued by the former flag State to the effect that
19 the ship has been de-registered; or

20 b. A certificate has been issued by the former flag State to the effect that
21 the ship will be de-registered on the day when such new registration is
22 effected. Except in case of forced sales, a Philippine flagged vessel
23 shall not be de-registered without the written consent of all holders of
24 registered mortgages. If the de-registration of the vessel is obligatory
25 in accordance with this section, all holders of registered mortgages
26 shall be notified by the MARINA of the pending de-registration in order
27 to enable such holders to take appropriate action to protect their
28 respective interests. If the consent of the holders is not obtained, de-
29 registration shall not be implemented earlier than three (3) months
30 after notice to such holders of registered mortgages is given.

31 Chapter 2

32 **Taxes and Fees**

1 **Section 22. Processing Fee.** – A processing fee shall be paid by the owner,
2 master or agent of the ship sought to be registered when the application for
3 registration or when a renewal thereof is filed. The processing fee shall be collected
4 to cover administrative costs for handling and processing the application. The
5 processing fee shall be in such reasonable amount as may be determined by the
6 MARINA.

7 **Section 23. Registration Fee.** – A registration fee shall be payable by the
8 ship owner master or agent when the ship is first entered in the Registry and shall
9 be paid when the Certificate of Philippine Registration is issued. The registration fee
10 shall be fixed in such reasonable amount as determined by the MARINA.

11 **Section 24. Tonnage Tax Fees.** – An annual tonnage tax fee shall likewise
12 be paid by the owner, manager or bareboat charterer of the vessel in order for the
13 issuance and continued possession of a valid and subsisting certificate of Philippine
14 registration. The annual tonnage tax fee shall be computed at the rate of US\$0.10
15 per net register tonnage or its equivalent in Philippine Peso based on the present or
16 latest exchange rate posted by the Bangko Sentral ng Pilipinas (BSP) on the date of
17 payment of the tonnage tax fees. The ship owner, master, or agent shall have the
18 option whether to pay in US dollars or in Philippine Peso. For all vessels, if the
19 owner, manager, or agent has satisfactorily established with the MARINA compliance
20 with the conditions stated in Section 9 par. b Subsection 6 hereof, they shall enjoy
21 an additional incentive. In such case, the tonnage tax fees due from them shall be
22 reduced to the rate of US\$0.08 per net register tonnage or its equivalent in
23 Philippine Peso based on the present or latest exchange rate posted by the BSP on
24 the date of payment of the tonnage tax fees: Provided, That if the MARINA
25 determines that the conditions for the additional incentive is violated or proof shown
26 for its existence is fabricated, the Certificate of Philippine Registration may be
27 revoked in accordance with Section 19 paragraph (j) hereof.

28 **Section 25. Adjustments in Fees and Taxes.** – The MARINA may review
29 the rates for the processing fee, registration fee, and tonnage tax fees from time to
30 time and with the approval of the Department of Transportation, may, by regulation,
31 adjust or increase various fees, but for a reasonable amount.

1 **Maritime Liens**

2 **Section 33. Nature of Maritime Liens.** – Maritime liens arise and are
3 enforceable whether the claims secured by such liens are against the owner, or
4 against the demise or other charterer, manager or operator of the ship. Except in
5 case of forced sale of the ship, the maritime liens shall be attached to the ship
6 notwithstanding any change of ownership, registration, or flag.

7 **Section 34. Claims Secured by Maritime Liens.** – The following claims in
8 relation to a ship shall be secured by maritime liens on the ship:

- 9 a. Claims for wages and other sums due to the master, officers and other
10 members of the ship's complement in respect of their employment on
11 the ship;
- 12 b. Claims in respect of loss of life or personal injury occurring, whether on
13 land or on water, in direct connection with the operation of the ship;
- 14 c. Claims based on tort and not capable of being based on contract, in
15 respect of loss or damage to property caused by the operation of the
16 ship other than loss of or damage to cargo, containers and passengers'
17 effects carried on the ship;
- 18 d. Claims for port, canal, and other waterway dues, tonnage dues, light
19 dues, pilotage dues, other public taxes, dues and charges of the same
20 character; and
- 21 e. Claims relating to the salvage, wreck removal and contribution in
22 general average.

23 **Section 35. Claims Not Secured by Maritime Liens.** – No maritime lien
24 shall attach to a ship to secure claims for damages in connection with the carriage of
25 oil or other hazardous or noxious substances by sea for which compensation is
26 payable to the claimants pursuant to international conventions, local laws, or
27 compulsory insurance, or those which arose out of or which resulted from the
28 radioactive properties or a combination of radioactive properties with toxic, explosive
29 or other hazardous properties of nuclear fuel, or of radioactive produce or waste.

30 **Section 36. Priority of Maritime Liens.** – The maritime liens set out in
31 Section 33 hereof shall take priority over registered mortgages, hypothèques, and
32 charges. No other claim shall take priority over such maritime liens or over such

1 mortgages, hypothèques, or charges except as may be specifically provided under
2 this Act. The maritime liens set forth in sub-sections (a) to (e) of Section 34 hereof
3 shall rank equally as between themselves.

4 **Section 37. Maritime Liens in case of Salvage, Wreck Removal, or**
5 **General Average Acts.** – Maritime liens securing claims for salvage, wreck removal
6 and contribution to general average shall take priority over all other maritime liens
7 which have attached to the ship prior to the time when the operations giving rise to
8 the said liens were performed. Such liens shall rank in the inverse order of the time
9 when the claims secured thereby accrued. Claims for contribution to general average
10 shall be deemed to have accrued on the date on which the general average act was
11 performed, while claims for salvage shall be deemed to have accrued on the date on
12 which the salvage operation was terminated. In the event of a forced sale of a wreck
13 of a ship, following its removal by the MARINA, the costs of such removal shall be
14 paid out of the proceeds of the sale before all other claims secured by maritime lien
15 on the ship. If at the time of the forced sale, the vessel is in the possession of a
16 ship-builder or a ship repairer who enjoys a right of retention, such a ship-builder or
17 ship-repairer shall surrender possession of the ship to the purchaser but is entitled
18 to obtain satisfaction of a claim out of the proceeds of the sale after the satisfaction
19 of the claims of holders of maritime liens mentioned in Section 34 hereof.

20 **Section 38. Extinguishment of Maritime Liens.** – Maritime liens shall be
21 extinguished after a: period of one (1) year from the time when the claims secured
22 thereby arose unless, prior to the expiration of such period, the ship has been
23 arrested and the ownership thereof transferred through a forced sale ordered by a
24 competent court or tribunal. The period of one (1) year shall not be subject to
25 suspension or interruption: Provided, That the time shall not run while the person
26 enforcing the lien is prevented from arresting the ship legally or by circumstances
27 beyond his control. Maritime liens which arose prior to the effectivity of this Act shall
28 be extinguished one (1) year after the date of such effectivity.

29 **Section 39. Rights of Retention.** – The following persons, when in
30 possession of ship or ship that is under construction, shall have the right to retain
31 such ship or ship under construction, without need of a court order:

- 1 a. A shipbuilder, to secure claims arising out of the construction of, or
2 other work carried out in relation to the ship, and
3 b. A ship repairer, to secure claims arising out of the repair of, including
4 the modification, conversion or reconstruction of the ship, or other
5 work carried out in relation to the ship, affected during such
6 possession.

7 **Section 40. Extinguishment of Rights of Retention.** – The rights of
8 retention under the preceding section shall be extinguished when:

- 9 a. The claim in respect of which said right has been exercised is met or is
10 otherwise discharged;
11 b. The ship ceases to be in the possession of the ship-builder or ship-
12 repairer as the case may be; or
13 c. The competent court orders the release of the ship.

14 **Section 41. Assignment or Subrogation.** – The assignment of or
15 subrogation to a claim secured by a maritime lien result in the simultaneous
16 assignment of or subrogation to such maritime lien. Claimants holding maritime liens
17 may not be subrogated to the compensation payable to the owner of the ship under
18 an insurance contract.

19 **Section 42. Exclusions.** – The provisions of this Title shall not apply to:

- 20 a. A claim for the enforcement of a maritime lien that is already the
21 subject of a pending case and which is sought to be enforced under
22 the provisions of Presidential Decree No. 1521, or the Ship Mortgage
23 Decree, at the time of the effectivity of this Act;
24 b. A maritime lien which arose prior to the effectivity of this Act, unless
25 such lien has already prescribed.

26 Chapter 2

27 **Ship Mortgages**

28 **Section 43. Application.** – The provisions of this Chapter shall apply to
29 every mortgage wherever executed in respect of:

- 30 a. A ship that is registered in the Philippines, or
31 b. A ship that is under construction in the Philippines.

1 **Section 44. Subject of a Ship Mortgage.** – Unless otherwise stipulated, a
2 ship mortgage shall include all the property of the mortgagor which is appropriated
3 to the ship and on board at the time when the mortgage contract is entered into, or
4 which is later substituted for such property. In case the ship is under construction,
5 the ship mortgage shall include all materials, machinery and equipment owned by
6 the mortgagor that are within the premises of the builder's yard and distinctly
7 identified as intended to be incorporated into the ship under construction.

8 **Section 45. Formal Validity.** – A ship mortgage shall not be valid unless it
9 is made by or with the consent of the owner of the ship or ship under construction,
10 and in writing and signed by the mortgagor and mortgagee. However, the ship
11 mortgage may be validly made in the form of an electronic document as defined by
12 law. Except as otherwise expressly provided in this Act, no other document for
13 formal validity shall be required in order for the ship mortgage to be binding and
14 effective upon the mortgagor and mortgagee.

15 **Section 46. Registration of Ship Mortgages.** – Every mortgage of a ship
16 that is registered or under construction in the Philippines shall, on proper
17 application, be registered in the Record of Mortgages and Encumbrances established
18 in Section 27 hereof. If such a mortgage is not registered, it shall be unenforceable
19 against the ship and third persons. All entries in the Register of Mortgages and
20 Encumbrances pertaining to the mortgage of a ship shall be annotated on the back
21 of the Certificate of Philippine Registration, stating the time and date of transfer and
22 the nature and subject matter of the encumbrance. All ship mortgages shall be
23 registered in the order in which they are filed, indicating the date and time of
24 registration. The MARINA shall, upon the registration of a mortgage, issue two
25 official copies of the relevant entry in the Registry to the mortgagor. Each official
26 copy of the entry shall bear the official time and date of the registration of the
27 mortgage. If a ship mortgage is transferred or materially amended or if one
28 mortgage is substituted for another, the transfer, amendment or substitution shall
29 likewise be entered into the Record. Any transfer, amendment or substitution that is
30 not entered into the Record shall be unenforceable against the ship and third
31 persons.

1 **Section 47. Disclosure by the Mortgagor.** – Upon request of the
2 mortgagee prior to the execution of the mortgage to which they are parties, the
3 mortgagor shall provide in writing the details of any prior ship mortgage and any
4 maritime lien that is known to the mortgagor, upon the ship which is the subject of
5 the ship mortgage.

6 **Section 48. Priority Between Ship Mortgages.** – Ship mortgages shall
7 rank in the order of their being recorded with the Registry.

8 **Section 49. Notification of De-registration of Subject of Ship**
9 **Mortgage.** – Except in the case of a forced sale upon order of a competent court,
10 the de-registration of a ship shall not be permitted unless all registered ship
11 mortgages are first deleted, or the written consent of all holders of such mortgages
12 is obtained. Where the de-registration of the ship is obligatory according to the
13 provisions of this Act or its implementing regulations, the MARINA shall notify the
14 holders of registered ship mortgages of the pending de-registration in order to
15 enable such holders to take appropriate action to protect their interests. Unless the
16 said holders consent to a shorter period, the de-registration shall not be
17 implemented until after a lapse of a reasonable time from notification in writing,
18 which shall not be less than three (3) months. There shall be no other requirements
19 for formal validity except as stated in the preceding paragraphs.

20

Chapter 3

21

Enforcement of Mortgage

22

23 **Section 50. Grounds to Enforce a Ship Mortgage.** – A mortgagee shall
24 be entitled to enforce the security represented by the ship under a mortgage in the
25 following cases:

25

a. The mortgagor defaults in the discharge of the indebtedness or other
26 obligations secured by the ship mortgage;

26

27

b. The mortgagor or any person in possession of the mortgaged property
28 substantially prejudices the security of the mortgagee by any act or
29 omission;

28

29

c. The mortgagor commits any breach of the mortgage contract which,
30 by the terms of the contract, entitles the mortgagee to enforce the
31 security.

30

31

32

1 **Section 51. Remedies of Mortgagees.** – The enforcement of the security
2 under the mortgage may be carried out by:

- 3 a. Arresting the ship subject to the mortgage and applying for an order
- 4 for its forced sale by competent court; or
- 5 b. Foreclosing the mortgage; or
- 6 c. Any other manner stipulated in the mortgage contract.

7 **Section 52. Arrest and Forced Sale of a Ship.** – A mortgagee entitled to
8 enforce a mortgage, or a person exercising a maritime lien, may bring a proceeding
9 in rem against the ship which is the subject of the mortgage or to which the
10 maritime lien attaches, as the case may be, before a competent court having
11 jurisdiction over the ship. The petitioner shall be entitled to apply to the court ex
12 parte for an order for the arrest of said ship. The petitioner's claim shall be
13 supported by an affidavit stating the circumstances which shall be the bases to
14 enforce the mortgage or lien. An affidavit executed abroad must be duly
15 authenticated. If the affidavit satisfactorily establishes the petitioner's claim, the
16 competent court shall order the arrest of the ship. The court may require the
17 petitioner to post a bond or other security before issuing the order of arrest. If so
18 required, the bond or security shall not exceed the amount of the mortgage debt or
19 lien. The court shall, after judgment, order the forced sale of the ship to satisfy the
20 claim, unless the ship has been released in accordance with the next succeeding
21 section. The rules on preliminary attachment under the Rules of Court shall not
22 apply in the arrest of ships.

23 **Section 53. Release of Arrested Ship.** – The court shall not release the
24 arrested ship prior to rendition of judgment unless the mortgagor, the owner of the
25 ship, or any person authorized to act on his behalf or of any other person interested
26 in the ship:

- 27 a. Applies to the court for an order releasing the ship from arrest, by
- 28 making a cash deposit, and if the same is not possible upon
- 29 presentation of competent evidence, by filing a counter-bond or
- 30 security in an amount double the value of the claim, to secure the
- 31 payment of any judgment that the mortgagee may recover in the
- 32 action, or

1 b. Proves that the arrest was improperly or irregularly made.

2 **Section 54. Notice of Forced Sale of a Ship.** – Prior to the forced sale of
3 a ship, the court shall give, or cause to be given, at least thirty (30) days prior notice
4 of the time and place of such sale, either in customary or electronic form, to the
5 following:

6 a. All holders of registered mortgages;

7 b. Such holders of maritime liens whose claims have been notified to the
8 court and have not expired;

9 c. All other persons having an interest in the ship, whose interests have
10 been notified to the court.

11 **Section 55. Effect of Forced Sale of a Ship.** – In the event of the forced
12 sale of a ship, all mortgages, except those assumed by the purchaser with the
13 consent of the holders, and all liens and other encumbrances of whatsoever nature,
14 shall cease to attach to the ship but shall attach to the proceeds of sale: Provided,
15 That at the time of the sale, the ship is in the jurisdiction of the Philippines, and the
16 sale has been effected in accordance with the laws of the Philippines. Any charter
17 party or contract for the use of the ship in existence at the time of the forced sale
18 shall be deemed to be terminated, without prejudice to any claim the charterer may
19 have against the owner of the ship at the time of the sale.

20 **Section 56. Bankruptcy Does Not Affect Ship Mortgage.** – The
21 mortgage of a ship is not affected by the bankruptcy or rehabilitation of the
22 mortgagor after the date of the registration of the mortgage.

23 **Section 57. Distribution of the Proceeds.** – The costs awarded by the
24 competent court and expenses arising out of the arrest and sale of the ship shall be
25 paid first out of the proceeds of such sale. Thereafter, the following claims shall be
26 satisfied out of the balance of the proceeds of the sale in the order herein
27 enumerated, observing also the preference among each category of claims,
28 established in Sections 34 and 36 hereof on maritime liens and Section 46 hereof on
29 ship mortgages:

30 a. Maritime liens;

31 b. Registered mortgages, and

32 c. Rights of retention.

1 In case of deficiency, the mortgagee shall be entitled to file a suit in
2 personam against the mortgagor.

3 **Section 58. Certificate of Release.** – When a ship registered in the
4 Philippines has been the object of a forced sale in the Philippines, the competent
5 court having jurisdiction shall, at the request of the purchaser, issue a certificate to
6 the effect that the ship is sold free of all mortgages, maritime liens, and other
7 encumbrances, except those assumed by the purchaser. Upon the production of the
8 above-mentioned certificate, the MARINA shall delete all registered mortgages from
9 the Registry, except those assumed by the purchaser, or issue a certificate of de-
10 registration for the purpose of registration, as the case may be.

11 **Section 59. Effect of the Forced Sale of a Ship in Foreign States.** –
12 The forced sale in a foreign state of a ship registered in the Philippines shall be
13 recognized and effective in the Philippines: Provided, That the procedure for such
14 forced sale in that foreign state substantially corresponds to the appropriate
15 procedure set out herein.

16 Chapter 4

17 Foreign Liens and Mortgages

18 **Section 60. Foreign Maritime Liens.** – A claim governed by the law of a
19 State other than the Philippines and recognized by such law as giving rise to a
20 maritime lien or right of a similar nature against the owner, or against the demise or
21 other charterer, manager or operator of a ship, shall be recognized by and
22 enforceable in the Philippines. Provided, That said claim constitutes or corresponds
23 substantially to a claim set out in this Act. The provisions of this Act relating to
24 maritime liens, including priority, ranking of liens between themselves, and
25 enforcement, shall also apply to such claims.

26 **Section 61. Foreign Mortgages.** – A foreign mortgage, or any mortgage or
27 hypothec which relates to a ship of foreign registry, shall be recognized and
28 enforceable in the Philippines: Provided, That:

- 29 a. Such mortgage has been effected and registered or otherwise recorded
30 in accordance with the law of the State where the ship is registered;
- 31 b. Such register and any instrument or document which are required to
32 be deposited are open to public inspection, and that extracts of the

1 register and copies of such instruments are obtainable from the
2 registrar, and

- 3 c. Either the register or the loan agreement specifies:
- 4 i. The name and address of the person in whose favor the
5 mortgage has been effected or that it has been issued to bearer;
 - 6 ii. The amount secured by the mortgage or the manner of
7 calculating said amount;
 - 8 iii. The date of the mortgage, and
 - 9 iv. Such other particulars which, according to the law of the State
10 where the ship is registered, determine the rank in regard to
11 other registered mortgages.

12 All matters relating to the procedure for enforcement of foreign mortgages
13 shall be governed by this Act.

14 **Section 62. Priority and Ranking of Foreign Mortgages.** – Foreign
15 mortgages shall be subordinate to maritime liens as set out in this Act. The ranking
16 of foreign registered mortgages as between themselves, and their effect as regard
17 to third parties, shall be governed by the law of the State where the ship is
18 registered.

19 Title IV

20 **Limitation on Liability**

21 Chapter 1

22 **Right to Limit Liability**

23 **Section 63. Application.** – The following may invoke the right to limit their
24 liability in accordance with the rules provided for in this Title for the claims set out in
25 the succeeding section:

- 26 a. Ship owners;
- 27 b. Ship operators;
- 28 c. Bareboat charterers;
- 29 d. Ship managers;
- 30 e. Salvors with respect to claims set forth in Section 65 hereof:

- 1 f. Any person whose act, neglect or default the ship owner, ship
2 operator, bareboat charterer, ship manager or salvor is responsible for;
3 and
4 g. Insurers who assume the liability of any ship owner, ship operator,
5 bareboat charterer, ship manager, or salvor.

6 They may invoke their right to limit liability against any claimant in a judicial
7 action who has sought the arrest of their vessels in order to enforce a claim which is
8 subject to limitation.

9 **Section 64. Claims which are Subject to Limitation.** – The following
10 claims made against the persons set forth in the preceding section or against the
11 ship, whatever the basis of liability may be, shall be subject to the limitation of
12 liability:

- 13 a. Claims in respect of loss of life or personal injury, or loss of or damage
14 to property, including damage to harbor works, basins, waterways and
15 aids to navigation, occurring on board or in direct connection with the
16 operation of the ship or with salvage operations and consequential loss
17 resulting therefrom;
18 b. Claims in respect of loss resulting from delay in the carriage by sea of
19 cargo, passengers or their luggage;
20 c. Claims in respect of other loss resulting from the infringement of
21 rights, other than contractual rights, occurring in direct connection with
22 the operation of the ship or of salvage operations;
23 d. Claims in respect of loss or damage arising from the raising, removal,
24 destruction or the rendering harmless of a ship which is sunk, wrecked
25 or abandoned, including anything that is or has been on board such
26 ship;
27 e. Claims in respect of loss or damage resulting from the removal,
28 destruction or the rendering harmless of the cargo of the ship;
29 f. Claims in respect of measures taken in order to avert or minimize loss
30 for which the person liable may limit his liability in accordance with this
31 Title, and any further loss caused by such measures.

1 **Section 65. Claims Not Subject to Limitation.** – The following claims
2 shall not be subject to any limitation of liability in accordance with this Title:

- 3 a. Claims arising from the contract of salvage or from any salvage
4 operation rendered in accordance with relevant Philippine law on
5 salvage or any applicable international salvage convention, including
6 any claim for special compensation payable under a contract of
7 salvage, or any contribution in general average;
- 8 b. Claims for oil pollution damage within the meaning of the applicable
9 convention covering the civil liability for oil pollution damage or any
10 amendment thereto which is in force;
- 11 c. Claims subject to any international convention governing or prohibiting
12 the limitation of liability for nuclear damage;
- 13 d. Claims against the ship owner of a nuclear ship for nuclear damage;
- 14 e. Claims brought by employees against the shipowner, ship operator,
15 bareboat charterer, ship manager, or salvor, where the duties of such
16 employees are connected with the ship or with the salvage operations,
17 as the case may be, or their heirs, successors, or assigns, if under the
18 law governing the contract of employment, the ship owner, ship
19 operator, bareboat charterer, ship manager, or salvor is not entitled to
20 limit his liability in respect of such claims, or if the law governing the
21 contract of employment permits a limit of liability greater than that
22 provided for in this Act.

23 **Section 66. Conduct Barring Limitation.** – Any shipowner, ship operator,
24 bareboat charterer, ship manager or salvor, or any person acting on their behalf,
25 shall not be entitled to limit liability if it is proven that the loss resulted from the
26 personal act or omission of such ship owner, ship operator, bareboat charterer, ship
27 manager, or salvor, or any person acting on their behalf, and such actor omission
28 was committed with the intent to cause such loss, or it was done recklessly and with
29 the knowledge that such loss would probably result.

30 **Section 67. Counterclaims; Right to Set Off.** – When a ship owner, ship
31 operator, bareboat charterer, ship manager, or salvor, who is entitled to limit his
32 liability, has a counterclaim against the claimant arising out of the same occurrence,

1 their respective claims shall be set off against each other and the limits of liability
2 shall only apply to the balance of the claim, if any. The right of set off can be
3 invoked only if both parties are entitled to limit their respective liabilities and their
4 respective claims do not fall within the provisions of sections 65 and 66 of this Act.

5 Chapter 2

6 **Limits of Liability**

7 **Section 68. General Limits.** – The general limits of liability for claims other
8 than for passenger claims, arising from any distinct occasion shall be calculated as
9 follows:

- 10 a. In respect of claims for loss of life or personal injury:
- 11 1. 2,000,000 units of account for a ship with a tonnage not
12 exceeding 2,000 tons;
 - 13 2. For a ship with a tonnage in excess thereof, the following
14 amount in addition to that mentioned in a.1:
 - 15 i. For each additional ton from 2001 to 30,000 tons, 800
16 units of account;
 - 17 ii. For each additional ton from 30,001 to 70,000 tons, 600
18 units of account;
 - 19 iii. For each additional ton in excess of 70,000 tons, 400 units
20 of account
- 21 b. In respect of any other claims:
- 22 1. 1,000,000 units of account for a ship with a tonnage not
23 exceeding 2,000 tons;
 - 24 2. For a ship with a tonnage in excess thereof the following
25 amount in addition to that mentioned in b.1:
 - 26 i. For each additional ton from 2001 to 30,000 tons, 400
27 units of account;
 - 28 ii. For each additional ton from 30,001 to 70,000 tons, 300
29 units of account;
 - 30 iii. For each additional ton in excess of 70,000 tons, 200 units
31 of account.

1 The MARINA, with the approval of the Secretary of the Transportation may by
2 regulation revise the limits of liability provided for in this section to align such limits
3 with applicable international maritime conventions.

4 **Section 69. Claims for Loss of Life in Excess of the Stipulated Limit. –**

5 If the amount calculated in accordance with subsection (a) of the preceding section
6 is insufficient to pay in full all the claims for loss of life or personal injury, the
7 amount calculated in accordance with subsection (b) shall be available for the
8 payment of the unpaid balance of the claims under subsection (a). In this case, the
9 unpaid balance for claims for loss of life and personal injury shall rank ratably with
10 all other claims falling under subsection (b): Provided, however, that if there should
11 be any claim arising from damage to harbor works, basins and waterways, and aids
12 to navigation, these shall be satisfied first before any other claim falling under
13 subsection (b) are satisfied, including any unsatisfied claims for loss of life or
14 personal injury.

15 **Section 70. Salvor's Limit of Liability When Not Operating from a**

16 **Ship.** – The limit of liability for any salvor who is not operating from any ship or
17 salvage tug, or who is operating solely on the ship to, or in respect of, which he is
18 rendering salvage services, shall be calculated in accordance with the provisions of
19 Section 69 of this Act applying a tonnage of 1,500 tons.

20 **Section 71. Limit of Liability for Passenger Claims.** – The limit of

21 liability of a ship owner, ship operator, bareboat charterer, or ship manager, for
22 passenger claims relating to loss of life or personal injury arising out of any distinct
23 occasion, shall be an amount equivalent to 175,000 units of account multiplied by
24 the number of passengers which the ship is authorized to carry according to the
25 ship's certificate.

26 Claims for loss of life or personal injury to passengers of a ship shall mean
27 any such claims brought by or on behalf of:

- 28 a. Any person carried on the ship under a contract of passenger carriage;
- 29 or
- 30 b. Any person carried on the ship who, with the consent of the master, is
- 31 accompanying a vehicle, or a shipment of live animals, or other cargo
- 32 which is covered by a contract for the carriage of goods.

1 thereon from the date of the occurrence giving rise to the liability until the date of
2 the creation of the fund. The total amount of the fund shall be subject to the rules
3 on aggregation of claims set forth in section 73 of this Act. Any fund created shall be
4 available only for the payment of claims in respect of which limitation of liability can
5 be invoked.

6 **Section 75. Insurance Indemnity Cover.** – Every ship owner or bareboat
7 charterer shall be required to maintain adequate insurance coverage or protection
8 and indemnity coverage to meet the financial responsibility for any liability which
9 such ship owner or bareboat charterer may incur for loss of or injury to human life,
10 damage to property and to the marine environment. In determining the limits for
11 mandatory insurance coverage for seagoing ships, the MARINA shall take into
12 account and be guided by the applicable limits of liability provided in relevant
13 international conventions. In setting the limits for mandatory insurance coverage for
14 coastwise vessels the MARINA shall consider the prevailing local social, economic
15 and other conditions in the Philippines.

16 **Section 76. Form of the Fund.** – The fund may be created, either by
17 depositing the sum with a bank or other financial institution designated by the court,
18 or by providing a bond, or other security acceptable to the court. The fund
19 constituted by any of the persons mentioned in Section 63, subsections (a), (b), (c),
20 (d) or (e) shall likewise be deemed constituted in favor of the persons mentioned in
21 subsection (f) and (g) of that section.

22 **Section 77. Distribution of the Fund.** – Subject to the provisions of
23 Sections 68 and 69 hereof, the limitation fund shall be distributed among the
24 claimants in proportion to their claims against the fund as determined by the court.

25 **Section 78. Subrogation of Rights.** – If at any time before the fund is
26 distributed, the ship owner, ship operator, bareboat charterer, ship manager or
27 salvor, or their respective insurers, settles a claim made against and payable by the
28 fund, such person shall, up to the amount paid, acquire by subrogation the rights
29 which the claimant would have enjoyed under this Title.

30 **Section 79. Contingency Fund for Expected Claim.** – Where the ship
31 owner, ship operator, bareboat charterer, ship manager, or salvor, or their
32 respective insurers, establishes that it may be compelled to pay a claim, at a later

1 date, whether in whole or in part, and because of such payment, the ship owner,
2 ship operator, bareboat charterer, ship manager or salvor, or their respective
3 insurers, would have enjoyed a right of subrogation if the claim had been paid
4 before the fund was distributed, the court having jurisdiction over the claim and in
5 which the fund has been constituted may order that a sufficient sum from the fund
6 be provisionally set aside to enable the person who has been subrogated to the
7 rights of the claimant to enforce his claim against the fund at such later date.

8 **Section 80. Bar to other Actions.** – Where a limitation fund has been
9 constituted in accordance with Section 74 hereof, any person having made a claim
10 against the fund shall be barred from enforcing such claim against any other assets
11 of the persons mentioned in Section 63 hereof and on whose behalf the fund has
12 been constituted.

13 **Section 81. Release from Arrest after the Constitution of the**
14 **Limitation Fund.** – After a limitation fund has been constituted in accordance with
15 Section 74 of this Act, any ship or other property, belonging to a shipowner, ship
16 operator, bareboat charterer, ship manager or salvor on whose behalf the fund has
17 been constituted, which has been arrested or attached in accordance with Title III of
18 this Act in order to satisfy a claim which is enforceable against the fund or any other
19 bond or security given, may be released from arrest at the discretion of the court.
20 Such release shall however be mandatory if the limitation fund has been constituted:

- 21 a. At the port where the occurrence took place;
- 22 b. If the occurrence took place out of port, at the first port of call of the
23 ship after such occurrence;
- 24 c. At the port of disembarkation in respect of claims for loss of life or
25 personal injury;
- 26 d. At the port of discharge in respect of damage to cargo; or
- 27 e. At the port where the arrest is made.

28 The provisions of this section and of the immediately preceding section shall
29 apply only if the claimant may bring a claim against the limitation fund before the
30 court administering that fund and the fund is actually available and freely
31 transferable to the claimant in respect of the claim.

32 Title V

1 **Enforcement and Investigation**

2 **Section 82. Report of any Incident Involving a Philippine Registered**

3 **Ship.** – When any Philippine flag vessel sustains an accident or causes any incident
4 involving the loss of life, material loss of property, or serious injury to any person, or
5 receives any damage affecting her seaworthiness or her efficiency, or if it should
6 cause any pollution or damage to the marine environment, regardless of where such
7 accident or incident may occur, the ship owner, ship operator, bareboat charterer,
8 ship manager, agent or master of such vessel shall immediately, after the
9 occurrence of the accident or incident, send a report of the accident or incident to
10 the regional office of the MARINA nearest the place of the accident or incident or, in
11 the case of seagoing vessels, to the head office of the MARINA in the port of Manila,
12 stating:

- 13 a. The name of the vessel;
14 b. The port to which the vessel belongs,
15 c. The place where the incident occurred;
16 d. The nature and probable cause of the incident;
17 e. The number and names of those who perished, and
18 f. The estimated amount of loss or damage to the vessel, the cargo or
19 the marine environment.

20 The ship owner, ship operator, charterer, ship manager, agent or master may
21 be required to furnish such other information as shall be called for.

22
23 Title VII

24 **Casualty Investigation**

25 **Section 83. Marine Safety Investigation.** – Following the occurrence of
26 an accident or incident involving a Philippine flag coastwise or seagoing vessel
27 resulting in the loss of life, material loss of property, or serious injury to any person,
28 or receives any damage affecting her seaworthiness or her efficiency, or if it should
29 cause any pollution or damage to the marine environment, regardless of where such
30 accident or incident may occur, the MARINA on its own or through a duly constituted
31 independent group of suitably qualified safety inspectors, shall immediately
32 undertake a marine safety investigation. This investigation shall be separate from

1 any other form of investigation that may be undertaken by any other government
2 agency.

3 **Section 84. Nature of the Investigation.** – The investigation undertaken
4 in accordance with this Chapter shall not apportion blame or determine liability but
5 shall be conducted to determine the cause of the accident and the identification of
6 measures to prevent the occurrence of similar marine casualties, accidents or
7 incidents in the future.

8 **Section 85. Power of Safety Investigators to Investigate.** – Maritime
9 safety investigators appointed by the MARINA shall have full powers to board the
10 Philippine flag ship regardless of where it may be found, and interview the master
11 and the crew and any other person involved, and acquire such evidentiary material
12 for purposes of undertaking and completing the marine safety investigation.

13 **Section 86. Amendment of Safety Regulations.** – Following completion
14 of the safety investigation and upon a complete study of the safety investigation
15 report, the MARINA shall take measures to amend its safety regulations to
16 implement the recommendations made in the report.

17 **Section 87. Providing Reports to the International Maritime**
18 **Organization.** – The MARINA as competent authority shall provide a copy of the
19 report to the International Maritime Organization to enable a wide dissemination of
20 information and to assist the international maritime community to address safety
21 issues.

22 Title VIII

23 Operation of Vessels

24 **Section 88. Ship Construction.** – Every new building registered under
25 Philippine laws shall be constructed in accordance with standards for ship
26 construction set forth in international maritime conventions and implemented
27 through government regulations. Ship construction shall be under the supervision of
28 the MARINA or a recognized organization appointed for the purpose. The recognized
29 organization shall oversee the construction of the ship and ensure that the
30 construction regulations provided in international maritime conventions and those
31 issued by the MARINA covering the structural strength and integrity of all parts of

1 the ship's hull and its appendages as well as the safety and reliability of the main
2 propulsion, steering systems and auxiliary systems of the ship are followed.

3 **Section 89. Navigation and Communications Equipment.** – Every
4 Philippine flag vessel shall have on board such navigation and communication
5 equipment and apparatus required by international maritime convention for the safe
6 navigation of ships. Every equipment and apparatus that shall be required to be
7 installed on board shall be suited for the type, tonnage, power, means of propulsion
8 and trading limitations of the particular ship.

9 **Section 90. Equipment to Prevent Marine Pollution.** – Every Philippine
10 flag vessel shall have on board equipment and apparatus to prevent, reduce, or
11 control pollution to the marine environment emanating from ships. Every equipment
12 and apparatus required to be installed on board shall be suited for the type,
13 tonnage, power, means of propulsion and trading limitations of the particular ship.

14 **Section 91. Inspections and Surveys.** – To ensure the proper
15 maintenance of the ship's hull, machinery and equipment, its through-life compliance
16 with international conventions and government regulations, and its safe operation,
17 every Philippine flag vessel shall be subject to periodic inspections and surveys.

18 **Section 92. Scope of Inspections and Surveys.** – The inspections and
19 surveys shall be conducted in accordance with international maritime conventions
20 and government regulations, and shall include an inspection and survey of the
21 ship's:

- 22 a. Hull structure;
- 23 b. Machinery and equipment;
- 24 c. Life-saving equipment;
- 25 d. Fire-fighting equipment; and
- 26 e. Radio and communications installations.

27 **Section 93. Extent of Authority of Recognized Organization.** – The
28 MARINA, in appointing a recognized organization or classification society to conduct
29 the inspection and survey of ships, shall inform the recognized organization of the
30 specific responsibilities and conditions of the authority delegated to it.

31 **Section 94. Issuance of Certificates.** – The recognized organization,
32 pursuant to the functions delegated to it by the MARINA, shall have the authority to

1 issue vessel certificates to every Philippine flag vessel and for this purpose, the
2 vessel certificates issued by such recognized organization shall be deemed to have
3 met the requirements of this Act. Copies of the vessel certificates shall be submitted
4 to the MARINA which shall, upon verification of compliance, issue a certificate of
5 inspection in favor of the complying vessel confirming the findings of the recognized
6 organization.

7 **Section 95. Availability of Vessel Certificates.** – The vessel certificates
8 mentioned in the immediately preceding section shall be readily available on board
9 the vessel for examination at all times.

10 Title IX

11 **Manning Requirements**

12 **Section 96. Citizenship of Crew.** – Vessels engaged in coastwise trade as
13 well as sea going vessels shall employ full Filipino crew: Provided, however, That
14 seagoing vessels shall be subject to the exemption mentioned in Section 9b(5)
15 hereof. An exemption from this citizenship requirement on such terms and
16 conditions and for a limited period as may be determined by the MARINA may be
17 obtained from the MARINA upon written application from the ship owner or
18 operator. This exemption however shall not be granted to coastwise vessels.

19 **Section 97. Crew Competence.** – Every member of the crew of a
20 Philippine flag vessel shall possess the appropriate certificate of competency setting
21 forth his competence to serve in the capacity and perform the functions involved at
22 the level of responsibility, for the position held, for the type, tonnage, power, means
23 of propulsion, and trading limitations of the ship concerned. The certificate of
24 competency, as well as any endorsements thereto and any renewals thereof, shall
25 be issued by the MARINA. The certificate of competency shall attest to the fact that
26 the seafarer to whom it is issued meets the requirements for service, age, medical
27 fitness training, qualification, and examinations for the position held.

28 **Section 98. Crew Deployment.** – Crew deployment to Philippine flagged
29 seagoing vessels engaged in international or regional trade shall continue to be
30 undertaken by the Philippine Overseas Employment Administration (POEA) in
31 accordance with the appropriate provisions of the Maritime Labor Convention (MLC).

32 Title X

1 **Final Provisions**

2 **Section 99. Requisition of Vessels.** – The President of the Philippines
3 may, in times of war and other national emergency, when the public interest so
4 requires, order the requisition of any and all vessels of Philippine registry, absolutely
5 or temporarily, for any naval or military purpose. The Government shall pay the
6 owner or operator of the vessel, based on normal conditions at the time of
7 requisition:

8 a. The fair market value, if the vessel is taken absolutely; or

9 b. The fair charter value, if the vessel is taken temporarily, for the period
10 commencing from the takeover by the Government to the date the vessel
11 is returned to its owner or operator.

12 **Section 100. Streamlined and Rationalized Procedures.** – To ensure
13 the effective implementation of this Act and the further streamlining of processes to
14 support the country's competitiveness and promote trade facilitation, the MARINA
15 shall coordinate with the Department of Foreign Affairs, Department of Finance,
16 Department of Labor and Employment, Department of Health, Department of interior
17 and Local Government, Securities and Exchange Commission, Philippine Overseas
18 Employment Administration, Bureau of Immigration, Board of Investments, Bureau
19 of Customs, Bureau of Internal Revenue, Philippine Ports Authority, Philippine Coast
20 Guard, Bureau of Fisheries and Aquatic Resources, Bureau of Quarantine and other
21 relevant offices and agencies to further streamline policies, requirements, processes,
22 procedures, and national and local government fees, dues, charges, tariffs,
23 assessments, rates and other levies, on the acquisition, registration and operation of
24 vessels; the hiring, deployment, change and repatriation of crew; the construction,
25 repairs, maintenance and recycling of ships; and other government and business
26 processes concerning vessels in the Philippine Registry.

27 **Section 101. Implementing Rules and Regulations.** – Within sixty (00)
28 days after the effectivity of this Act, the MARINA shall issue the implementing rules
29 and regulations as may be necessary to implement the provisions of this Act.

30 **Section 102. Administrative Offenses and Penalties.** – To ensure
31 faithful compliance with the rules and regulations issued in accordance with the
32 preceding section, the MARINA, through summary administrative proceedings, may

1 identify, prohibit, and penalize such acts and activities that may reduce the efficiency
2 and reliability of the Philippine Ship Registry, impede the effectiveness of the
3 exercise of Philippine jurisdiction and control over Philippine flag vessels, or
4 otherwise interfere with its duties and responsibilities as a flag State and the
5 implementation of this Title. For this purpose, the MARINA is authorized to impose
6 an administrative fine of not less than Ten Thousand Pesos (PhP10,000.00) but not
7 more than Five Hundred Thousand Pesos (PhP500,000.00), as well as the penalty of
8 suspension, cancellation, or revocation of the relevant certificates, for violations of
9 this Act and such rules and regulations that it may issue pursuant to this Act. The
10 range of fines shall be subject to review and revision every five (5) years from the
11 date of effectivity of this Act, but in no case shall any increase exceed an amount
12 equivalent to twenty percent (20%) of that previously imposed.

13 **Section 103. Transitory Provisions.** – Every ship currently registered
14 under the laws of the Philippines and granted the privilege to fly its flag shall be
15 deemed to be registered under this Act in so far as its registration is not inconsistent
16 with the provisions of this Act and such registration shall continue to be valid until its
17 expiration unless sooner revoked by the MARINA. Any ship mortgage entered into in
18 accordance with the provisions of the Ship Mortgage Decree or the Chattel Mortgage
19 Law shall continue to be valid and effective and its registration shall be transferred
20 to the MARINA in accordance with the provisions of this Act. Nothing in the transfer
21 shall change or in any way alter or affect any preference a registered mortgage may
22 enjoy or the original date on which such mortgage was entered in the registry.

23 **Section 104. Separability Clause.** – If, for any reason, any section,
24 subsection, clause or term of this Act is held to be illegal, invalid, or unconstitutional,
25 such parts not affected by such declaration shall remain in full force and effect.

26 **Section 105. Repealing Clause.** – The following laws are hereby repealed:

- 27 a. Articles 573 to 585 of the Code of Commerce of 1888;
- 28 b. Sections 801 to 821 of Republic Act No. 1937;
- 29 c. Republic Act No. 913;
- 30 d. Republic Act No. 1407;
- 31 e. Republic Act No. 6106;
- 32 f. Republic Act No. 7471, as amended;

- 1 g. Republic Act No. 9301;
2 h. Presidential Decree No. 214;
3 i. Presidential Decree No. 760, as amended.

4 The provisions of the following laws covering the powers and functions of the
5 MARINA are hereby amended insofar as they are inconsistent with Section 6 of this
6 Act:

- 7 j. Presidential Decree No. 474, as amended,
8 k. Executive Order No. 125 and 125-A, as amended;
9 l. Section 10 of Republic Act No. 9295.

10 Section 14 of Republic Act No. 9295 is hereby amended insofar as it is
11 inconsistent with Section 51 of this Act.

12 Such other laws, presidential decrees, executive orders, issuances, rules and
13 regulations or parts thereof, which are otherwise inconsistent with the provisions of
14 this Act are hereby repealed, amended or modified accordingly.

15 **Section 106. Effectivity.** - This Act shall take effect fifteen (15) days after
16 its publication in the Official Gazette or in a newspaper of general circulation.

Approved,