


**FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )**

7 JUL 26 1960

**SENATE  
S.B. No. 1378**

**RECEIVED BY:** 

**Introduced by Senator LOREN LEGARDA**

**EXPLANATORY NOTE**

This bill seeks to develop and strengthen the Philippine Maritime Industry in order to compete and prosper in the international maritime market.

The Philippines is an archipelago made up of 7,107 islands. Because of its geographic make up, the maritime sector has become a vital industry not only locally but internationally as well. The Filipino seafarers are known for their hard work, discipline and dedication making the Philippines the prime source of the international merchant marine industry's crew members and officers. Inter-island ferries are used not only as commuter vessels but also as transport of raw materials and goods. These ferries are important means of transport because of their affordable rates and access to far flung areas, usually accessible only through sea.

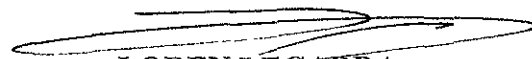
In order for the country to compete in the global maritime market, the Philippines needs legislation that will improve, strengthen and transform the Philippine maritime sector into a formidable international industry through the development of the shipbuilding, ship repair and ship recycling sectors.

This measure seeks to address this necessity by creating a healthy and competitive investment and business climate in the maritime industry as well as provide the necessary assistance and incentives to sustain the growth of the Philippine merchant fleet and the shipbuilding, ship repair and ship recycling industries. This Act shall provide for the establishment of a Maritime Equity and Investment Fund which shall serve as a source of financing assistance to duly accredited/license maritime entities for the acquisition and construction of ships and for the modernization and expansion of shipyard facilities.

Accredited domestic and overseas shipping organizations that import vessels, spare parts, equipment and materials which will be used exclusively by Philippine-registered vessel shall be exempted from paying duties and taxes. Such incentives will encourage local and foreign organizations to invest in the country's maritime industry.

Through the passage of this Act, a Maritime Industry Development Program, to be adopted and implemented by the Maritime Industry Authority (MARINA), will provide a framework for the integration of the maritime industry in the country's actions towards a developed socio economic situation.

In view of the foregoing, the urgent passage of this bill is sought.




**LOREN LEGARDA**  
Senator

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AN ACT  
 ESTABLISHING A PHILIPPINE MARITIME INDUSTRY LAW

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

CHAPTER I  
 GENERAL PROVISION

**SECTION 1. SHORT TITLE.** This Act shall be known as the “**Maritime Industry Development Act of 2007.**”

**SECTION 2. DECLARATION OF POLICY.** The State recognizes that the maritime industry is a vital component in the socio-economic development of the country.

The Philippines needs a strong and competitive maritime industry, which shall:

- a. our island by ensuring modern, safe, reliable, adequate, competitive and environment-conscious passenger and cargo services;
- b. link our people and our good with the world with competitive and efficient shipping services;
- c. promote and facilitate trade and tourism;
- d. function as an employment support base for our maritime power; and
- e. enhance capability of shipbuilding, ship repair and ship recycling.

To attain these objectives, it is hereby to be the policy of the State to:

- a. create a healthy and competitive investment and business climate in the maritime industry;
- b. provide necessary assistance and incentives to sustain the growth of the Philippine merchant fleet and the shipbuilding, ship repair and ship recycling industries;
- c. provide a reservoir of competent and qualified maritime manpower;
- d. ensure the continued viability of Philippine ship operators;
- e. promote safety rules and regulations; and
- f. encourage modernization of ships.

**SECTION 3. DEFINITION OF TERMS.** As used in and for purposes of this Act, the following terms, whether in singular or plural, shall mean:

- a. “Maritime Enterprises” include any ship operator, ship owner, shipbuilder, shiprepairer, shiprecycler, ship manager, ship agent, manning/crewing/agent, freight forwarder, marine surveyor, multimodal transport operator, non-vessel operating common carrier, classification societies and other similar enterprises which are duly accredited/licensed by the Administration.

- b. "Administration" refers to the Maritime Industry Authority otherwise known as MARINA.
- c. "Domestic Shipping or Domestic Trade" refers to the transport of passengers or cargoes, or both, between ports in the Philippines including other operations/services within its territorial or internal waters.
- d. "Overseas Shipping or Overseas Trade" refers to the transport of passengers or cargoes, or both, between ports not otherwise falling within the routes covered by domestic shipping, including such activities as chartering and the acquisition and sale of ships to be operated in international voyages.
- e. "Bay and Riverine Trade" refers to the operation in protected water areas. Protected waters shall include bays, harbors, rivers, lakes or similar water areas in which the ship is not more than three (3) nautical miles from land.
- f. "Domestic Ship Operator or Domestic Ship Owner" refers to a citizen of the Philippines, or a commercial partnership/corporation at least sixty per cent (60%) of the capital of which is owned by Filipinos, duly accredited/licensed by the Administration to engage in the business of domestic shipping.
- g. "Shipbuilding" refers to the design, construction, outfitting and launching of any type of ship.
- h. "Ship Repair" refers to the overhaul, alteration, rehabilitation, modification, conversion or reconstruction of the hull, machinery, equipment, outfits and components of any type of ships.
- i. "Ship Recycling" refers to the dismantling of uneconomical or unserviceable ships for the purpose of recovering useful steel and other parts and the rehabilitation and repair of non-operational machinery, instruments and devices.
- j. "Ships" any craft or artificial contrivance capable of floating in water including tugboats, lighters, oil rigs, dredgers, floating hotels/casinos, storage barges/tankers, power barges, whether self-propelled or non-propelled, fishing crafts, scientific research and survey, pleasure yacht, mobile offshore drilling units (MODU).

## **CHAPTER II PHILIPPINE SHIP REGISTRY**

**SECTION 4.** The grant of Philippine nationality to a ship shall be governed by this Act.

**SECTION 5.** The following may be permanently entered under the Register of Philippine Ships:

1. ships that are wholly-owned by a Philippine national;
2. ships jointly-owned by a Philippine national(s) and a foreign partner(s).

**SECTION 6.** A foreign-owned ship bareboat chartered by a Philippine-national may be granted temporary registration under this Act, provided that it shall comply with the requirements of registration under this Act and such other requirements the Administration may impose.

**SECTION 7.** In times of national emergency, when the public interests so requires, the State may, during the emergency and under reasonable terms prescribed by it, temporarily take over or direct the operations of any ship engaged in domestic trade and commerce, or prescribe its rates or routes of operation. Immediately upon the cessation of the emergency, the State shall immediately reinstate to the domestic ship operator the operation of its ships under the terms and conditions existing prior to the occurrence of the emergency.

**SECTION 8.** Ships granted the Philippine nationality under this Act shall be so entered in the Register of Philippine Ships (RPS) to be maintained by the Administration subject to the conditions provided in the succeeding provisions; Provided that such ships shall comply with the administrative, technical and social regulations that may be imposed by the Administration.

**SECTION 9.** The sovereignty of the Philippines shall extend to all Philippine-registered ships.

**SECTION 10.** A *Philippine-registered ship* has the right to fly the Philippine flag, which shall be flown at all times. Such ship may not change its Philippine flag during a voyage or while in port of call save in the case of a transfer of ownership or change of registry and only after permission to do so had been issued by the Administration.

**SECTION 11.** A *ship, which is not registered under this Act* shall not, for the purpose of making it appear to be a Philippine ship, fly the national colors, unless the assumption of Philippine nationality has been made for the purpose of escaping capture by the enemy or by a foreign ship of war in the exercise of belligerent right. The owner of a *ship* shall have the burden of proof in case of unauthorized assumption of Philippine nationality.

**SECTION 12.** Maritime enterprises as defined in this Act shall be duly established under Philippine laws and shall be accredited/licensed subject to the conditions as may be imposed by the Administration.

**SECTION 13.** Maritime enterprises as defined in this Act shall be duly established under Philippine laws and shall be accredited/licensed subject to the conditions as may be imposed by the Administration.

### **CHAPTER III PUBLIC SERVICE OPERATIONS**

**SECTION 14.** The term "public service" includes every person, natural or juridical, that now or hereafter may own, operate, manage, or control in the Philippine for hire or compensation, with general or limited clientele, whether permanent, occasional or accidental, and done for general business purposes, any ship, either for freight or passenger, or both, with or without fix route, and whatever maybe its classification.

**SECTION 15.** The following ships are exempt from the preceding section:

1. ships of war and troop ships;
2. pleasure crafts not engaged in any activity with pecuniary benefits;
3. wooden ships of primitive build;
4. sailing ships; and
5. government ships not engaged in commercial operation.

**SECTION 16.** No shipowner/operator can operate a public service as defined in this Act without possessing a valid and subsisting Certificate of Public Convenience (CPC) or any authorization or permit issued by the Administration.

**SECTION 17.** No CPC or authority to operate shall be issued unless the shipowner/operator and the ship have complied with the requirements on nationality,

financial capability, public need, safety, service standards, and economic/development considerations as embodied in rules and regulations to be issued by the Administration.

**SECTION 18.** The Administration shall adopt a progressive liberalization and deregulation policy for the issuance of franchise and public service operation.

**SECTION 19.** The exit from and entry into routes, including prescription of rates, shall be deregulated subject to the conditions that may be imposed by the Administration.

**SECTION 20.** The Administration shall adopt and prescribe a reasonable rate of return for the domestic shipping industry.

**SECTION 21.** The right to trade in bay and riverine operations shall not be limited to ships of local construction.

**SECTION 22.** No foreign-registered ship shall be allowed to transport passengers or cargo between ports or places within Philippine territorial waters except when authorize by the Administration.

**SECTION 23.** Every domestic ship owner/operator shall have the obligation to carry mail on mutually agreed terms and conditions, and preferential, negotiated conditions shall be given for the carriage of other Government cargo.

**SECTION 24.** The Administration shall have the power to impose, fix, collect and receive, in accordance with the schedules approved by its Board, such fees necessary for the supervision of domestic ship owners/operators or associations of such domestic ship owners/operators.

#### **CHAPTER IV MARITIME SAFETY**

**SECTION 25.** All maritime safety conventions, agreements, codes which have been ratified by the country shall form part of the laws of the land. IMO/ILO Conventions, Rules and Regulations, Standards and Codes and any maritime related international conventions in force are adopted by reference regards the management and safe operations of ships.

**SECTION 26.** It shall be the responsibility of shipowners/managers/ operators and Masters to ensure that Philippine-registered ships are in compliance with the requirements of all applicable International Maritime Conventions, Agreements, Codes, Regulations and Standards which the Philippines had ratified, adopted or acceded to.

**SECTION 27.** Companies/entities/ships covered by this Act shall conform with regulations established by the Administration for the safe management and operation of ships. The Administration shall for this purpose adopt a statutory certification system to inspect, evaluate and monitor level of compliance. The Administration may authorize other organizations/entities in carrying out this activity.

**SECTION 28.** All foreign registered ships when in Philippine port shall be subject to control by officers of the Administration for the purpose of verifying compliance with existing international and national regulations.

**SECTION 29.** A system of navigational aids shall be established and maintained throughout Philippine waters. A Vessel Traffic System shall be adopted in areas where the peculiarities of the area and/or volume of maritime traffic warrants.

**SECTION 30.** Compulsory pilotage shall be implemented in areas declared by appropriate government agencies based on the peculiarity and configuration of the area and the volume of maritime traffic.

**SECTION 31.** A national action plan on preventing and suppressing acts of piracy and armed robbery against ships shall be formulated and adopted by the Administration.

**SECTION 32.** A system of search and rescue, emergency response, distress and salvage management, typhoon doctrine be promulgated and formulated in coordination with appropriate government agencies.

## **CHAPTER V CREWING OF PHILIPPINE-REGISTERED SHIPS**

**SECTION 33.** Philippine registered ships shall be manned by Filipino seafarers excepts in cases as may be determined by the Administration.

**SECTION 34.** All Filipino seafarers including service providers while employed/on board ship shall possess a valid Seafarer's Identification and Record Book (SIRB) and a Seafarer's Registration Card (SRC). Service refer to those who are not part of the ship's regular crew complement.

**SECTION 35.** All seafarers on board Philippine-registered ships shall be qualified and certified in accordance with the STCW Convention 1978, as amended save in cases where the Administration may accept an equivalent qualification and certification system.

**SECTION 36.** A shipping article stating therein among others, the terms and conditions of employment shall be signed by the shipowner or the Master as his representative and the seafarer and shall be submitted to the Administration for endorsement.

**SECTION 37.** Wages of seafarers onboard Philippine-registered ships engaged in international voyages shall be based as a minimum, on International Labor Organization (ILO) adopted rates. For those seafarers onboard ships engaged in domestic trade, their wages may be negotiated between the shipowner/employer and the seafarer but in no case lower than that set by the National Wage and Productivity Commission.

**SECTION 38.** Except as provided in the immediately preceding section, shipowners operating Philippine-registered ships shall comply with the requirements on labor standards, with respect to working conditions, social welfare benefits, settlement of disputes and disciplinary measures.

## **CHAPTER VI MARITIME HUMAN RESOURCES**

**SECTION 39.** A human resource program to lift the quality of maritime professionals and skilled workers shall be formulated and implemented to fit the maritime

industry requirements by encouraging the pursuit of maritime profession, strengthening of the maritime education system and protecting the integrity of the qualification standards.

**SECTION 40.** To spur the growth of maritime enterprises to expand employment opportunities, the Government shall pursue an aggressive campaign to promote the country the world's labor provider of choice. To the extent possible, maritime education shall adopt standards equivalent to internationally accepted levels of quality; corollary to this, apprenticeship training schemes shall become a priority thrust of government by strengthening institutional linkages with foreign and local benefactors/sponsors.

**SECTION 41.** All Filipino maritime manpower shall be documented, qualified and certified in accordance with the minimum standards herein provided. For this purpose, a registry of maritime manpower shall be generated and maintained.

**SECTION 42.** The Administration shall formulate and conduct licensure examinations for all merchant marine officers, both for deck and engine department; to ensure that they are well-prepared professionally in discharging more critical ship duties and responsibilities as well as social obligations.

**SECTION 43.** Skilled maritime workers' competence level shall be in accordance with the unified rules and standards set by certification bodies duly recognized by the Administration.

**SECTION 44.** No Merchant Marine Officer shall act as Harbor Pilot unless he is licensed Master who has served as such on a sea-going vessel of at least 500 GT for a period of not less than five (5) years.

**SECTION 45.** The protection and promotion of the welfare of maritime labor employed overseas and their families shall be paramount. To this end, agencies concerned shall secure the best terms and conditions of their employment at par with prevailing international rates and standards as well as collective bargaining agreements and ensure compliance therewith.

**SECTION 46.** The Administration shall adopt/undertake proper measures as embodied/required by pertinent international conventions to ensure decent working conditions and adequate rest periods to alleviate fatigue are provided to Filipino maritime manpower, especially seafarers on board ships, so that their physical well-being and mental fitness, including operational preparedness/readiness are always maintained. Financial Security for speedy repatriation of said work for whatever reason or cause like completion of contract, injury or death and abandonment shall be utmost concern of the Administration. In coordination with concerned government agencies, the Administration shall endeavor that the immediately preceding section is accomplished.

**SECTION 47.** This contracts of employment of other maritime labor shall be governed by the stipulations of the Labor Code.

**SECTION 48.** Maritime manpower shall abide by a code of ethics governing the conduct and practices of each profession/skilled workers; breach of which shall be a ground for disciplinary action.

## **CHAPTER VII SHIP CONSTRUCTION**

**SECTION 49.** Ships shall be constructed in accordance with the requirements of SOLAS Convention, 1974, as amended, International Convention on the Prevention of Pollution from Ships, 1973/1978 (MARPOL 73/78), Load Line Convention, International Tonnage Convention, Codes and Standards adopted by the International Maritime Organization (IMO), PMMR, 1997, as amended and all such rules and regulations that may be promulgated by the Administration.

## **CHAPTER VIII ENVIRONMENT PROTECTION**

**SECTION 50.** The International Convention for the Prevention of Pollution for Ships (MARPOL) 1973/78 shall form part of the environmental laws of the Philippines.

**SECTION 51.** Companies/Entities/Ships covered by this Act shall conform with regulations established by the Administration pursuant to MARPOL 73/78 for the protection of the environment. The Administration shall for this purpose adopt a statutory certification system to inspect, evaluate and monitor level of compliance. The Administration may authorized other competent organizations/entities in carrying out these activities.

**SECTION 52.** A system of compensation and compulsory insurance for any pollution damage consistent with the International Convention on Civil Liability for Oil Pollution Damage, 1992 (CLC) shall be enforced by the Administration. For this purpose, the Administration shall be the lead agency in the implementation of the CLC and the 1992 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (FUND Convention).

## **CHAPTER IX MARITIME LIENS AND MORTGAGES**

**SECTION 53.** The pertinent provisions of the Ship Mortgage Decree of 1978 are accordingly amended to foster confidence in investment and expand credit and financing facilities in shipping.

**SECTION 54.** The following claims in relation to a ship shall be secured by maritime liens on the ship.

1. Claims for wages and other sums to the master, officers and other members of the ship's complement in respect of their employment on the ship, including costs of repatriation and social insurance contributions payable on their behalf;
2. Claims in respect of loss of life or personal injury occurring, whether on land or on water, in direct connection with the operation of the ship;
3. Claims for reward for the salvage of the ship; and
4. Claims for port, canal and other waterway dues and pilotage dues.

Provided, that no maritime lien shall attach to the ship to secure any claim as set out under paragraphs (2) and (3), which arises out of or results from the radioactive properties or a combination of a radioactive properties with toxic, explosive or other hazardous properties of nuclear fuel or of radioactive product or waste.

**SECTION 55.** The maritime liens set out in Section 54 hereof shall rank in the order listed therein subject, however, to prior claims which arose out of salvage of the



ship which shall take priority over all other maritime liens which have attached to the ship prior to the time when the operations giving rise to the said liens were performed, Provided that, the maritime liens set out in each of sub-paragraphs .1), .2), and 4) of Section 54 shall rank *pari passu* as between themselves.

**SECTION 56.** In case of default by the mortgagor, the Preferred Mortgagee is entitled to assume management of the ship as soon as his claim becomes due and payable. Likewise, the Preferred Mortgagee shall have absolute power to dispose the ship and to give account of the proceeds in the sale of the ship. The right of the mortgagee under this paragraph shall be subject to any prior encumbrances or maritime liens which shall attach in the amount and in accordance with their respective priorities, to the proceeds of the sale as provided under Section 16 of this Act, Provided, further, that the Preferred Mortgagee lien shall have priority over all claims against the ship except those liens mentioned in Section 54.

**SECTION 57.** The ship subject of an arrest order may be discharged upon order of the court; Provided, that the party whose ships had been arrested shall have made a cash deposit or posted a counterbond with the court, and on behalf of the creditor, in an amount equivalent to the value of the claim.

## **CHAPTER X FINANCING**

**SECTION 58.** A Maritime Equity and Investment Fund shall be established to serve as a source of financing assistance to duly accredited/licensed maritime entities for the acquisition of ships of not more than fifteen (15) years old classed by a government recognized/accredited classification society, construction of ships and for the modernization/expansion of shipyard facilities.

**SECTION 59.** The Department of Finance and the Department of Budget and Management shall earmark Two Billion Pesos (P2,000,000,000.00) a year for the next ten (10) years as counterpart Philippine funding for concessional loans and official development assistance to be secured for the said fund.

**SECTION 60.** The Fund shall be managed, and operated by the Development Bank of the Philippines, a Maritime Credit Committee (MCC) shall be established within the DBP composed of the following:

Governor, Development Bank of the Philippines - Chairman

Administrator, Maritime Industry Authority -Vice Chairman

General Manager, Phil. Ports Authority - Member

Private Sector Members: (To be appointed by the President from a list to be endorsed by the MARINA)

Overseas Shipping

Domestic Shipping

Shipbuilding, Ship Repair and Shipbreakers

Seafaring

**SECTION 61.** The MCC shall exercise supervision and control, as well as provide policy direction, in the management, administration and disposition of the Fund. The Maritime Industry Authority shall undertake technical and economic evaluation on loan applications filed, and endorse qualifying project proposals to the Development Bank of the Philippines.

**SECTION 62.** The MCC is hereby authorized to promulgate necessary policies, programs, rules and regulations for the management, operation and implementation of the maritime equity and investment fund.

**SECTION 63.** The MCC shall have the authority to execute agreements and other documents to evidence the indebtedness.

**SECTION 64.** The basic functions of the MCC shall be as follows:

- (a) To promulgate necessary rules and regulations for the administration and implementation of the maritime equity and investment program;
- (b) To contract loans either from local or foreign sources to augment the funding for the maritime equity and investment fund;
- (c) To execute agreements and other documents to evidence the indebtedness;
- (d) To grant loans to the ship owner/operator an amount equivalent to a maximum of eighty per cent (80%) of the total cost of the ship which shall be fully secured by a mortgage on the ship; and
- (e) To provide policy guidelines for the implementation of the Scrap and Build Program.

**SECTION 65.** All sums lent from the Fund for the acquisition of ships shall be paid for in full by the ship owner/operator and shall bear interest at the rate of not more than ten per centum (10%) per annum.

## **CHAPTER XI INCENTIVES**

### **SECTION 66. EXEMPTION FROM IMPORT DUTIES AND TAXES.**

66.1 Domestic/overseas shipping entities accredited and authorized by the Administration, who import ships, navigational, safety, communication and fixed shipboard cargo handling equipment or appliances, including hull material, marine engine, machinery, equipment, spare parts and accessories, which are to be used exclusively for Philippine-registered ships, shall be exempt from the payment of all import duties and taxes; Provided, however, That:

- (a) the imported ship shall not exceed fifteen (15) years, except oil and chemical tankers and gas carriers which shall not exceed ten (10) years, and classed by a government recognized/accredited classification society;
- (b) the navigational, safety and communication equipment or appliances, including marine engine, machinery, equipment, spare parts and accessories are not produced locally in sufficient quantity and acceptable quality at reasonable prices.

66.2 Shipbuilding and ship repair entities accredited and licensed by the Administration, who import machinery, equipment, materials and marine spare parts for construction, drydocking/repair, overhaul and/or alteration of ships and for modernization, expansion and/or upgrading of drydocking facilities, shall be exempt from the payment of all import duties and taxes; Provided, however, That:

- (a) the item or items are not produced locally in sufficient quantity and that the importation is directly and actually needed in the construction,

drydocking/repair, overhaul and/or alteration of ships; or in the modernization, expansion and/or upgrading of drydocking facilities.

66.3 Ship recyclers who import ships shall be exempt from the payment of import duties and taxes, Provided, that;

- (a) the ship shall be delivered/consigned to an accredited ship recycling facility/yard; and
- (b) a bond equivalent to the estimated taxes and duties is posted to safeguard that the ship will not be used for further operation and, provided further, that the said bond will only be released and/or cancelled after presentation of proof that the ship has already been dismantled.

66.4 Maritime enterprises acquiring maritime training equipment or materials, such as but not limited to, simulators, Electronic Chart Display Information System (ECDIS), Automatic Radar Plotting Aids (ARPA), ROP, and other similar training equipment, shall be exempted from payment of import duties and taxes.

66.5 Re-sale of any of the items for which exemption of tax had been secured shall make the maritime enterprise liable for the tax otherwise paid.

**SECTION 67.** The sale of any Philippine-registered ship to a licensed ship recycle shall be exempt from all taxes and fees.

**SECTION 68.** The transfer of maritime equipment or materials, books, publications, journals and similar items to a maritime education institution, training or research center, whether private or government-run shall be exempted from the payment of donor's tax.

**SECTION 69.** Re-export bonds shall not be required for bareboat All bareboat chartered ships.

**SECTION 70.** Shipowner/operator shall be exempt from all taxes, duties, charges, royalties, or fees due on local purchases by the grantee of fuel, bunker and oil, whether refined or in cure form, and whether such taxes, duties, charges, royalties, or fees are directly due from or imposable upon the purchaser or the seller, producer, manufacturer, or importer of said petroleum products but are billed or passed on the grantee either as part the price or cost thereof or by mutual agreement or other arrangement; provided, that all such purchases by, sales or deliveries of fuel, and oil to the grantee shall be for exclusive use in its transport and nontransport operations and other activities incidental thereto.

**SECTION 71.** The amount exempted shall be reverted to the shipowner's/operator's paid in/up capitalization, to be duly reported to, and supervised/monitored by the Administration.

**SECTION 72.** The Administration, in coordination with the Department of Finance, shall:

- (a) Issue implementing rules and regulations on the availment and conditions of the foregoing incentives; and
- (b) Submit an annual report to the President of the Philippines and the Congress of the Philippines on the availment of the foregoing incentives.

The foregoing incentives, except for Section 69, shall be valid for a period of ten (10) years. The President is empowered to extend for another ten (10) years any or all of the

foregoing incentives upon the recommendation by the Administration, and the Department of Finance.

## **CHAPTER XII MARITIME ADMINISTRATION**

**SECTION 73.** The Maritime Industry Authority is the Maritime Administration and is primarily responsible in the adoption and implementation of a practicable and coordinated Maritime Industry Development Program that will provide an effective framework for the integration of the maritime industry towards the country's accelerated socio economic development.

**SECTION 74. POWER AND FUNCTIONS OF THE BOARD.** - The Maritime Industry Board shall, in addition to those provided under existing laws have the following powers, functions and duties:

- (a) Provide comprehensive policy guidance for the promotion, regulation, supervision and development of the maritime industry as provided for in this Act;
- (b) Sustain the country's position as a responsible and active member of the international maritime community and foster support and confidence of multilateral and bilateral partners;
- (c) Adopt and coordinate the implementation of the developmental /promotional/institutional initiatives in furtherance of the Administration's mandate such as but not limited to the:
  - a. Establishment of maritime industrial zones
  - b. Institutionalization of a shipping exchange
  - c. Creation of a Maritime Technological Research and Development Center
  - d. Promotion of quality assurance in the maritime industry
  - e. Accelerated implementation of e-commerce
  - f. Accreditation of shipping companies/operators as national and/or regional shipping line(s), with attendant benefits and privileges, as well as mandates/responsibilities, to be provided by the Administration
  - g. Establishment of a multinational transport system
- (d) Approve the grant of industry awards/recognition as well as benefits and incentives for management and personnel, upon recommendation of the Agency head;
- (e) Determine, fix and/or prescribe fees, charges, and/or rates pertinent to the supervision and operations of public water transport utilities;
- (f) Appoint members of the Panel of Examiners for the conduct of examination for harbor pilots, major and minor patrons and other ship officers and crew;
- (g) Issue Certificates of Public Convenience for the operation of domestic water carriers; and
- (h) Perform such acts as are proper and necessary to implement this Act.

**SECTION 75. BOARD OF DIRECTORS.** - The composition of the MARINA Board as provided for in P.D. 474, as amended is hereby retained, Provided, that the Board shall be assisted by a Board Secretary, a Deputy Board Secretary and support staff who shall be permanent officials/employees of MARINA.

The Board of Directors shall receive a monthly commutable allowance of five thousand pesos and per diem of one thousand for every Board or committee meeting actually attended, *Provided*, that the total amount of per diems which each may receive shall not exceed twenty thousand pesos a month. The MARINA Board Secretaries and the support staff shall be entitled to per diems equivalent to three thousand pesos and one thousand pesos, respectively. The commutable allowance and per diems of the MARINA Board of Directors are subject to automatic yearly increase of five percent.

#### **SECTION 76. GENERAL POWERS OF THE ADMINISTRATOR**

- a. Develop and formulate plans, policies, programs, projects, standards, specifications and rules geared toward the promotion and development of the *maritime industry and for the national security and economic objectives of the country*;
- b. Direct and supervise the management, operation, and administration of the MARINA;
- c. Under continuing researches, studies, investigations and other activities related to the operations and future development requirements of the maritime industry, on his own initiative or upon instruction of the Board;
- d. Promote maritime safety and environmental protection; and
- e. Enforce laws, prescribe and enforce rules and regulations, including fines and penalties for violations thereof, governing water transportation and the Philippine merchant marine, and deputize law other government agencies to effectively discharge its functions.

**SECTION 77. SPECIFIC POWERS OF THE ADMINISTRATOR.** - The Administrator shall have the following specific powers:

- a. Register ships, including fishing ships, and issue certificates, licenses or documents necessary or incident thereto. All motorized wooden-hulled ships/boats shall be registered by the Philippine Coast Guard.
- b. Accredite maritime entities to include marine surveyors, classification societies, certifying bodies, maritime training centers, maritime review centers and maritime enterprises engaged in domestic and overseas shipping, shipbuilding, shiprepair, shipbreaking, ship management, ship agency, lay up operations, and other maritime related activities.
- c. Establish, prescribe and regulate routes, zones and/or areas of operation of public water services.
- d. Undertake safety regulatory functions pertaining to ship construction and operations to include, among others, approval of plans, admeasurement, load line assignment, conduction of inclining experiment/test, determination of manning levels, issuance of certificate of inspection.
- e. Ensure compliance of Philippine registered ships with international maritime safety and environment protection conventions such as SOLAS 1974, as amended, 1978 STCW Convention, as amended, MARPOL 73/78, ITC 1969, Load Line 1966 and all subsequent amendments thereto, as well as all other maritime related conventions to which the Philippines may become a signatory thereof.
- f. Issue Certificate of Competency and endorsement to all marine and deck officers and ratings.
- g. Conduct examination and issue corresponding license to Harbor Pilots, Major and Minor Patrons, and other qualified ship officers and crew.
- h. Determine, fix and/or prescribe charges and/or rates pertinent to the regulation and operation of public water transport utilities and other maritime entities.
- i. Conduct marine inquiries and investigation.
- j. Issue the Seafarer's Identification and Record Book and maintain a Registry of Seafarers.

- k. Perform such other functions as may be assigned or delegated by the Board, those necessary to carry out the foregoing functions and those which may now or hereafter are provided by law.

**SECTION 78. REVOLVING FUND.** - The MARINA, in addition to its annual appropriations, is hereby authorized to automatically retain as Revolving Fund fifty percent (50%) of its collection from all fees, charges and other receipts or revenues to defray deficiency in appropriations, to finance its special/promotional/institutional/developmental/projects/ programs/activities, and for Capital Outlay acquisition.

**SECTION 79. SEPARABILITY CLAUSE.** - If, for any reason, any section, subsection, sentence, clause or term of this Act is held to be illegal, invalid or unconstitutional, such parts not affected by such declaration shall remain in full force and effect.

**SECTION 80. REPEALING CLAUSE.** - The provisions of Commonwealth Act No. 146, insofar as the same applies to the operation, management and control of a public service as defined herein, Sec. of the Tariff and Customs Code of the Philippines, the Provisions of Presidential Decree Nos. 474, 1059, the provisions of Executive Order No. 125/125-A, relevant MARINA memorandum circulars and such other laws, presidential decrees, letter of instructions, executive orders, issuances, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly. (SBSR Law, etc.)

**SECTION 81. PERIOD OF TRANSITION.** - Upon approval of this Act, existing domestic liner and tramp operators shall continue to operate in their approved area/s of operation.

**SECTION 82. EFFECTIVITY.** - This Act shall take effect upon its approval.

**Approved,**