

## **[ MARINA CIRCULAR NO. 2018-02, April 11, 2018 ]**

### **REVISED RULES AND REGULATIONS RELATING TO REGISTRATION AND LICENSING OF SHIPBUILDING AND SHIP REPAIR FACILITIES AND FOR OTHER PURPOSES**

*Adopted: 18 January 2018*

*Date Filed: 11 April 2018*

Pursuant to Presidential Decree 474, Presidential Decree No. 1059, Executive Order 125/125-A, and Republic Act No. 9295 and its IRR as amended, the following rules and regulations are hereby adopted.

#### **I. OBJECTIVE**

To provide standards, requirements and guidelines for the registration and licensing of all entities engaged in shipbuilding and/or ship repair activities in the country.

#### **II. COVERAGE**

These rules and regulations cover all shipyards owned or operated by Filipino citizens and/or foreign nationals, corporations, partnership, cooperatives and entities engaged or intending to engage in shipbuilding and/or ship repair activities within the Philippines.

#### **III. DEFINITION OF TERMS**

1. Administration refers to the Maritime Industry Authority (MARINA).
2. Annual Endorsement refers to the endorsement of License after an annual inspection has been conducted for purposes of monitoring and enforcing of MARINA rules and regulations.
3. Builder's Certificate refers to a certificate issued by a MARINA-Registered Shipyard to ships that are constructed, converted, altered, modified or rebuilt upon satisfactory compliance with the design and construction requirements under relevant MARINA rules and regulations.
4. Certificate of Dry-docking refers to a certificate issued by a MARINA-Registered Shipyard to ships engaged in domestic or international trade, after satisfactory compliance with the mandatory dry-docking requirements under relevant MARINA rules and regulations.
5. Dry-Docking refers to the condition in which a ship is taken out of water for cleaning and repair of its hull and integral parts such as rudder, propeller, sea

valves and sea chests, among others.

6. "Equivalent Facilities" refers to those identified in the list of facilities under section V that can facilitate the dry-docking and undocking of ships in Class C shipyard.
7. "License" refers to the certificate issued by the Administration which grants permission to a MARINA-Registered Shipyard to engage in shipbuilding and/or ship repair activity, upon compliance with the provisions of this Circular and its subsequent amendments.
8. "MARINA-Registered Shipyards" refers to shipyards owned and operated by Filipino Citizen and/or Foreign National, corporation, partnerships, cooperatives and entities duly registered by the Administration under this Circular and its subsequent amendments.
9. "Qualification Inspection" refers to an inspection conducted by the Administration to verify & validate the compliance of the shipyard to all the requirements & conditions prescribed by this Circular prior to the registration, issuance of license and classification of shipyard.
10. "Registration" refers to the certificate issued by the Administration showing that the Shipyard has been officially registered in the MARINA Book of Shipyard Registry.
11. "RENA" refers to a Registered Naval Architect.
12. "Ship" or "Vessel" refers to any craft or artificial contrivance capable of floating on water, designed to be used or capable of being used as a means of water transportation utilizing its own motive power or that of others<sup>[1]</sup>.
13. "Shipyard" refers to the shipbuilding or repair facilities which have the capability to lift vessels above waterline in order to effect ship work on vessels, appendages, structure, machinery and equipment<sup>[1]</sup>.
14. "Shipbuilding" refers to the design, construction, launching and outfitting of all types of ship and watercraft<sup>[1]</sup>.
15. "Shipbuilding Permit" refers to the permit issued by the Administration to the ship to be constructed, modified, altered, converted or rebuilt in accordance with the Administration's approved vessel plans.
16. "Ship Repair" refers to the overhaul, refurbishment, renovation, improvement, or alteration of the hull, machineries, equipment, outfits and components of all types of ship<sup>[1]</sup>.
17. "Shipbuilder and/or Ship Repairer" refers to the citizen of the Philippines, or a commercial partnership owned by majority of Filipinos, or a corporation incorporated under the laws of the Philippines, the capital of which is owned or controlled in any proportion by Filipinos or foreign nationals, or by both such Filipinos or foreign nationals, or by corporations whether Filipino or foreign-

owned, which is duly authorized by the Administration to engage in the business of shipbuilding and/or ship repair or to otherwise operate a shipyard, graving dock or marine repair yard.<sup>[2]</sup>

18. "Shipbuilding/Ship Repair Capability" refers to the overall measure of a shipyard's machinery, equipment, manpower, technical know-how and financial capability to provide comprehensive shipbuilding and ship repair services.<sup>[3]</sup>
19. "Shipbuilding/ Ship Repair Capacity" refers to the capacity of a shipyard for shipbuilding and/ or dry-docking operations based on the sufficiency and adequacy of its shipbuilding and/ or ship repair facilities and dry-docking facilities.

#### **IV. GENERAL PROVISIONS REGISTRATION**

1. All Entities engaged or intending to engage in shipbuilding and/or ship repair activities must be properly registered and issued a Certificate of Registration.
2. A Book of Shipyard Registry shall be maintained by the Administration and kept open to free inspection by the public during regular office, hours and subject to the provision of the Rules on Freedom of Information (FOI).
3. MARINA-Registered Shipyards shall be deleted from the Book of Shipyard Registry under any of the following circumstances:
  - (a) Non-operational for a period of five (5) years; and,
  - (b) Found out to have violated the government rules and regulations, after due process.
4. The name of entity for shipyard registration shall reflect the nature of operation of the business as shipbuilding and/or ship repair and as one of the primary purpose(s) stated in their: DTI Certificate of registration for Single Proprietorship; SEC Articles of incorporation for Partnership and Corporation; and, CDA Articles of Cooperation.
5. Qualification inspection is a pre-requisite for new shipyard owners and/or operators prior to registration, issuance of license and classification of shipyard.
6. The shipyard shall promote and observe gender equality and women empowerment principles in the workplace in support of the Gender and Development program of MARINA and as mandated by the Republic Act 9710 or the Magna Carta of Women Sec. 22. Right to Decent Work and its Implementing Rules and Regulations Sec. 25. Right to Decent Work.

#### **LICENSING**

7. Only MARINA-Registered Shipyards shall be issued a license to undertake shipbuilding and/ or ship repair activities within the limits provided by this circular accorded hereto.

8. The license is a pre-requisite to the availment of applicable incentives that may be administered by the Administration and other privileges as may be provided by the law.
9. Applicant for shipyard registration shall show proof of ownership or legal possession of the premises where the shipyard operation shall be undertaken. In cases of leased premises, the contract of lease should have a minimum validity of five (5) years reckoned from the date of the issuance of the Certificate of Registration.
10. Annual inspection is required for existing shipyards prior to endorsement or renewal of license. Shipyard inspection shall be governed by a manual of procedures by the Administration.
11. A MARINA-Registered Shipyard licensed under this Circular shall only undertake shipbuilding and/or ship repair activities within the authorized place of business operation. For licensed shipyard with two or more places of business operation, the rule of one license for one shipyard per location shall apply.
12. A MARINA-Registered Shipyard which intends to undertake ship breaking activities shall secure a separate license to engage in such activity.
13. The MARINA-Registered Shipyard should be an existing member of a "MARINA-recognized shipyard association" prior to the issuance of new MARINA license as a shipyard or renewal of expired license. If not yet a member, should submit proof that it has pending application for membership in a MARINA-recognized shipyard association.
14. All MARINA-Registered Shipyards licensed under this Circular shall be required to secure ISO 9001:2015 on Quality Management System and its latest amendments from a certification body accredited by the Philippine Accreditation Bureau (PAB).
15. All MARINA-Registered Shipyards licensed under this Circular shall likewise have a documented Health and Safety and Environmental Management Systems verified by the Administration based on standards to be developed by the Administration, concerned government agencies and its recognized industry partners/associations.

## V. QUALIFICATION REQUIREMENTS

1. Classification and Capitalization for Shipyards. The applicant must comply with all the minimum requirements prescribed hereunder to be classified and registered accordingly.

Category	Classification	Facility		Capability	Pa i d-Up Capitalization/ Capitalization + Asset s
Sh i pbuil di ng and	<b>CLASS A</b>	Slipway or launch way	• Gravi ng Dock	Capable to build and	P50 , 000, 000

Ship Repair (SBSR)		and at least 2 of the following, one of which should be <b>at least 130 m in length</b> Shipyard area that can accommodate a Fabrication Area, Machine shop and Assembly Area	<ul style="list-style-type: none"> <li>• Floating Dock</li> <li>• Syncrolift or Lift Dock</li> <li>• Building Yard</li> </ul>	repair big ships with <b>MINIMUM</b> length overall of 130 meters	
Ship building and Ship Repair (SBSR)	<b>CLASS B</b>	Slipway or launch way and at least 1 of the following, one of which should be at least 80 m in length  Shipyard area that can accommodate a Fabrication Area, Machine shop and Assembly Area	<ul style="list-style-type: none"> <li>• Graving Dock</li> <li>• Floating Dock</li> <li>• Syncrolift or Lift Dock</li> <li>• Building Yard</li> </ul>	Capable to build and repair ships with <b>MAXIMUM length overall of 129 meters</b>	P25 , 000, 000
Ship building and Ship Repair (SBSR)	<b>CLASS C</b>	Slipway or launch way and equivalent facility <b>below 80 m in length</b>  Shipyard area that can accommodate a Fabrication Area, Machine shop and Assembly Area	<ul style="list-style-type: none"> <li>• Rollers</li> <li>• Inflatable Rubber4</li> <li>• Ship lift</li> <li>• Electric/ Hydraulic Marine Winch for Ship Pulling</li> <li>• Marine Travel lift</li> <li>• Marine Railways or Prime movers</li> <li>• Building yard</li> </ul>	Capable to build and repair ships with <b>MAXIMUM</b> length overall of 80 meters	P10 , 500, 000