

SEVENTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )

First Regular Session )

HOUSE BILL NO. 460



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Introduced by ANGKLA Party-list Representative JESULITO A. MANALO  
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**AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 9295,  
ENTITLED "DOMESTIC SHIPPING DEVELOPMENT ACT OF 2004"**

**EXPLANATORY NOTE**

All over the globe, it remains an uncontroverted fact that trade and commerce are fueled by the use of maritime transport. Thus, with the World Trade Organization records yielding that the dollar value of the world's merchandise exports is equivalent to US\$18.3 Trillion, a substantial portion or 90% thereof is still facilitated through shipping.

Even domestically, shipment of cargoes and transport of passengers in the various parts of our country still heavily rely on shipping. This is because, blatantly, shipping is the most reasonable and practical mode of transport given our nation's archipelagic structure. Considering the pivotal role that maritime transport plays in the Filipinos' lives, and on a daily basis, it is equally crucial for government to ensure that all vessels, particularly our own domestic fleets plying our internal waters endure the tests of seaworthiness, reliability, stability, and of course, safety at all times.

In the shipping world including major maritime countries like the UK, USA, China, Japan and South Korea and even smaller maritime countries like Vietnam and Indonesia and, including the Philippines, it has long been an accepted practice that maritime administration of countries delegate the technical duties of inspecting vessels to classification societies, which are non-governmental organizations, to establish and maintain technical standards for the construction and operation of ships. These societies, which ideally are experts in this field, are entrusted to validate that the construction of vessels follow the appropriate parameters of safety.

Throughout the life of the ships, the class societies are likewise expected to perform regular surveys to ensure the vessels' continuous compliance with such standards. They hire exclusive surveyors who are designated to inspect vessels, determining whether these vessels, their components and machineries are built and periodically supervised and maintained according to the standards required by their Class rules and regulations. Classing of vessels is then a quasi-public function involving the promotion of safety of life, property and the environment at sea. It is not a commercial undertaking but, indubitably, a public service.

Unfortunately however, with our country presently having a total of seven (7) local classification societies accredited by the Maritime Industry Authority (MARINA), the rationale behind designating classification societies to rigidly monitor the reliability of domestic ships had been compromised. The cut-throat competition among these technical organizations has contributed more detriment than good to public health, safety and the marine environment. Such competition has nurtured a negative safety environment, with irresponsible ship owners escaping critical repairs and maintenance by just transferring to class with the lowest offer, but relying on lower quality of surveyors due to sub-standard wages and lack of training funding. Sub-standard technical rules and standards are set by some of these societies, apparently due to insufficiency of research and development funds due to the stiff competition. With the present situation we face, we have lost sight of the important reality that maritime safety should be dealt only with the highest regards to human lives, property and the environment

On the other hand, all countries in the world have adopted the policy of having a single national classification society. In fact, some have even been established and supported by their own governments just like in Korea, Vietnam and Indonesia, where most safety functions were delegated to their national classification society. With the ASEAN integration, there were previous plans for the Philippines to be parallel with neighboring ASEAN countries, which all have strong and single classification societies, so that all ASEAN classification societies can amalgamate and be at par with members of the International Association of Classification Societies or IACS. We must cooperate with them regionally on the same high level of standards on maritime safety. We cannot be a true global maritime player if we are content with mere sub-standard and fragmented classification regime.

As of the last update from the MARINA, our recorded maritime disasters for the last 5 years sum up to 33 incidents, these figures include recent maritime disasters like the sinking of the M/V Princess of the Stars and M/B Kim Nirvana, with numerous lives lost. We cannot evade the sad fact that one of the major factors causing our sea mishaps occur because of the absolute disregard to maritime safety

standards rendering our domestic fleet obsolete and unseaworthy. The present regime of local classification societies competing for market share instead of continuous improvement of our safety regime promotes long-term exposure to dangerous maritime risks and disasters. Government agencies also lack the technical resources to fully implement and sustain safety standards comparable with the rest of the world.

Our maritime regulatory agency, MARINA itself, acknowledges the necessity and thus is convinced on the merits of adopting a single classification society for domestic vessels. Thus, MARINA issued its Circular No. 2009 - 24 Series of 2009 on December, 2009 regarding the "Accreditation and/or Authorization of Organizations for Purposes of Classification of Philippine-Registered Ships in the Domestic Trade and Supervision and Audit of Accredited Organizations". In part it was stipulated therein that:

"Pursuant to the pertinent provisions of PD 474, EO 125 and R.A. 9295, as amended, and International Maritime Organization Resolution A.739(18), and A.789(19), the following guidelines are promulgated to govern the accreditation and/or authorization of ship classification societies and other entities intending to establish a classification society to cater to the needs of the Philippine domestic fleet.

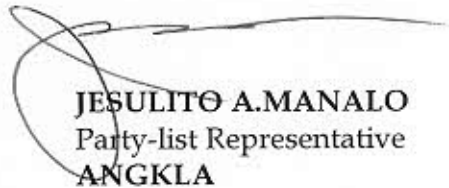
Section 1. OBJECTIVE:

1. To authorize IACS members and other reputable International Classification Organizations to perform classification of ships and High Speed Craft in the domestic trade.
2. To accredit only one (1) local classification organization to cater to the classification requirements of ships in the domestic trade.
3. To institutionalize a Philippine Government (PG) Classification System to cater to the classification requirements for non convention wooden hulled ships and ships 35 GT and below.
4. To set up guidelines and procedures in the supervision and audit of all Administration accredited and/or authorized organizations performing classification work for ships.

5. To identify responsibilities of accredited and/or authorized classification organization performing classification." (Emphasis added)

The implementation of said circular, after a series of public consultations, however was suspended by reason of strong opposition from a minority of shipowners who appear to be adversely affected by the circular, thus sacrificing the welfare of the general riding public, both in and outside the maritime industry. To date, the same Circular has not been revived.

Thus, this proposed measure is necessary to well assist MARINA in fully implementing a positive and dynamic safety regime best left to technical experts in the classification and inspection of our domestic vessels. This legislation shall intensify our policies and further develop the existing framework to foster a more sustainable and permanent system for maritime safety.



**JESULITO A.MANALO**  
Party-list Representative  
**ANGKLA**

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

SECTION 1. Sec. 22 of Republic Act No. 9295 shall be read as follows:

"SEC. 22. Classification of Vessels in the Domestic Trade. - All vessels, whether newly built or previously owned, which are acquired on or after the effectivity of this Act shall be classed by a government accredited or authorized classification society on the date of acquisition prior to their operation in the domestic trade.

For this purpose, MARINA shall accredit only one (1) local classification society that shall cater to the classification requirements of ships in the domestic trade. Thus, other organizations without a certificate of accreditation or authorization duly issued by MARINA shall not be authorized to undertake classification service of any domestic fleet.

MARINA shall have the sole authority and prerogative to set the policies, rules, and guidelines to be followed in the accreditation of such local classification society. In the event that MARINA finds that the accredited local classification society is not in compliance with its policies, rules, and guidelines, MARINA has the discretion to cancel and transfer such accreditation or authorization to any qualified local classification society, as it may deem fit, provided that there shall remain merely one accredited classification society at any given time.

SECTION 2. Repealing Clause. - All laws, decrees, executive orders or rules and regulations inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 3. Effectivity. - This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,