

Republic of the Philippines

House of Representatives
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 2623



**Introduced by Honorable Cresente C. Paez and Honorable
Anthony M. Bravo**

EXPLANATORY NOTE

The cabotage provision of the Tariff and Customs Code provides:

Sec 902. Vessels eligible for coastwise trade – The right to engage in the Philippine coastwise trade is limited to vessels carrying a certificate of Philippine registry

Sec 905. Transportation of Passengers and Articles between Philippine Ports – Passengers shall not be received at one Philippine port for any other such port by a vessel not licensed for the coastwise trade, except upon special permission previously granted by the Collector; and subject to the same qualification, articles embarked at a domestic port shall not be transported to any other port in the Philippines, either directly or by way of a foreign port, or for any part of the voyage, in any other vessel than one licensed for the coastwise trade

The provisions limit the maritime transfer of good and passengers. Cabotage has resulted in the deterioration of the maritime sector as the players became complacent because of the protection they expect from the government during challenging times.

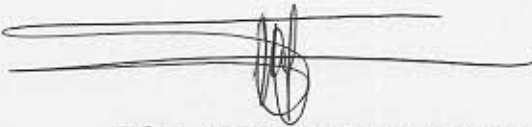
The Philippines is an archipelago of 7,107 islands and has a coastline with a length of 235,937 square kilometers. Out of its 76 provinces, the country has 55 coastal provinces. Industry data show that there are more than 4,000 ships, most of which operate as passenger-cargo liners, in the domestic trade. These facts highlight how important the maritime industry is to our country.

This bill seeks to enhance the maritime industry, allow more foreign investors in the country, increase port revenues, expand the employment opportunities of the Filipinos and produce more competitive services from local players. This bill also creates a foreign vessel financing fund to promote the development of the local shipping industry.

It is for this reason that the approval of this bill be immediately sought.



HON. CRESENTE C. PAEZ



HON. ANTHONY M. BRAVO

**Introduced by Honorable Cresente C. Paez and Honorable
Anthony M. Bravo**

**AN ACT AMENDING THE CABOTAGE PROVISIONS OF RA 1937, CUSTOMS
AND TARIFF CODE OF 1978, AS AMENDED**

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

SECTION 1. *Title.* This Act shall be known as the “Open Philippine Waters Act of
2013”.

SECTION 2. *Declaration of Policy.* It is declared the policy of the State to allow
more foreign investors in the country by opening the Philippine waters to foreign vessels
engaged in coastwise trade, to increase port revenues and produce more competitive services
from local players in the shipping industry.

SECTION 3. *Definition of Terms:*

- a. Coastwise trade or cabotage –
 - i. the carriage of passengers by vessel from any place in the Philippines to
any other place in the Philippine territory

- ii. the carriage of goods by vessel, from one place in the Philippines to any other place in the Philippines, either directly or via a place outside the Philippines and includes the carriage of goods in relation to the exploration, exploitation or transportation of the mineral or non-living natural resources of the Philippines
- iii. the engaging, by vessel, in any other marine transportation activity of a commercial nature in Philippine waters and, the carriage of any goods or substances whether or not of commercial value within Philippine waters
- b. foreign vessel – a vessel other than a Philippine vessel
- c. vessel – includes any description of vessel, ship, boat, hovercraft or craft, used or capable of being used solely or partly for marine navigation and used for the carriage on through or under water of persons or property without regard to method
- d. Exclusive Economic Zone of the Philippines. – The area defined under the United Nations Convention on the Law of the Sea which stretches from the baseline of the coast up to two hundred (200) nautical miles into the sea.

SECTION 4. *Coastwise Trade.* The right to engage in the Philippine coastwise trade shall not be limited to vessels carrying a certificate of Philippine registry.

Foreign vessels may engage in the domestic coastal carriage of cargo and passengers within Philippine waters, or any point within the waters of the exclusive economic zone of the Philippines;

SECTION 5. *Registration.* Every vessel intended for use under this Act shall be duly registered by the Maritime Industry Authority (MARINA) and shall meet all the requirements for eligibility as set forth under the Tariff and Customs Code of the Philippines. A certificate of public convenience or certificate of public convenience and necessity shall then be issued to the eligible vessels

Foreign vessels who wanted to engage in coastwise trade shall register with MARINA subject to the requirements set forth in the Implementing Rules and Regulations of this Act;

SECTION 8. *Fund beneficiaries.* The beneficiaries of the fund shall be Filipino citizens and shipping companies owned by Filipinos

SECTION 9. *Employment of local crew.* Foreign shipping companies who will engage in the coastwise trading shall employ local crew in their vessels

SECTION 10. *Separability Clause* - If, for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sanctions or provisions hereof shall continue to be in full force and effect.

SECTION 11. *Repealing Clause* - All laws, decrees, executive orders, proclamations, rules and regulations or parts thereof inconsistent are hereby repealed.

SECTION 12. *Effectivity* - This act shall take effect fifteen (15) days upon its publication in two (2) newspapers of general circulation.

Approved.