

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS

First Regular Session

HOUSE BILL NO. 3025



INTRODUCED BY REPRESENTATIVE JURDIN JESUS M. ROMUALDO

EXPLANATORY NOTE

The Philippines is an archipelago of more than 7,000 islands, where maritime transport remains a vital public utility that connects communities, facilitates trade, and drives local economic development. Particularly for small island provinces, where air connectivity is often unreliable or unavailable, the domestic shipping industry is not just a transport alternative—it is a lifeline.

Recognizing the need to modernize and attract investments into the sector, Republic Act No. 9295, or the Domestic Shipping Development Act of 2004, was enacted to deregulate the industry. Its objectives included liberalizing fare setting, allowing flexible entry of operators into routes, and promoting market competition. The law aimed to replace outdated government-determined tariffs with a system that allowed vessel operators to fix their own rates, under the assumption that competition would protect consumer interests.

However, after more than two decades of implementation, significant gaps have become apparent—especially in the context of geographically isolated and disadvantaged areas (GIDAs). In these areas, the expected benefits of deregulation have not been fully realized. Instead, evidence points to continued fare collusion, limited competition, and weak public oversight. These problems are exacerbated by the absence of effective mechanisms to review and evaluate the fairness of proposed rate increases.

In fact, the World Bank identified limited competition and high barriers to entry as major constraints to growth in the Philippine shipping sector. The report found that shipping lines often operate in informal monopolies or duopolies, and fare adjustments are frequently unregulated in practice, to the detriment of consumers.¹

Likewise, the experience of many small island provinces shows that despite the presence of multiple shipping operators, actual service diversity remains limited. Operators often engage in parallel pricing strategies, offering almost identical fare rates with staggered schedules, effectively eliminating real competition. Fare hikes are sometimes implemented without due consultation with affected stakeholders, leading to public outcry and local economic strain.

Prior to deregulation, government agencies such as the Maritime Industry Authority (MARINA) implemented class-based pricing systems for both passenger and cargo services, using objective

¹ Francisco, K. A. (2023). *Government interventions in the domestic shipping industry: A discussion on market competition and Maritime Safety*. EconStor. <https://www.econstor.eu/handle/10419/284611>

World Bank released a report entitled “Enhancing Competition Conditions and Competitiveness of the Philippine Domestic Shipping. This report provided a comprehensive review of the sector, which was characterized as having high cost, low quality of service and high incidence of maritime accidents.

criteria such as commodity classification and port distance. Fare adjustments were processed through a “revenue deficiency method” that required justifications tied to fuel prices, operating costs, and returns on investment. This system, although bureaucratic, provided a more transparent and accountable framework.

This bill proposes amendments to specific provisions of R.A. 9295 to strengthen consumer protection and enhance regulatory oversight while retaining the private sector’s operational flexibility. The key reforms are as follows:

1. Mandating a participatory fare-setting process for routes serving small island provinces, where fare hikes must be submitted to both MARINA and the relevant Sangguniang Panlalawigan, with supporting documentation. Public hearings will be required to assess the reasonableness of the proposed rates and prevent collusion.
2. Empowering MARINA to intervene when proposed fares are deemed unfair, based on clear indicators such as service frequency, vessel quality, affordability, and the operator’s return on investment.
3. Requiring compulsory insurance coverage for roll-on/roll-off (RORO) cargo, including vehicles while in the port, on the vessel, or within the shipping company’s premises. This provides security for shippers and helps mitigate risks related to loss or damage during transit.
4. Institutionalizing annual insurance coverage for ship crew and personnel, ensuring that all workers on board domestic vessels are protected against accidents and injuries while performing their duties.
5. Creating an Ad Hoc Task Force under the Department of Transportation to assess compliance with the law, review existing policies, and make data-informed recommendations for future reforms in domestic shipping.
6. Directing the drafting of Implementing Rules and Regulations (IRR) within 30 days of the law’s effectivity, with strong emphasis on publication, transparency, and stakeholder engagement.

By amending R.A. 9295, this proposed legislation seeks a fair and responsive regulatory framework that balances investor incentives with consumer welfare. The goal is not to reverse deregulation, but to rectify market failures where public interest is compromised—particularly in underserved and vulnerable areas.

This measure is aligned with the government’s long-standing policy to modernize maritime transport as part of the Build, Build, Build program, the Maritime Industry Development Plan (MIDP), and the Philippine Development Plan (PDP). It also contributes to the country’s commitment to inclusive and equitable growth as embodied in AmBisyon Natin 2040.

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


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AN ACT
AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 9295 ENTITLED,
“AN ACT PROMOTING THE DEVELOPMENT OF PHILIPPINE DOMESTIC
SHIPPING, SHIPBUILDING, SHIP REPAIR AND SHIP BREAKING, ORDAINING
REFORMS IN GOVERNMENT POLICIES TOWARDS SHIPPING IN THE
PHILIPPINES, AND FOR OTHER PURPOSES” OTHERWISE KNOWN AS THE
“DOMESTIC SHIPPING DEVELOPMENT ACT OF 2004”

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

SECTION 1. Section 8 of Republic Act No. 9295 is hereby amended to read as follows:

“Sec. 8. *Deregulation of the Domestic Shipping Industry.* – In order to ensure investments in the domestic ship operators and attract new investment from new operators and investors, domestic ship operators are hereby authorized to establish their own domestic shipping rates: Provided, that effective competition is fostered and public interest is served.

HOWEVER, MARINA SHALL REQUIRE EXISTING AND NEW ENTRANTS IN THE DOMESTIC SHIPPING INDUSTRY PLYING TO SMALL ISLAND PROVINCES AND SMALL ISLAND DESTINATIONS TO SUBMIT ANY RATE INCREASE PROPOSAL TO THEIR OFFICE AND ALSO, TO THE SANGGUNIANG PANLALAWIGAN IN THE AREA OF ITS PORT OF CALL WITH REFERENCES AS TO THE BASIS FOR PROPOSING SUCH RATE INCREASE WITHIN THREE (3) MONTHS PRIOR TO ITS TARGET DATE OF IMPLEMENTATION.

WITHIN ONE WEEK FROM RECEIPT OF THE PROPOSAL THE RESPECTIVE SANGGUNIANG PANLALAWIGAN SHALL CONDUCT TWO CONSECUTIVE PUBLIC HEARINGS TO DETERMINE IF THE RATES BEING PROPOSED ARE NOT ONEROUS TO THE PUBLIC AND IF THERE IS NO COLLUSION AMONG EXISTING OPERATORS IN RATE SETTING.

THE SANGGUNIANG PANLALAWIGAN SHALL SUBMIT ITS RECOMMENDATION TO MARINA WITHIN ONE WEEK FROM THE LAST PUBLIC HEARING. THE MARINA ADMINISTRATOR SHALL CREATE AN ADHOC COMMITTEE TO BE CHAIRED BY THE DEPUTY ADMINISRATOR FOR OPERATIONS AND WITHIN TWO WEEKS FROM THE RECEIPT OF THE SANGGUNIANG PANLALAWIGAN RECOMMENDATION AND DETERMINE THE REASONABLENESS OF THE FARE INCREASE PROPOSAL AND THE CORRESPONDING RECOMMENDATION FROM THE SANGGUNIANG PANLALAWIGAN WHERE THE SHIPPING VESSELS ARE OPERATING.

1 MARINA SHALL INTERVENE IF THE RATES BEING PROPOSED ARE NOT FAIR
2 TO THEIR CLIENTS TAKING INTO CONSIDERATION QUALITY OF SERVICE,
3 AFFORDABILITY, FREQUENCY OF SERVICE, AND RETURN OF INVESTMENT
4 OF OPERATOR.

5
6 MARINA SHALL PROVIDE A REASONABLE FORMULA THAT WILL BE
7 BENEFICIAL TO THE OPERATOR AND THEIR CLIENTS. IT SHALL PUBLISH ITS
8 DECISION IMMEDIATELY ON THEIR WEBSITE AND POSTED IN THE PORTS OF
9 CALL AND VESSEL PREMISES.

10
11 THE MARINA DECISION SHALL BE IMMEDIATELY EXECUTORY AND
12 BINDING TO ALL PARTIES. MARINA SHALL IMMEDIATELY TRANSMIT
13 ELECTRONICALLY ITS DECISION TO THE SECRETARY OF THE DEPARTMENT
14 OF TRANSPORTATION AND TO ALL PARTIES CONCERNED.

15
16 ANY DECISION SHALL BE APPEALABLE TO THE DEPARTMENT OF
17 TRANSPORTATION SECRETARY WITHIN TEN CALENDAR DAYS FROM THE
18 ELECTRONIC TRANSMITTAL OF THE DECISION TO THE OFFICE OF THE
19 SECRETARY.

20
21 The MARINA shall REGULARLY monitor all shipping operations and exercise
22 regulatory intervention where it is established, after due process that public interest needs
23 to be protected and safeguarded”.

24
25 **SEC. 2.** Section 11 of Republic Act No. 9295 is hereby amended and shall be read as
26 follows:

27
28 “SEC. 11. *Rates.* – Every domestic ship operator shall have the right to fix its own
29 passenger or cargo rates, or both. HOWEVER, consistent with Section 1 of this Act, it
30 shall follow the process for rate setting for small island provinces and small island
31 destinations.

32
33 **SEC. 3.** Insert additional paragraph in Section 15 of Republic Act No. 9295 is hereby
34 amended and shall be read as follows:

35
36 Section 15. *Other Insurance Coverage.* – The MARINA shall have the power to
37 require every ship operator to obtain such compulsory insurance coverage necessary
38 to adequately cover claims for damages.

39
40 TO ENSURE SAFETY OF CARGO EVERY SHIP OPERATOR SHALL REQUIRE
41 ROLL ON AND ROLL OFF CARGO ESPECIALLY ALL TYPES OF VEHICLES
42 TO BE INSURED WHILE ON BOARD ITS SHIPPING VESSEL, WITHIN IN THE
43 PREMISES OF THE PORT AND IN THE PREMISES OF THE VESSEL
44 OPERATOR.

45
46 THE RATE TO BE PAID BY THE SHIPPER FOR THE CARRIAGE OF EACH
47 VEHICLE SHALL INCLUDE A COMPULSORY INSURANCE TO COVER THE
48 VALUE DECLARED BY THE SHIPPER IN CASES OF ACCIDENTS INCURRED
49 WHILE THE VEHICLE IS UNDER THE CUSTODY OF THE SHIP OPERATOR’S
50 PREMISES, PORT OF CALL, AND WHILE ON BOARD THE VESSEL.

51
52 TO ENSURE THE GENERAL WELFARE OF ALL OFFICERS AND PERSONNEL
53 ON BOARD THE VESSEL OF ANY DOMESTIC SHIPPING OPERATOR, IT
54 SHALL BE COVERED BY ANNUAL INSURANCE TO ADEQUATELY COVER
55 FOR INJURIES AND ACCIDENTS WHILE ON BOARD THE VESSEL AND
56 WITHIN THE PREMISES OF THE VESSEL OPERATOR OR PORT OF CALL.
57

MARINA SHALL PUBLISH IN ITS WEBSITE AND ALSO POST IN ALL PORTS OF CALL THE LIST OF SHIPPING VESSELS THAT ARE COMPLIANT WITH THIS SECTION”.

SEC. 4. Task Force. - The Secretary of the Department of Transportation shall create a Task Force to determine the compliance of the law and make a thorough review of existing policies to strengthen the domestic shipping industry with the participation of various stakeholders.

The Task Force shall be composed of:

1. Representative from the Office of the Secretary
2. Administrator from MARINA or a permanent representative
3. General Manager of the Philippine Ports Authority or a permanent representative
4. Representative from the Philippine Coast Guard
5. Representative from the PNP Maritime Group
6. Representative from the Domestic Shipping Industry
7. Representative from the Insurance Commission

And such other members that the Secretary of the Department of Transportation may deem necessary but not more than 12 members.

SEC. 5. Implementing Guidelines. - The Department of Transportation with MARINA and PPA shall draft the implementing guidelines for this Act within thirty days from its approval and may invite stakeholders to participate in the drafting of the guidelines.

The Implementing guidelines shall be published in the website of the Department of Transportation and MARINA and shall be posted in all ports in the country.

SEC. 6. Separability Clause. - If any clause, sentence, paragraph, or part of this Act shall be declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

SEC. 7. Repealing Clause. - All laws, presidential decrees or issuances, executive orders, letter of instructions, administrative orders, proclamations, charters, rules, or regulations, or parts thereof, contrary or inconsistent with the provisions of this Act are hereby repealed, modified or amended accordingly.

SEC. 8. Effectivity. - This Act shall take effect after fifteen (15) days following its publication in the Official Gazette or a newspaper of general circulation.

Approved,