



Republic of the Philippines

House of Representatives

Quezon City, Metro Manila

Twentieth Congress

First Regular Session



HOUSE BILL NO. 6054

Introduced by Representative Arnan C. Panaligan

AN ACT GOVERNING THE REGISTRATION OF SHIPS FOR INTERNATIONAL TRADE UNDER THE PHILIPPINE FLAG AND FOR OTHER PURPOSES

EXPLANATORY NOTE

By geography, history and tradition, the Philippines is a maritime nation. Our ancestors were a seafaring people. Up to the present, the Philippines is a leading supplier of seafarers to global shipping with over 578,000 Filipino seafarers deployed in the world's oceans. The Philippines is also ranked as one of the world's top shipbuilders. In 2024, our country produced an output of 805,938 gross tonnage (GT) of vessels. The Philippines possesses the potential of being a global leader in shipbuilding and ship repair. Yet, the domestic shipping, shipbuilding and ship repair industry remains underappreciated as a major driver of national economic development and national industrialization.

One of the vital legislative measures that will boost and maximize the potentials of the country's shipping industry to the fullest extent is the proposed Philippine International Ship Registry Act which is the subject of this proposed bill. This is a companion bill to House Bill No. 134, the Philippine Ship Building and Ship Repair Industry Development Act that this representation has earlier filed. These two bills are intended to provide the legislative anchor for the promotion and development of the domestic shipping industry as a vital contributor in our national development. These bills have the support of the Maritime Industry Authority (MARINA) and were the result of consultations with the officials of said agency.

The Philippine ship registry has experienced a sharp decline over the past three decades, losing much of its competitiveness in the global maritime market. In 1989, there were 430 ships registered under the Philippine flag, 30 of which is Filipino owned. By 2025, only 97 vessels remain registered under the Philippine flag with just one Filipino owned ship left.

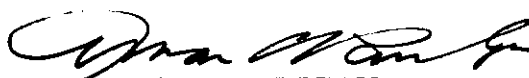
The administrative framework for ship registration is fragmented and outdated. Responsibilities are distributed among several agencies leading to inefficiencies, inconsistent standards and long processing times that discourage both local and foreign shipowners. This, and the lack of sufficient incentives to register under the Philippine flag leaves the country at a disadvantage compared to leading registries like Panama, Liberia and Singapore which offer streamlined digital services and strong international visibility. The Philippine Ship Registry Act aims to establish a credible,

centralized and modern ship registry and to encourage market participation among the domestic and foreign shipping companies.

The MARINA projects that reforms in the ship registry could generate Ph 14 to 16 billion annually in registry and permit fees if market share increases by just 2% to 3% of Asia's 100,000 plus vessel fleet. Attracting even 200 foreign flagged vessels to reflag could double MARINA's current registry revenues within five (5) years.

Over 60% of domestic ships are more than 20 years old increasing safety risks and maintenance costs. New registry standards will phase out substandard vessels thereby promoting the safety and convenience of passengers. A modern domestic shipping fleet can also help reduce logistic costs and disruptions in the carriage of goods.

In view of the foregoing, the approval of this bill is earnestly requested.



ARNAN C. PANALIGAN



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. **6054**

Introduced by Representative Arnan C. Panaligan

**AN ACT GOVERNING THE REGISTRATION OF SHIPS FOR INTERNATIONAL
TRADE UNDER THE PHILIPPINE FLAG AND FOR OTHER PURPOSES**

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

**TITLE I
GENERAL PROVISIONS**

Section 1. Short Title. – This Act shall be known as the “Philippine International Ship Registration Act of 2025”.

Section 2. Declaration of Policy. – The following are hereby declared to be the policies of the State:

- a. To establish itself as a strong maritime nation and flag State Administration that provides for the full and effective implementation and enforcement of applicable international maritime instruments and amendments thereto to ensure security, safety, and environmental protection;
- b. To provide adequate protection to the international merchant marine fleet, and help expand Philippine international trade;
- c. To foster an effective industry competition through liberalization and expansion of foreign equity participation in international shipping to encourage Philippine ship acquisition, development, modernization, and expansion through systematized and sustainable programs consistent with international standards; and
- d. To attract more shipowners, local or foreign, to register under the Philippine flag, thus facilitating the country’s economic growth and ensuring that the maritime fleet or ships meet the global standards for reliability, safety, competitiveness, and effectiveness.

Section 3. Coverage. – This Act shall apply to all ships registering under the Philippine flag for international shipping operations.

Section 4. Implementing Agency. – The Maritime Industry Authority (MARINA) shall be vested with powers and duties to effectively implement and enforce the provisions of this Act and its implementing rules and regulations.

Section 5. Definition of Terms. – For purposes of this Act, terms not defined herein shall, unless otherwise indicated herein, have the meanings ascribed to such terms under relevant international instruments:

- a. Arrest¹ refers to any detention or restriction on removal of a ship by order of a Court to secure a maritime claim, but does not include the seizure of a ship in execution or satisfaction of a judgment or other enforceable instrument;
- b. Bareboat charter² refers to a contract for the lease of a ship, for a stipulated period of time, by virtue of which the lessee has complete possession and control of the ship, including the right to appoint the master and crew of the ship, for the duration of the lease;
- c. Bareboat charterer or charterer may be used interchangeably and refers to any person, commercial partnership or corporation which bareboat charters a Philippine flag vessel from another Philippine national, or a vessel of compatible foreign registry, for its own use;
- d. Certificate of Philippine Registry refers to the document of registration of a ship registered in accordance with Section 21 of this Act;
- e. Claimant³ refers to any person asserting a maritime claim;
- f. Foreign-registered ship refers to a ship which is registered under the laws of a country other than the Philippines and which is authorized to fly the flag of that country;
- g. Foreign registry refers to the registry of ships of a country other than the Philippines;
- h. Maritime claim refers to any of the claims provided in this Act;
- i. Maritime lien refers to a charge that attaches to a ship which arises from a maritime claim against the ship, its owners, charterers, managers, or operators that results in a demand for indemnity or remuneration from the ship or its owners, charterers, managers, or operators, and is enforceable by judicial action;
- j. Mortgagee refers to the person, whether natural or juridical, in whose favor a ship mortgage is created in order to secure a principal obligation;
- k. Mortgagor refers to a ship owner who constitutes a ship mortgage over a vessel or a vessel under construction registered in its name in order to secure the fulfillment of a principal obligation;
- l. Recognized Organization⁴ refers to an organization that has been assessed by the MARINA and found to comply with the Recognized Organization Code.

TITLE II SHIP REGISTRY

Section 6. The Philippine Ship Registry. – The State, through the MARINA, shall maintain a Registry which shall confer nationality, exercise its jurisdiction, protect and enforce private rights, and undertake the national and international responsibilities of a flag State over all ships engaged in international trade flying the Philippine flag.

The Registry shall hold the Register of Ships and the Record of Ship Mortgages and Encumbrances, which shall be maintained by the MARINA in accordance with the provisions of this Act, and the rules and regulations that may be issued pursuant thereto.

CHAPTER I REGISTRATION OF SHIPS

Section 7. One Ship, One Registry Rule. – A ship shall be registered with only one ship registry at any one time. Before entering the ship in the Register, the MARINA shall ensure that the ship has been deleted from its previous registry.

¹ International Convention on Arrest of Ships 1999

² United Nations Convention on Conditions for Registration of Ships

³ International Convention on Arrest of Ships 1999

⁴ Code of Recognized Organization

In the case of a foreign-registered ship under a bareboat charter, the MARINA shall ensure that the right to fly the flag of the former flag State is suspended for the duration of its registration with the Philippine registry. A Certificate of Registry shall be issued only upon the production of evidence indicating the suspension of its previous registration and nationality under the former flag State, and indicating the particulars of any registered encumbrances entered in the previous registry.

It is the duty of the owner, master, or agent of every ship in the Register to inform the MARINA of any change in the facts pertaining to the ship and entered therein.

Section 8. Documentation. – The MARINA shall issue and recognize, in appropriate form, certificates clearly indicating whether a vessel is registered and ensure such documentation meets all applicable national and international requirements.

Section 9. Register of Ships. – The MARINA shall establish, maintain, and update a comprehensive Register of Ships for the Philippines which shall constitute the official public record of all ships registered under the Philippine flag in international voyages.

Section 10. Contents of the Register. – The Register of Ships shall contain, at minimum, the following information for each registered vessel:

- a. The name, official number, and call sign of the vessel, if assigned;
- b. The port of registry;
- c. The type, dimensions, tonnage, and propulsion of the vessel;
- d. The date and place of build and the name of the builder;
- e. Full particulars of the ownership including the name, nationality, and address of the registered owner;
- f. Full particulars of any bareboat charter arrangement;
- g. The date and place of registration and any subsequent changes;
- h. Records of all mortgages, liens, and other encumbrances affecting the vessel, if any; and
- i. The registration status as domestic or international pursuant to the dual registry system.

Section 11. Digital Format. – The Register shall be maintained in secure digital format, with appropriate backup systems, and shall incorporate necessary technological safeguards to ensure data integrity and protection against unauthorized access or alteration.

Section 12. Public Access. – The Register of Ships shall be open to public inspection during ordinary business hours, in the offices of the MARINA or its official website. All documents and information provided in connection with the registration of a ship are considered public documents. Upon request and payment of reasonable fees, authenticated copies of any document or instrument required to be filed under this Act and pertinent rules and regulations, or extracts thereof, shall be furnished to any person, subject to the requirements of Republic Act No. 10173 or the Data Privacy Act of 2021 and provisions of Executive Order No. 02 or the Freedom of Information and its subsequent amendments.

Section 13. Certification. – The MARINA shall be authorized to issue certified extracts from the Register, which shall constitute prima facie evidence of the facts contained therein.

Section 14. Updates. – The owner, operator, master, or authorized representative of a registered vessel shall promptly notify MARINA of any change in the registered particulars of the vessel within thirty (30) days of such change.

Section 15. Who may Register. – Any person, whether an individual, corporation or partnerships, including corporations duly organized under Philippine law that are one hundred percent (100%) foreign-owned, subject to compliance with all applicable laws, rules, and regulations, may register convention-sized ships, except transient foreign flag ships subject to such regulations as the

MARINA may prescribe, with the Philippine registry: Provided that, they meet the conditions for the grant of registration imposed by this Act and the regulations pursuant hereto.

Section 16. Effects of Registration. – Any ship registered under the Philippine registry shall be entitled to the following:

- a. Conferment of the nationality and status of a Philippine ship;
- b. Entitlement to the protection of the Philippine flag;
- c. Entitlement to the right to invoke the diplomatic, consular, and naval protection of Philippine authorities and the protection of the flag of the Philippines;
- d. Imposition of the duty to fly the Philippine flag;
- e. Obligation to abide by all applicable laws, decrees, orders, rules, and regulations of the Philippines;
- f. Entitlement to the privilege to engage, consistently with the limitations provided by law, in international trade in accordance with corollary permits and certificates that may be issued to the ship; and
- g. Entitlement to the right to invoke the exercise of jurisdiction and control by Philippine government authorities over all persons found on board the ship, or over any incident involving the penal or disciplinary responsibility of the master or any member of the crew whether the same arises from a crime or quasi-delict committed on board the ship or from any collision or other incident of navigation concerning the ship.

Section 17. Conditions for Registration. – No ship shall be registered unless the following conditions are present, as determined by the MARINA under this Act and regulations issued related thereto:

- a. Proof of Ownership. There must be satisfactory proof of ownership and/or management by qualified persons.
- b. Seaworthiness. A ship must comply with the general requirements for age, safety, security, navigation, manning, and protection and preservation of the marine environment in accordance with the national and international standards for ships.
- c. Manning. A ship must be manned by a crew with such level of skills and competencies as may be necessary in accordance with applicable international maritime conventions, rules, and standards as well as national law and regulations.
- d. Labor and social conditions. A ship must meet the labor and social standards required by applicable international labor conventions, rules, and standards as implemented by the competent authority.
- e. Management. A ship must be managed by a person or entity that is under the effective jurisdiction of the State.
- f. Payment of fees and dues. The applicant for ship registration must pay the corresponding registration fees and tonnage dues as may be imposed by the MARINA.

Section 18. Types of Registration. – Registration of a ship may be permanent, provisional, or temporary in nature.

- a. Permanent Registration. Except as provided in the succeeding sections, the registration of a ship and issuance of a Certificate of Philippine Registry is deemed to be permanent until the ship is actually deleted from the Philippine Register of Ships;
- b. Provisional Registration. Ships constructed and/or acquired abroad, before being brought to the Philippines, may be issued a Provisional Certificate of Philippine Registry and a provisional tonnage certificate for conduction purposes.
- c. Temporary Registration. The following may be issued a Temporary Certificate of Philippine Registry:
 - i. Any ship about to be built, or under construction in the Philippines; and
 - ii. Any ship owned and/or operated by an entity duly registered with the Board of Investment (BOI) under pertinent investment laws, rules, and regulations, to be used exclusively for the purpose of transporting raw materials and/or finished products within the Philippines waters as an essential element and operation in the

manufacturing, processing, or other business activity or project registered by such entity with the BOI: Provided, that such temporary registration applies only for the duration of such business activity or project, and shall not exceed one year, renewable for another year. Provided further, that the type of ship used or service undertaken cannot be provided by a Philippine ship owner.

- iii. Any ship that is operated and managed under a bareboat charter. Provided, that in case of a foreign-registered ship bareboat-chartered by a qualified person for operation in Philippine waters, the ship may be temporarily registered with the Registry for the duration of the charter. Provided further, that for the duration of temporary registration with the Philippines, any registration with a foreign flag State is suspended. Provided finally, that no ship under a bareboat charter shall be registered if after the effectivity of its charter, it has undergone extensive structural modification in a manner that affects its safety and seaworthiness.

Section 19. Transfer or Re-flagging of Ships. – Any foreign-registered ship may be registered under the Philippine flag, provided that, the owner or operator submits to the MARINA complete re-flagging documentation establishing ownership or title to the ship, evidence of deletion from the previous registry, and proof of compliance with applicable international maritime conventions; provided further that, the ship passes inspection by authorized Philippine maritime authorities and or recognized organizations, confirming adherence to safety, security, environmental, and crew welfare standards as prescribed by Philippine law and international agreements to which the Philippines is a party.

The owner or operator shall demonstrate financial capacity to maintain the ship in seaworthy condition and shall provide evidence of adequate marine insurance coverage.

Upon compliance with these requirements, the MARINA shall issue a Certificate of Philippine Registry, and the ship shall thereafter be considered a Philippine-registered ship entitled to the privileges and subject to the obligations attendant thereto under Philippine law and applicable international conventions.

Section 20. Effect of Charter Agreement. – Ships of a foreign registry that are covered by a bareboat charter may be registered under the Philippine flag, provided that, their registration under the foreign flag of primary registration shall not be abandoned, but shall be deemed suspended for the duration of the ship's registration under the Philippine flag.

When a ship of Philippine registry is bareboat chartered out, the registration shall be temporarily suspended from the Philippine registry.

Section 21. Issuance of Certificate of Philippine Registry. – A Certificate of Philippine Registry shall only be approved and issued upon proper evaluation that all the conditions and documents required and mandated for registration under this Act or rules and regulations issued hereto have been complied with. The MARINA, its recognized organizations, or its deputized representative, shall inspect the ship and its documents, and ensure that it is qualified for registration under this Act.

A Certificate of Philippine Registry shall be continuously renewed for a similar period, provided that all the requirements for registration or its renewal are met.

In the case of a bareboat chartered ship, the Certificate of Philippine Registry shall be valid for not more than five (5) years or the period of the bareboat charter, whichever is shorter.

Section 22. Notice of Any Change in the Ship. - The owner, master, or authorized representative of any ship registered under this Act shall notify MARINA, in writing, of any modification to the ship within fifteen (15) days prior to the commencement of such modification, or immediately upon the knowledge of such modification.

Section 23. Suspension, Cancellation or Revocation of Ship Registration. - The MARINA shall, motu proprio or upon verified complaint, after due notice and hearing, revoke the Certificate of Philippine Registry and order the deletion from the Registry if any ship is found to be in violation of the conditions of the ship registration set forth by the MARINA through an implementing rules and regulations or in its subsequent issuances.

Section 24. Deletion of Ships. - A ship that is or has been registered in another State shall not be eligible for permanent registration in the Philippines, unless:

- a. A certificate has been issued by the former flag State to the effect that the ship has been deleted; or
- b. A certificate has been issued by the former flag State to the effect that the ship has been deleted on the day such new registration is affected.

Except in cases of forced sale, a Philippine-registered ship shall not be deleted without the written consent of all holders of registered mortgages.

If the deletion of the ship is obligatory in accordance with this section, all holders of registered mortgages shall be notified by the MARINA of the pending deletion in order to enable such holders to take appropriate action to protect their respective interests.

If the consent of the holders were not obtained, deletion shall not be implemented earlier than three (3) months after notice to such holders of registered mortgages is given.

Section 25. Fees and Charges. - For purposes of this Act, fees and charges shall be fixed in such reasonable amount as determined by the MARINA.

CHAPTER II RECORD OF SHIP MORTGAGES AND ENCUMBRANCES

Section 26. Record of Ship Mortgages and Encumbrances. - The MARINA shall maintain a Record of Ship Mortgages and Encumbrances containing the details and documents regarding all transfers, mortgages, encumbrances, or other documents proving or affecting the title to any ship registered in the Register of Ships. All documents, certificates, receipts, or acknowledgments canceling or satisfying any such obligation in whole or in part shall likewise be recorded. The date and time of recording shall be expressly stated.

A ship's electronic certificate bearing security features including all the records of the ship mortgages and encumbrances, as well as electronic recordings of maritime liens shall be accepted by the banks; Provided, That it complies with rules and regulations set forth by the Bangko Sentral ng Pilipinas and Electronic Commerce Act of 2000.

Section 27. Effect of Recording. - In order to be valid and enforceable, every mortgage, encumbrance, or other right over a Philippine-registered ship, whether permanent or temporary in nature, in favor of a person other than the registered ship owner or his agent must be entered into the record. A mortgage registered prior in time shall have preference over those registered later in time.

Section 28. Rights Over Ships Under Construction. - Any right in respect to a ship under construction in the Philippines may be entered and recorded after the keel has been laid or equivalent construction work has been performed.

Ships under construction contracted by a Philippine national may be registered in accordance with the provisions of this Act. For the ships to be the subject of registration under this Act, it is necessary that the ship's keel must have been laid and a keel number assigned by the shipyard at the time of application.

TITLE III
MARITIME LIENS AND ENCUMBRANCES

CHAPTER I
MARITIME LIENS

Section 29. Maritime Liens. – The maritime liens shall be attached to the ship notwithstanding any change in ownership, legislation, or flag, except in case of forced sale of the ship.

Section 30. Claims Secured by Maritime Liens. – Each of the following claims against the owner, demise charterer, manager or operator of the vessel shall be secured by a maritime lien on the vessel:

- a. claims for wages and other sums due to the master, officers and other members of the vessel's complement in respect of their employment on the vessel, including costs of repatriation and social insurance contributions payable on their behalf;
- b. 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 vessel;
- c. claims for reward for the salvage of the vessel;
- d. claims for port, canal, and other waterway dues and pilotage dues;
- e. claims based on tort arising out of physical loss or damage caused by the operation of the vessel other than loss of or damage to cargo, containers and passengers' effects carried on the vessel.

Section 31. Claims Not Secured by Maritime Liens. – No maritime lien shall attach to a vessel to secure claims as set out in subparagraphs (b) and (e) of Section 30 which arise out of or result from:

- a. Damage in connection with the carriage of oil or other hazardous or noxious substances by sea for which compensation is payable to the claimants pursuant to international conventions or national law providing for strict liability and compulsory insurance or other means of securing the claims; or
- b. The radioactive properties or a combination of radioactive properties with toxic, explosive or other hazardous properties of nuclear fuel or of radioactive products or waste.

Section 32. Priority of Maritime Liens. - The maritime liens set out in Section 30 shall take priority over registered mortgages, “hypotheques” and charges, and no other claim shall take priority over such maritime liens or over such mortgages, “hypotheques” or charges, except as provided in paragraphs 3 and 4 of Section 33.

The maritime liens set out in Section 30 shall rank in the order listed, provided however that maritime liens securing claims for reward for the salvage of the vessel shall take priority over all other maritime liens which have attached to the vessel prior to the time when the operations giving rise to the said liens were performed.

The maritime liens set out in each of subparagraphs (a), (b), (d) and (e) of Section 30 shall rank equally as between themselves.

The maritime liens securing claims for reward for the salvage of the vessel shall rank in the inverse order of the time when the claims secured thereby accrued. Such claims shall be deemed to have accrued on the date on which each salvage operation was terminated.

Section 33. Maritime Liens in case of Salvage, Wreck Removal, or General Average Acts. - Maritime liens securing claims for salvage, wreck removal, and contribution to general average shall take priority over all other maritime liens which have been attached to a ship prior to the time when the operations giving rise to the said liens were performed.

Such liens shall rank in the inverse order of the time when the claims secured thereby accrued. Claims for contribution to general average shall be deemed to have accrued on the date on which the general average act was performed, while claims for salvage shall be deemed to have accrued on the date on which the salvage operation was terminated.

In the event of a forced sale of the wreck of a ship, following its removal by a government accredited salvage company, the costs of such removal shall be paid out of the proceeds of the sale before all other claims secured by maritime lien on the ship.

If at the time of the sale, the ship is in the possession of a ship-builder or a ship-repairer who enjoys a right of retention, the latter shall surrender possession of the ship to the purchaser but is entitled to obtain satisfaction of a claim out of the proceeds of the sale after the satisfaction of the claims of holders of maritime liens mentioned in Section 30 and in this section.

Section 34. Extinguishment of Maritime Liens. - Maritime liens shall be extinguished after a period of one (1) year from the time when the claims secured thereby arose, unless prior to the expiration of such period, the ship has been arrested and the ownership thereof was transferred through a forced sale ordered by a competent court or tribunal.

The period of one (1) year shall not be subject to suspension or interruption; provided, that the time shall not run if the person enforcing the lien is prevented from arresting and the ownership thereof transferred through a forced sale ordered by a competent court or tribunal.

Maritime liens that arose before the effectivity of this Act shall be extinguished one (1) year after the date of such effectivity.

Section 35. Retention Rights for Shipbuilders and Ship Repairers. - A shipbuilder who is in possession of a ship or ship that is under construction, and who wants to secure claims arising out of the construction of, or other work carried out in relation to the ship, shall have the right to retain such ship or ship under construction, without the need of a court order.

However, when in possession of a ship or ship that is under repair, a ship repairer shall need to secure a court order in order to have the right to retain such ship or ship under repair for the purposes of claiming a claim arising out of the repair of, including the modification, conversion, or reconstruction of the ship, or other work carried out in relation to the ship, affected during such possession.

Section 36. Extinguishment of Rights of Retention. - The rights of retention under the preceding section shall be extinguished when:

- a. The claim in respect of which said right has been exercised is met or is otherwise discharged;
- b. The ship ceases to be in the possession of the ship-builder or ship repairer as the case may be; or
- c. The competent court orders the release of the ship.

Section 37. Assignment or Subrogation. - The assignment of a maritime claim by a claimant or the subrogation of a third party to the rights of a claimant, shall entail the simultaneous assignment of, or subrogation to the maritime lien securing such claim. However, any claimant holding a maritime lien shall not be subrogated to compensation payable to the owner of a ship arising from an insurance contract.

Section 38. Exclusions. - The provisions of this Title shall not apply to:

- a. A claim for the enforcement of a maritime lien that is already the subject of a pending case and which is sought to be enforced under the provisions of Presidential Decree No. 1521, or the Ship Mortgage Decree, at the time of the effectivity of this Act; or

- b. A maritime lien which arose prior to the effectivity of this Act, unless such lien has already been prescribed.

CHAPTER II SHIP MORTGAGES

Section 39. Application. – The provisions of this Chapter shall apply to every mortgage wherever executed in respect of:

- a. a ship that is registered in the Philippines; or
- b. a ship that is under construction in the Philippines.

Section 40. Notification of Deletion of a Ship Subject of Mortgage. – Except in the case of a forced sale upon order of a competent court or tribunal, the deletion of a ship shall not be permitted unless all registered ship mortgages are first canceled or the written consent of all holders of such mortgages is obtained.

Where the deletion of the ship is obligatory according to the provisions of this Act or its implementing regulations, the MARINA shall notify the holders of registered ship mortgages of the pending deletion to enable such holders to take appropriate action to protect their respective interests. Unless the said holders consent to a shorter period, the deletion shall not be implemented until the lapse of a reasonable time from notification in writing, which shall not be less than three (3) months.

There shall be no other requirements for formal validity except as stated in the preceding paragraphs.

CHAPTER III ENFORCEMENT OF MORTGAGE

Section 41. Grounds to Enforce a Ship Mortgage. - A Mortgagee shall be entitled to enforce the security represented by the ship under a mortgage in the following cases:

- a. The mortgagor defaults in the discharge of the indebtedness or other obligations secured by the ship mortgage;
- b. The mortgagor or any person in possession of the mortgaged property substantially prejudices the security of the mortgagee by any act or omission; and
- c. The mortgagor commits any breach of the mortgage contract which, by the terms of the contract, entitles the mortgagee to enforce the security.

Section 42. Remedies of Mortgagees. - The enforcement of the security under the mortgage may be carried out by:

- a. Arresting the ship subject of the mortgage and applying for an order for its forced sale by a competent court; or
- b. Foreclosing the mortgage; or
- c. Any other manner stipulated in the mortgage contract.

Section 43. Arrest and Forced Sale of a Ship. - A mortgagee entitled to enforce a mortgage, or a person exercising a maritime lien, may bring a proceeding in rem against the ship which is the subject of the mortgage or to which the maritime lien attaches, as the case may be, before a competent court or tribunal having jurisdiction over the ship.

The rules on preliminary attachment under the Rules of Court shall be applied suppletorily.

The petitioner shall be entitled to apply with the court an ex-parte motion for an order for the arrest of said ship. The petitioner's claim shall be supported by an affidavit stating the circumstances that shall be the basis to enforce the mortgage or lien. An affidavit executed abroad must be duly authenticated. If the affidavit satisfactorily establishes the petitioner's claim, the competent court shall order the arrest of the ship.

The court may require the petitioner to post a bond or other security before issuing the order of arrest. If so required, the bond or security shall not exceed the amount of the mortgage debt or lien. The court shall after judgment, order the forced sale of the ship to satisfy the claim, unless the ship has been released in accordance with the next succeeding section.

The rules on preliminary attachment under the Rules of Court shall not apply in the arrest of ships.

Section 44. Release of Arrested Ship. – The court shall not release the arrested ship prior to rendition of judgment unless the mortgagor, the owner of the ship, or any person authorized to act on his behalf or of any other person interested in the ship:

- a. Applies to the court for an order releasing the ship from arrest, by making a cash deposit, and if the same is not possible upon presentation of competent evidence, by filing a counter-bond or security in an amount double the value of the claim, to secure the payment of any judgment that the mortgagee may recover in the action; or
- b. Proves that the arrest was improperly or irregularly made.

Section 45. Notice of Forced Sale of a Ship. – Prior to the forced sale of a ship, the court shall give, or cause to be given, at least thirty (30) days prior notice of the time and place of such sale, either in customary or electronic form, to the following:

- a. All holders of registered mortgages;
- b. Such holders of maritime liens whose claims have been notified to the court and have not expired;
- c. All other persons having an interest in the ship, whose interests have been notified to the court;
- d. The authority in charge of the register in the State of registration; and
- e. The registered owner of the ship.

Section 46. Effect of Forced Sale of a Ship. – In the event of the forced sale of a ship, all mortgages except those assumed by the purchaser with the consent of the holders and all liens and other encumbrances of whatsoever nature, shall cease to attach to the ship but shall attach to the proceeds of sale: Provided, that at the time of the sale, the ship is in the jurisdiction of the Philippines and the sale has been affected in accordance with the laws of the Philippines.

Any charter party or contract for the use of the ship in existence at the time of the forced sale shall be deemed terminated without prejudice to any claim the charterer may have against the owner of the ship at the time of the sale.

Section 47. Bankruptcy Does Not Affect Ship Mortgage. – The mortgage of a ship is not affected by the bankruptcy or rehabilitation of the mortgagor after the date of the registration of the mortgage.

Section 48. Distribution of the Proceeds. – The costs awarded by the competent court and expenses arising out of the arrest and sale of the ship shall be paid first out of the proceeds of such sale. Thereafter, the following claims shall be satisfied out of the balance of the proceeds of the sale in the order herein enumerated, observing also the preference among each category of claims, established in Sections 30, 31, and 33 hereof on maritime liens:

- a. Maritime liens;
- b. Registered mortgages; and

- c. Rights of retention.

In case of deficiency, the mortgagee shall be entitled to file a suit in *personam* against the mortgagor.

Section 49. Certificate of Release. – When a ship registered in the Philippines has been the object of a forced sale in the Philippines, the competent court or tribunal having jurisdiction shall, at the request of the purchaser, issue a certificate to the effect that the ship is sold free of all mortgages, maritime liens, and other encumbrances, except those assumed by the purchaser. Upon the production of the above-mentioned certificate, the MARINA shall delete all registered mortgages from the Registry, except those assumed by the purchaser, or issue a certificate of deletion for the purpose of registration.

Section 50. Effect of the Forced Sale of a Ship in Foreign States. – The forced sale in a foreign state of a ship registered in the Philippines shall be recognized and effective in the Philippines; Provided that, the procedure for such forced sale in that foreign state substantially corresponds to the appropriate procedure in Section 46, including the time and form.

CHAPTER IV FOREIGN LIENS AND MORTGAGES

Section 51. Foreign Maritime Liens. – A claim governed by the law of a State other than the Philippines and recognized by such law as giving rise to a maritime lien or right of a similar nature against the owner, or against the demise or other charterer, manager or operator of a ship, shall be recognized by and enforceable in the Philippines. Provided, that said claim constitutes or corresponds substantially to a claim set out in this Act. The provisions of this Act relating to maritime liens, including priority, ranking of liens between themselves, and enforcement, shall also apply to such claims.

Section 52. Foreign Mortgages. – A foreign mortgage or any mortgage or *hypothèque* which relates to a ship of foreign registry, shall be recognized and enforceable in the Philippines. Provided, that:

- a. Such mortgage has been effected and registered or otherwise recorded in accordance with the law of the State where the ship is registered;
- b. Such register and any instrument or document which are required to be deposited are open to public inspection, and that extracts of the register and copies of such instruments are obtainable from the registrar, and
- c. Either the register or the loan agreement specifies:
 - i. The name and address of the person in whose favor the mortgage has been effected or that it has been issued to bearer;
 - ii. The amount secured by the mortgage or the manner of calculating said amount;
 - iii. The date of the mortgage; and
 - iv. Such other particulars which according to the law of the State where the ship is registered, determine the rank in regard to other registered mortgages.

All matters relating to the procedure for enforcement of foreign mortgages shall be governed by this Act.

Section 53. Priority and Ranking of Foreign Mortgages. – Foreign mortgages shall be subordinate to maritime liens as set out in this Act. The ranking of foreign registered mortgages as between themselves, and their effect as regard to third parties, shall be governed by the law of the State where the ship is registered.

TITLE IV LIMITATION OF LIABILITY

CHAPTER I RIGHT TO LIMIT LIABILITY

Section 54. Application. – The following may invoke the right to limit their liability in accordance with the rules provided for in this Title for the claims set out in the succeeding section:

- a. Ship owners;
- b. Ship operators;
- c. Bareboat charterers;
- d. Ship managers;
- e. Salvors with respect to claims set forth in Section 78 hereof;
- f. Any person whose act, neglect, or default the ship owner, ship operator, bareboat charterer, ship manager or salvor is responsible for, and
- g. Insurers who assume the liability of any ship owner, ship operator, bareboat charterer, ship manager, or salvor.

They may invoke their right to limit liability against any claimant in a judicial action who has sought the arrest of their ships in order to enforce a claim which is subject to limitation.

Section 55. Claims which are Subject to Limitation. – The following claims made against the persons set forth in the preceding section or against the ship, whatever the basis of liability may be, shall be subject to the limitation of liability:

- a. Claims in respect of loss of life or personal injury, or loss of or damage to property, including damage to harbor works, basins, waterways, and aids to navigation, occurring on board or in direct connection with the operation of the ship or with salvage operations and consequential loss resulting therefrom;
- b. Claims in respect of loss resulting from delay in the carriage by sea of cargo, passengers, or their luggage;
- c. Claims in respect of other loss resulting from the infringement of rights, other than contractual rights, occurring in direct connection with the operation of the ship or salvage operations;
- d. Claims in respect of loss or damage arising from the raising, removal, destruction or the rendering harmless of a ship which is sunk, wrecked, or abandoned, including anything that is or has been on board such ship;
- e. Claims in respect of loss or damage resulting from the removal, destruction, or the rendering harmless of the cargo of the ship; and
- f. Claims in respect of measures taken in order to avert or minimize loss for which the person liable may limit his liability in accordance with this Title, and any further loss caused by such measures.

Section 56. Claims Not Subject to Limitation. – The following claims shall not be subject to any limitation of liability in accordance with this Title:

- a. Claims arising from the contract of salvage or from any salvage operation rendered in accordance with relevant Philippine law on salvage or any applicable international salvage convention, including any claim for special compensation payable under a contract of salvage, or any contribution in general average;
- b. Claims for oil pollution damage within the meaning of the applicable convention covering the civil liability for oil pollution damage or any amendment thereto which is in force;
- c. Claims subject to any international convention governing or prohibiting the limitation of liability for nuclear damage;
- d. Claims against the ship owner of a nuclear ship for nuclear damage; and

- e. Claims brought by employees against the shipowner, ship operator, bareboat charterer, ship manager, or salvor, where the duties of such employees are connected with the ship or with the salvage operations, as the case may be, or their heirs, successors, or assigns, if under the law governing the contract of employment, the ship owner, ship operator, bareboat charterer, ship manager, or salvor is not entitled to limit his liability in respect of such claims, or if the law governing the contract of employment permits a limit of liability greater than that provided for in this Act.

Section 57. Conduct Barring Limitation. – Any shipowner, ship operator, bareboat charterer, ship manager or salvor, or any person acting on their behalf, shall not be entitled to limit liability if it is proven that the loss resulted from the personal act or omission of such owner, ship operator, bareboat charterer, ship manager, or salvor, or any person acting on their behalf, and such act or omission was committed with the intent to cause such loss, or it was done recklessly and with the knowledge that such loss would probably result.

Section 58. Counterclaims, Right to Set Off. – When a ship owner, ship operator, bareboat charterer, ship manager, or salvor, who is entitled to limit his liability, has a counterclaim against the claimant arising out of the same occurrence, their respective claims shall be set off against each other and the limits of liability shall only apply to the balance of the claim, if any. The right of set off can be invoked only if both parties are entitled to limit their respective liabilities and their respective claims do not fall within the provisions of Sections 50 and 51 of this Act.

CHAPTER II LIMITS OF LIABILITY

Section 59. General Limits. – The general limits of liability for claims other than for passenger claims, arising from any distinct occasion shall be calculated in accordance with the International Convention on the Limitation of Liability for Maritime Claims.

Section 60. Aggregation of Claims for Loss of Life and Personal Injury and for other Claims. – The limits of liability for loss of life and personal injury and for other claims determined in accordance with Section 54 hereof shall apply to the aggregate of all claims that arise on any distinct occasion against:

- a. The ship owner, ship operator, bareboat charterer or ship manager and any person whose act, neglect or default such ship owner, ship operator, bareboat charterer or ship manager is responsible for; or
- b. The ship owner, ship operator, bareboat charterer, or ship manager of a ship rendering salvage services from a ship or the salvor or salvors operating from a salvage tug and any person whose act, neglect or default the ship owner, ship operator, bareboat charterer, ship manager or salvor is responsible for; or
- c. The salvor who is not operating from a ship or salvage tug or who is operating solely on the ship to, or in respect of, which the salvage services are rendered and any person whose act, neglect or default the salvor is responsible for.

Section 61. Ships Below the Specified Tonnage Limits. - The MARINA is hereby authorized to issue rules and regulations regarding the limitation of liability for ships below the previously specified tonnage limits. Such rules and regulations shall take into consideration the availability of providers of financial security policies and the prevailing financial capacities of shipowners.

CHAPTER III LIMITATION FUND

Section 62. Creation of a Limitation Fund. - Any person entitled to limit his liability in accordance with Section 54 hereof and who is alleged to be liable for a claim provided in Section

59 hereof, may, at any time during the hearing of the case or after the arrest of his ship, constitute a fund with the court in which legal proceedings have been instituted for the satisfaction of the claim subject to limitation.

The fund shall be in an amount equivalent to the limits of liability set forth in the rules and regulations issued by the MARINA in accordance with the immediately preceding section.

Any fund created shall be available only for the payment of claims in respect of which limitation of liability can be invoked.

Section 63. Insurance Indemnity Cover. - Every shipowner or bareboat charterer shall be required to maintain adequate insurance coverage or protection and indemnity coverage to meet the financial responsibility for any liability which such shipowner or bareboat charterer may incur for loss of or injury to human life, damage to property, and to the marine environment. In determining the limits for mandatory insurance coverage for seagoing ships, the MARINA shall take into account and be guided by the applicable limits of liability provided in relevant international conventions. In setting the limits for mandatory insurance coverage for coastwise ships the MARINA shall consider the prevailing local, social, economic, and other conditions in the Philippines.

Section 64. Form of the Fund. - The fund may be created either by depositing the sum with a bank or other financial institution designated by the court, or by providing a bond, or other security acceptable to the court. The fund constituted by any of the persons mentioned in Section 54, subsections (a), (b), (c), (d), or (e) shall likewise be deemed constituted in favor of the persons mentioned in subsection (f) and (g) of that section.

Section 65. Distribution of the Fund. - Subject to the provisions of Sections 54 and 55 hereof, the limitation fund shall be distributed among the claimants in proportion to their claims against the fund as determined by the court.

Section 66. Subrogation of Rights. - If, at any time before the fund is distributed, the ship owner, ship operator, bareboat charterer, ship manager, or salvor, or their respective insurers, settles a claim made against and payable by the fund, such person shall, up to the amount paid, acquire by subrogation the rights which the claimant would have enjoyed under this Title.

Section 67. Contingency Fund for Expected Claim. - Where the ship owner, ship operator, bareboat charterer, ship manager, or salvor, or their respective insurers, establishes that it may be compelled to pay a claim, at a later date, whether in whole or in part, and because of such payment, the ship owner, ship operator, bareboat charterer, ship manager or salvor, or their respective insurers, would have enjoyed a right of subrogation if the claim had been paid before the fund was distributed, the court having jurisdiction over the claim and in which the fund has been constituted may order that a sufficient sum from the fund be provisionally set aside to enable the person who has been subrogated to the rights of the claimant to enforce his claim against the fund at such later date.

Section 68. Bar to other Actions. - Where a limitation fund has been constituted in accordance with Section 62 hereof, any person having made a claim against the fund shall be barred from enforcing such claim against any other assets of the persons mentioned in Section 54 hereof and on whose behalf the fund has been constituted.

Section 69. Release from Arrest after the Constitution of the Limitation Fund. - After a limitation fund has been constituted in accordance with Section 62 of this Act, any ship or other property, belonging to a shipowner, ship operator, bareboat charterer, ship manager, or salvor on whose behalf the fund has been constituted, which has been arrested or attached in accordance with Title III of this Act in order to satisfy a claim which is enforceable against the fund or any other bond or security given, may be released from arrest at the discretion of the court. Such release shall however be mandatory if the limitation fund has been constituted:

- a. At the port where the occurrence took place;
- b. If the occurrence took place out of port, at the first port of call of the ship after such occurrence;
- c. At the port of disembarkation in respect of claims for loss of life or personal injury;
- d. At the port of discharge in respect of damage to cargo; or
- e. At the port where the arrest is made.

The provisions of this section and of the immediately preceding section shall apply only if the claimant may bring a claim against the limitation fund before the court administering that fund, and the fund is available and freely transferable to the claimant in respect of the claim.

TITLE V OPERATION OF SHIPS

Section 70. Ship Management. - Any person or entity may engage in ship management services in the Philippines, which shall include but not be limited to technical management, crew management, commercial management, and administrative services for ships, provided that, the ship management company shall be duly registered with the Securities and Exchange Commission and holds a valid license issued by the MARINA. Provided further that, the company maintains qualified personnel with appropriate maritime credentials and certifications as prescribed by the Authority.

The company shall demonstrate financial capability and shall maintain professional indemnity insurance coverage adequate to the scope of management services provided.

All management activities comply with applicable Philippine maritime laws, international maritime conventions to which the Philippines is a party, and the requirements of the ship's flag state.

The company shall be subject to periodic inspection and audit by the MARINA to ensure continued compliance with safety, security, environmental, and operational standards.

Section 71. Power to Grant Special Permit. - The MARINA is hereby authorized to grant Philippine-registered ships permission to operate in both domestic and international trade routes.

It shall have the power to issue special permits allowing Philippine-registered vessels to shift operations between domestic and international trading routes without requiring re-registration or change in vessel classification, provided such ships maintain compliance with all applicable safety, security, and environmental protection standards.

Section 72. Qualification Requirements. - To qualify for the special permit, vessel owners or operators must:

- a. Hold valid registration and all necessary certifications for both domestic and international operations;
- b. Demonstrate compliance with international maritime conventions applicable to international trade, including but not limited to the International Convention for the Safety of Life at Sea (SOLAS), the International Convention for the Prevention of Pollution from Ships (MARPOL), the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), and the Maritime Labour Convention (MLC);
- c. Maintain appropriate insurance coverage for both domestic and international operations; and
- d. Satisfy any additional requirements as may be prescribed by MARINA through appropriate circulars or memoranda.

Section 73. Application for Special Permit. - MARINA shall establish a streamlined application process for special permits, which shall include:

- a. Submission of a comprehensive operations plan detailing intended trade routes;
- b. Documentation of compliance with all applicable domestic and international maritime regulations;
- c. Evidence of financial capability to sustain operations in both trading environments; and
- d. Payment of prescribed fees as determined by MARINA.

Section 74. Operational Requirements. - Vessels granted special permit shall provide advance notification to MARINA of any intended shift between domestic and international operations.

They shall likewise maintain separate records of domestic and international voyages for regulatory and taxation purposes.

Grantee ships shall comply with crew certification and manning requirements applicable to the relevant trading area and submit to special inspections as may be required by MARINA to verify continued compliance with safety and security standards.

Section 75. Taxation and Fees for Special Permit. - The Department of Finance, in coordination with MARINA, shall establish appropriate taxation policies for vessels engaged in both domestic and international operations, ensuring equitable treatment while preventing unfair competition.

Section 76. Cabotage Considerations. - Nothing in this provision shall be construed as exempting foreign vessels from existing cabotage laws governing domestic trade operations.

Section 77. Ship Construction. - Every new building to be registered for international voyage under Philippine laws shall be constructed in accordance with standards for ship construction set forth in international maritime conventions and implemented through government regulations. Ship construction shall be under the supervision of the MARINA, or a recognized organization appointed for the purpose. The recognized organization shall oversee the construction of the ship and ensure that the construction regulations provided in international maritime conventions and those issued by the MARINA, covering the structural strength and integrity of all parts of the ship's hull and its appendages as well as the safety and reliability of the main propulsion, steering systems, and auxiliary systems of the ship including the installation of navigational and communication equipment and equipment to prevent marine pollution are followed. The shipowner shall immediately notify the MARINA and the relevant recognized organization, in writing, of any modification, alteration, or conversion, introduced thereon.

Section 78. Navigation and Communications Equipment. - Every Philippine-registered ship shall have on board such navigation and communication equipment and apparatus required by international maritime conventions for the safe navigation of ships. Every equipment and apparatus required to be installed on board shall be consistent with the type, tonnage, power, means of propulsion, and trading limitations of the ship.

Section 79. Equipment to Prevent Marine Pollution. - Every Philippine-registered ship shall have on board such navigation and communication equipment and apparatus required by international maritime conventions for the safe navigation of ships. Every equipment and apparatus that shall be required to be installed onboard shall be suited for the type, tonnage, power, means of propulsion, and trading limitations of the particular ship.

Section 80. Inspections and Surveys. - To ensure the proper maintenance of the ship's hull, machinery, and equipment, its compliance with international conventions and government regulations, and for its safe operation, every Philippine-registered ship shall be subject to inspections and surveys as required under applicable international conventions and national regulation.

Section 81. Scope of Inspection and Surveys. - The inspections and surveys shall be conducted in accordance with international maritime conventions and government regulations, and shall include an inspection and survey of the ship's:

- a. Hull structure;
- b. Machinery and equipment;
- c. Life-saving equipment;
- d. Fire-fighting equipment;
- e. Radio and communications installations;
- f. Such other facilities and equipment as may be prescribed by MARINA.

Section 82. Extent of Authority of Recognized Organization. - The MARINA, in appointing a recognized organization or classification society to conduct the inspection and survey of ships, shall inform the recognized organization of the specific responsibilities and conditions of the authority delegated to it and exercise a comprehensive oversight thereof.

Section 83. Issuance of Safety Certificates. - The recognized organization, pursuant to the functions delegated to it by the MARINA, shall have the authority to issue ship certificates to every Philippine-registered ship and for this purpose, the ship certificates issued by such recognized organization shall be deemed to have met the requirements of this Act. Copies of the ship certificates shall be submitted to MARINA which shall, upon verification of compliance, issue a certificate of inspection in favor of the complying ship confirming the findings of the recognized organization.

Section 84. Availability of Ship Certificates. - The ship certificates mentioned in the immediately preceding section shall be readily available on board the ship for examination at all times.

TITLE VI ENFORCEMENT AND INVESTIGATION

Section 85. Report of any Incident Involving a Philippine Registered Ship. - When any Philippine-registered ship sustains an accident or causes any incident involving the loss of life, material loss of property, or serious injury to any person, or receives any damage affecting its seaworthiness or its efficiency, or if it should cause any pollution or damage to the marine environment, regardless of where such accident or incident may occur, the ship owner, ship operator, bareboat charterer, ship manager, agent or master of such ship shall immediately, after the occurrence of the accident or incident, send a report of the accident or incident to the MARINA:

- a. The name of the ship;
- b. The port to which the ship belongs;
- c. The place where the incident occurred;
- d. The nature and probable cause of the incident;
- e. The number and names of those who perished; and
- f. The estimated amount of loss or damage to the ship, the cargo, or the marine environment.

The specific procedures for the submission of reports will be detailed in the implementing Rules and Regulations (IRR) of this Act. The ship owner, ship operator, charterer, ship manager, agent, or master may be required to furnish such other information as shall be called for.

TITLE VII CASUALTY OR SAFETY INVESTIGATION

Section 86. Marine Casualty or Safety Investigation. - Following the occurrence of an accident or incident involving a Philippine-registered ship resulting in the loss of life, material loss of property, or serious injury to any person, or which results in damage affecting its seaworthiness or

efficiency, or causes any pollution or damage to the marine environment, regardless of where such accident or incident may occur, the safety investigation shall be conducted by the MARINA. MARINA shall undertake these investigations unless another law expressly provides for the transfer of this mandate to another entity.

Furthermore, MARINA shall ensure that all investigations comply with the operational requirements set forth in the International Conventions for the Safety of Life at Sea (SOLAS) and other relevant international maritime regulations. The MARINA shall maintain its role in conducting such investigations and ensure that all safety measures and procedures align with both national and international standards for maritime safety.

Section 87. Nature of the Investigation. - The investigation undertaken in accordance with this Chapter shall not apportion blame or determine liability but shall be conducted to determine the cause of the accident and the identification of measures to prevent the occurrence of similar marine casualties, accidents, or incidents in the future.

Section 88. Power of Investigators to Investigate. - Maritime casualty or safety investigators appointed by MARINA shall have full powers to board the Philippine-registered ship, regardless of where it may be found, interview the master and the crew and any other person involved, and acquire such evidentiary material for purposes of the undertaking and completing the marine safety investigation.

Section 89. Amendment of Safety Regulations. - Following completion of the safety investigation and upon a complete study of the safety investigation report, the MARINA shall take measures to amend its safety regulations to implement the recommendations made in the report.

Section 90. Providing Reports to the International Maritime Organization. - The MARINA, as competent authority, shall provide a copy of the report to the International Maritime Organization to enable a wide dissemination of information and to assist the international maritime community to address safety issues.

TITLE VIII MANNING REQUIREMENTS

Section 91. Citizenship of Crew. - A ship registered under the Philippine flag for international trade shall employ competent and qualified management level officers who may be foreign nationals. Operational and support level, including other members of the crew not falling under any of the categories mentioned, must be Filipino citizens.

Section 92. Crew Competence. - Every member of the crew of a Philippine-registered ship shall possess the appropriate qualification and competence to serve in the capacity and perform the functions involved at the level of responsibility, for the position held, for the type, tonnage, power, means of propulsion, and trading limitations of the ship concerned.

Documents evidencing such qualifications and competence, as well as any endorsements thereto and any renewals thereof, shall be issued by MARINA.

TITLE IX REQUISITION OF SHIPS

Section 93. Requisition of Ships. – The President of the Philippines may, in times of war and other national emergency, when the public interest so requires, order the requisition of any and all ships of the Philippine registry. The Government shall pay the owner or operator of the ship, based on normal conditions at the time of requisition:

- a. The fair market value, if the ship is taken absolutely; or
- b. The fair charter value, if the ship is taken temporarily, for the period commencing from the takeover by the Government to the date the ship is returned to its owner or operator.

TITLE X

FINAL PROVISIONS

Section 94. Implementing Rules and Regulations. – Within ninety (90) days after the effectivity of this Act, the MARINA shall issue the implementing rules and regulations as may be necessary to implement the provisions of this Act.

Section 95. Green Lane on Procedural System. – To ensure the effective implementation of this Act, the Department of Foreign Affairs, Department of Finance, Department of Labor and Employment, Department of Health, Department of Interior and Local Government, Department of Migrant Workers, Securities and Exchange Commission, Bureau of Immigration, Board of Investments, Bureau of Customs, Bureau of Internal Revenue, Philippine Ports Authority and other port authorities, Philippine Coast Guard, Bureau of Fisheries and Aquatic Resources, Bureau of Quarantine, Anti-Red Tape Authority, and other relevant offices and agencies shall develop, introduce, and promote in their respective policies and procedures streamlining of processes on the acquisition, registration and operation of ships; the hiring, deployment, change, and repatriation of crew, the construction, repairs, maintenance and recycling of ships and other government and business processes concerning ships in the Philippine Registry to support the country's competitiveness and promote trade facilitation.

Section 96. Administrative Offenses and Penalties. – To ensure faithful compliance with the rules and regulations issued in accordance with the preceding section, the MARINA, through summary administrative proceedings, may identify, prohibit, and penalize such acts and activities that may reduce the efficiency and reliability of the Philippine Ship Registry, impede the effectiveness of the exercise of Philippine jurisdiction and control over Philippine-registered ships, or otherwise interfere with its duties and responsibilities as a flag State and the implementation of this Title.

For this purpose, the MARINA is authorized to recommend to the Philippine Coast Guard the detention of a ship and is further authorized to impose administrative fines as well as the penalty of suspension, cancellation, or revocation of the relevant certificates, for violations of this Act and such rules and regulations that it may issue pursuant to this Act.

The range of fines shall be subject to review and revision every five (5) years from the date of effectivity of this Act.

Section 97. Appropriations. – The MARINA shall immediately include in its programs the operationalization requirements of this Act. The funds necessary to effectively carry out the provisions of this Act during the first year of implementation shall be sourced from the available funds of MARINA. Thereafter, such funds as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

Section 98. Transitory Provisions. – Every ship currently registered under the laws of the Philippines and granted the privilege to fly its flag shall be deemed to be registered under this Act insofar as its registration is not inconsistent with the provisions of this Act and such registration shall continue to be valid until its expiration unless sooner revoked by the MARINA.

Any ship mortgage entered into in accordance with the provisions of the Ship Mortgage Decree or the Chattel Mortgage Law shall continue to be valid and effective and its registration shall be transferred to the MARINA in accordance with the provisions of this Act. Nothing in the transfer shall change or in any way alter or affect any preference a registered mortgage may enjoy or the original date on which such mortgage was entered in the registry.

Section 99. Separability Clause. – If, for any reason, any section, subsection, 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 100. Repealing Clause. – The relevant provisions in the following laws are hereby repealed:

- a. Articles 573 to 585 of the Code of Commerce of 1888
- b. Section 801 to 821 of Republic Act No. 1937
- c. Republic Act No. 913
- d. Section 2, 5, 11, 12 Republic Act No. 1407
- e. Republic Act No. 6106
- f. Presidential Decree No. 214
- g. Presidential Decree No. 760, as amended
- h. Executive Order No. 667
- i. Presidential Decree No. 1521

Such other laws, presidential decrees, executive orders, issuances, rules, and regulations or part thereof, which are otherwise inconsistent with the provisions of this Act are hereby replaced, amended, or modified accordingly.

Section 101. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,