



Republika ng Pilipinas
PANGASIWAAN NG DAUNGAN NG PILIPINAS
(PHILIPPINE PORTS AUTHORITY)
5th Floor, B.F. Condominium
Aduana, Intramuros, Manila

P. O. BOX 62
TELEPHONE NOS. 47-92-04
40-81-66
48-24-93

April 20, 1981

D. P. O
Office

PPA ADMINISTRATIVE ORDER
NO. 04 - 81

TO : ALL PORT MANAGERS, ARRASTRE/STEVEDORING
OPERATORS, SHIPPING COMPANIES, PORT USERS
AND OTHERS CONCERNED

SUBJECT : Guidelines in the Processing of Cargo Claims
for Documentation of Cargo Shipments, and
Creation of a Local Cargo Claims Arbitration
Committee in Each and Every Port Management
Unit of PPA

Pursuant to the provisions of Section 2(a); 6-a(iii), (x), 6-b(xv) and 39(c) of PD 857 promulgated on December 23, 1975, otherwise known as the Revised Charter of the Philippine Ports Authority, as amended by Executive Order Nos. 513 and 546 dated November 16, 1978 and July 23, 1979 respectively, and in order to institute an effective, impartial and expeditious system of settlement of claims, the following guidelines and regulations are hereby issued for the information and compliance of all concerned in all ports under the jurisdiction of the Authority:

I - GENERAL POLICY

Section 1. Statement of Policy - It is desirable and necessary that meritorious claims for cargo losses and/or damages be settled without unnecessary delay for immediate restitution of loss of property, minimize prolonged resolution of claims, ensure harmonious relationship among various port users, and thereby enhance efficiency of cargo handling services.

II - DEFINITION OF TERMS

Section 2. Definition - As used in this Order, the following shall mean or be understood to mean as follows:

- a) Authority - refers to the Philippine Ports Authority

- b) Port Management Unit (PMU - means the field office of the Philippine Ports Authority.
- c) Arrastre/Stevedoring - refers to the cargo handling operator/contractor
- d) Arbitration - means the determination of disputed claims by the Claims Arbitration Committee and its resolution thereon as provided in this Order.
- e) Claim - refers to the demand for compensation for loss and/or damage of cargoes.
- f) Consignee - means the party to whom cargo is assigned to be delivered.
- g) Bill of Lading - refers to the written contract of carriage of goods whereby the common carrier for a consideration agrees to deliver on behalf of the consignor of the goods to the consignee at a specified time.
- h) Bad Order Cargo - means cargo that is physically damaged or which sustains injury.

III - DOCUMENTATION OF CARGO SHIPMENT

Section 3. Outbound Cargoes - Cargoes must be marked at the port of loading with stencil or lumber crayon and in such a way that each and every package will show the registry, date and voyage number of the vessel where these cargoes are to be loaded. Cargoes not susceptible to being marked shall require a registry tag tied or tacked to them. Shipment in sacks shall bear the name of its owner/consignee, or other identifying marks. Cargoes without the required markings, shall not be loaded on board the vessel. In the event said cargoes have been inadvertently loaded on board, they shall not be discharged at the port of discharge unless the Master of the vessel or the Shipping Company's Agent shall cause the proper markings of the cargoes at the vessel's expense.

Section 4. Discharge of Cargoes - For easier determination of responsibility for cargo loss or damage, the discharge and movement of cargoes shall be done and documented as follows:

Checking - The Arrastre, Shipping Agent and Vessel's Officer shall be responsible for making a complete and detailed checking



by marks and number of all cargoes handled on through or over the wharf/pier or discharged at shipside. In cases where unmarked packages, or whose marks have been erased, obliterated or removed, and are inadvertently discharged from the vessel, said packages shall be clearly and legibly marked by the Arrastre Checkers with the registry and voyage number of the vessel and the date said package were landed. The Arrastre Checker shall use stencils, lumber crayon or registry tags whenever practicable for this purpose.

Section 5. Documentation - All cargoes unloaded from a vessel shall be reflected either in the Discharging Sling Slip (DSS) or in the Cargo Loss/Damage Certificate (CL/DC) depending on whether these are good order or bad order cargoes. Both documents shall be prepared with due care and consecutively numbered as primary entry records of cargoes handled and discharged.

(1) Discharging Sling Slip (DSS) - The Arrastre Checker's DSS shall be the primary proof of goods discharged if countersigned by the Vessel's Checker and Officer. The Vessel Checker shall also prepare DSS which will be countersigned by the Arrastre Checker, but this will be submitted only as additional proof of goods discharged, along with the Arrastre's DSS. Both the Arrastre's DSS and the Vessel's DSS shall be delivered immediately after the discharge of cargoes and distributed as follows:

- Copy No. 1 - Shipping Agent
- Copy Nos. 2 & 3 - Arrastre/Stevedore Operator/Contractor
- Copy No. 4 - Master of the vessel or his agent

In the event the arrastre losses or fails to prepare its DSS, the Vessel's DSS shall be the primary proof of goods discharged, if countersigned by the Arrastre's Receiving Checker.

(2) Entries on Discharging Sling Slip - Entries on the DSS shall be clearly and legibly written and shall indicate the number and units of the items discharged such as bales, crates, cartons, cases, bundles and packages, their sizes and corresponding markings and weight whenever practicable. If no marks are carried, an accurate description of the cargo shall be made together with the mark(s) subsequently place thereon by arrastre to identify it.

(3) Cargo Tally Sheet/Cargo Receipt - The Arrastre Checker shall prepare a conventional Cargo Tally Sheet/Cargo Receipt covering all conventional cargoes received from the vessel. The Tally Sheet shall contain all packages discharged, together with their marks. The Tally Sheet shall be countersigned by the Vessel's Checker.



(4) Tally Sheet for Cargo Vans/Containers - Every container discharged from the vessel shall have corresponding container tally sheet prepared and accomplished by the Shipping Checker. The Individual Container Tally Sheet (ICTS) shall contain the container number, whether loaded or emptied and if loaded the ship's seal number, condition of the seal upon discharge of van and the condition of the van. The ICTS shall be the primary proof of container discharged if countersigned by the Arrastre Operators Receiving Checker.

The opening of domestic LCL cargo vans/containers shall be effected in the presence and under the supervision of a representative of the shipping agent. In the case of import and export, the same shall be opened only when authorized by the Bureau of Customs and with the presence of a Customs Examiner.

a) Container Interchange (Survey) Report - Containers noted to have damaged cargoes or in bad order condition as noted in the ICTS shall be segregated and within 24 hours should be inspected and damage surveyed by and in the presence of the following:

- 1) Arrastre B.O. Container Surveyor
- 2) Shipping Agent Representative
- 3) Arrastre Receiving Checker

The Interchange (Survey) Report shall be accomplished by the B.O. Van Surveyor indicating the description and extent of damage. The Interchange Report shall be distributed as follows:

- 1) Copy No. 1 - To the Ship's Agent
- 2) Copy Nos. 2 & 3 - To the Arrastre receiving checker (copy no. 3 to be forwarded to PPA Terminal Officer)
- 3) Copy No. 4 - To the B.O. Van Surveyor

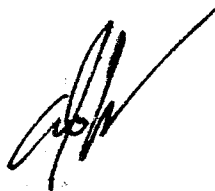
b) Stripping Cargo Tally Sheets (Good Order or Bad Order)

During the devanning of container, the shipping checker shall prepare a Stripping Tally Sheet/Cargo Receipt covering all cargoes stripped from the container showing the number of packages and marks and counter marks. For cargoes received in good order the Good Order Tally Sheets shall be used. For



Bad Order cargoes the Bad Order Stripping Tally Sheets/ Cargo Receipt will be accomplished. A copy of the Good Order and Bad Order Tally Sheets shall be given to the Arrastre Receiving Checker and PPA Terminal Officer while the Shipping Checker retains one copy. Bad Order cargoes stripped from the containers shall be segregated from the good order cargoes and placed in the particular area designated for survey of B.O. Cargoes.

- c) Turn-Over and Bad Order Survey of Containerized Cargoes - Within 24 hours after the stripping of bad order cargoes from a container, a survey shall be conducted by the Damage Survey Board composed of representative from the Arrastre, Shipping Agent, Vessel's Officer or his Agent and a representative from the PPA Terminal Officer. After the survey, the findings are reflected in the Survey Report. All the representatives sign on the report and obtain each respective copy with one retained (secured) inside the package surveyed.
- (5) Out-Turn Report - Within seven (7) working days after the discharge of the last package from any foreign/domestic vessel, the Arrastre shall furnish one copy each of the Report to the Shipping Agent and to the PMU. The Out-Turn Report is a document which contains records of all cargoes actually discharged from a vessel. This Report also describes unmanifested cargoes that have been discharged or landed at the port. Manifested cargoes that are not landed shall be noted in the cargo manifests, copies of which will also be submitted to the PMU. If deemed necessary, amendments to the manifests shall be accomplished based on the actual cargoes reflected in the Out-Turn Report.
- (6) Initial Checking of Bad Order Conventional Cargoes at Vessel's Hold - Upon discovery of Bad Order cargoes, the stevedore and/or vessel's checker shall properly mark the same as "bad order" cargo on the package or container. Upon discharge from the vessel, these cargoes shall immediately be segregated from the other landed cargoes and placed in a particular area designated for the survey by the Cargo Loss/Damage Survey Board that shall be composed of a representative of the arrastre, shipping, the vessel's officer or his agent, and representative of the PMU Operations Unit.



- (7) Cargo Loss/Damage Certificate - Each package shall be surveyed within twenty-four (24) hours after discharge of last package. A certificate of survey shall be prepared in five (5) copies and signed by the members of the Survey Board.
- Copies of said certificate shall be distributed, as follows:
- Copy No. 1 - Master of the vessel or his agent
 - Copy No. 2 - Arrastre
 - Copy No. 3 - Shipping Agent
 - Copy No. 4 - PMU
 - Copy No. 5 - Retained in the package
- (8) Possession of Bad Order/Damaged Cargo - Bad Order cargoes are deemed to be in the possession and custody of the shipping company until these are turned over to the arrastre.
- (9) Additional Damage/Injury - Arrastre shall be liable for any further damage and/or shortage of the contents of every package of bad order cargoes surveyed after these have been turned over to arrastre, except only when the damage is due to the inherent nature of the goods or when the damage noted cannot be easily detected, inspite of prudent inspection.
- (10) Other Copies of Report - For every voyage of the vessel, the arrastre shall furnish the PMU and the Ship's Agent a complete list of discharged packages in bad order condition together with the Out-Turn Report.
- (11) Exemption - Arrastre shall not be responsible for failing to report damages which cannot be easily detected such as hook, holes stains, dents and for old and second hand cases.
- (12) Repairs of Damaged Cargo - Upon request of the shipping company, Arrastre shall be bound to recondition or fix bad order cargoes. The costs of reconditioning and/or labor for rebagging/repacking shall be paid by the party/ies responsible for the damage.

Section 5. Delivery of Cargoes - Cargo delivery shall be effected and documented as follows:

- a) Cargo Location System - Arrastre shall install an effective cargo location system such that cargoes can be located at least within one (1) hour after presentation of the Bill of Lading. Within twenty-four (24) hours after the last package



is discharged. Arrastre shall segregate cargoes by marks, numbers, registry, etc. The location system shall be confirmed and approved by the respective PMUs supervising the Arrastre.

- b) Time to Commence Delivery - Arrastre shall see to it that delivery is made at least within one (1) hour after the consignee or his representative presented the Delivery Order.
- c) Memorandum Certificate on Shortage and Damage to Cargoes - Upon request, the Arrastre shall furnish the consignee or his agent a Memorandum Certificate showing shortage of delivery or extent of damage to cargoes.
- d) Mode of Delivery - Arrastre shall undertake services such as removal of cargoes from sling or hook, checklist, movement of cargo inside the port and tail-end delivery.
- e) Payment of arrastre Fees and Port Charges - No delivery shall be made to a consignee or his agent unless arrastre, stevedoring, wharfage and storage fees, if due, shall have been fully paid. Likewise, the authority to deliver or load the cargoes or goods shall first be secured from the shipping company or its agent for domestic cargoes and an additional authority from BOC, in case of import and export.
- f) Certificate for Non-Delivery of Cargoes - In the event that the cargoes of goods sought to be withdrawn cannot be delivered, a certificate to that effect and stating the reasons for non-delivery, shall be issued by the arrastre to consignee or his agent requesting the issuance of such certificate. This certificate shall also be issued upon the request of the shipping company.
- g) Transfer of Unclaimed, Undelivered and Confiscated Cargoes - Arrastre shall submit to the PMU, within the first seven (7) days of the month, a monthly list of unclaimed, undelivered, and confiscated cargoes of more than thirty (30) days duration, when so required by the PMU. Arrastre shall transfer such cargoes to a place specifically designated for their storage in which the PMU has complete security and control. The PMU shall give the Arrastre a receipt of the cargoes transferred/received. In the case of export and import, cargoes unclaimed, undelivered and confiscated shall be turned-over to the Bureau of Customs (BOC) for proper storage/disposal.



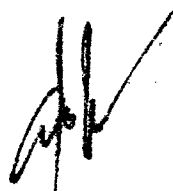
IV - LIABILITY FOR LOSSES, DAMAGE OR
NON-DELIVERY OF CARGOES

Section 6. Responsibility of Arrastre - Arrastre shall be responsible for all losses, damages or destructions to any cargo duly receipted by them while in their custody or under their control within their authorized area of operations provided, however, that it shall not be responsible for:

- 1) The condition of the contents of any package received;
- 2) Any loss, injury or damage to cargo received or held on the pier, shed, warehouse or facility, if the same is due to causes beyond Arrastre's control or capacity to prevent or remedy. Such causes include:
 - a) Improper packing and packaging where the packing/ packaging materials used are old or second hand, where those materials are not compatible to the characteristics, weight, dimensions, etc. of the cargoes; and
 - b) "Force Majeure" such as the effects of typhoons, earthquake, and other natural calamities, effects of social disturbances such as civil strife, industrial strikes, banditry and other such allied occurrences.

Section 7. Responsibility of Shipping Company - Shipping Company shall be responsible for any loss of/or damage to cargoes while in their custody due to their fault or negligence, subject to the provisions of the contract of carriage between them and shippers, owners or consignees of said cargoes.

Section 8. Liability of Owner/Consignee - Damage, breakage, or loss caused to any shipment due to improper packing or crating shall be for the account of its owner/consignee unless the damage is caused by the negligence or fault of the cargo handling contractors or shipping companies.



V. CLAIMS ARBITRATION COMMITTEE

Section 9. Creation and Membership - In order to carry out the policy stated in Section 1 hereof, there shall be created in each Port Management Unit a Cargo Claims Arbitration Committee composed of four (4) members: The Port Manager or his duly authorized representative who shall act as Chairman, and three (3) transitional members: one (1) representative to be nominated by the shipping company which shipped the cargo, another to be named by the cargo handling operator which handled the same, and the consignee or his representative who has filed the claims.

Section 10. Qualifications of Transitional Members - To ensure that the decisions arrived at by the Arbitration Committee are valid and binding, the members of said Committee shall be only those who can officially and legally make commitments for and in behalf of the interest or group they represent.

Section 11. Powers of the Committee - The Claims Arbitration Committee shall have the following powers and/or responsibilities, to wit:

- a) To assess and evaluate data, reports and other documents submitted by the parties involved.
- b) To require the appearance of such persons or submission of documents or exhibits, as may be deemed necessary to shed light on the issue or dispute being resolved.
- c) To conduct ocular inspection or survey of cargo or places if necessary.
- d) To maintain an effective recording system.
- e) To render decision on the claim.
- f) To process, forward the appeal made to Head Office.
- g) To perform such other duties as may be necessary in the effective discharge of their functions.



VI. - FILING OF CLAIMS AND PROCEDURE
FOR RESOLUTION OF CLAIMS

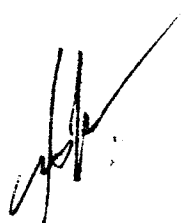
Section 12. Types of Claims - For purposes of this Order, the different kinds of claims that shall be entertained by the shipping companies, arrastre contractors or Claims Arbitration Committee may be classified, as follows:

- a) Loss/damage claim which may be in the form of pilferage, spillage, or damage, i.e., destruction, decay, breakage, tears, cuts puncture, holes, etc.
- b) Short delivery claim, i.e., when the shipment is not delivered completely to the owner/consignee, but sustain shortage in the number or content of packages.
- c) Short delivery and bad order claims, i.e., a combination of the first two types of claims.

Section 13. When and Where to File Claims - Within fifteen (15) days from the discovery of loss or damage to or shortage of cargo shipments, the owner, consignee or his duly authorized representative shall file his claim, which shall substantially conform with the format attached to this Order as Annex "A", directly with the shipping company or his agent. Such claims for loss, damage or non-delivery of cargoes shall be supported by the following documents:

- a) Machine or certified true copy of the Bill of Lading/Manifest.
- b) Certified copy of the Packing List/Invoice, Tally Sheet
- c) Delivery Gate Pass or Delivery Receipt, report on Losses and/or Damages, Surveys of Bad Order Cargoes; and
- d) Other related documents of probative value.

The shipping company or his agent against whom the claim is filed shall accept or accommodate provisional filing of claims of owner/consignee or his duly authorized representative within the prescribed period, until completion in the submission of all necessary documents to support such claims.



If the claim is for non-delivery or damage of the goods, the fifteen (15) days period shall be counted from the date of the issuance by Arrastre of a certificate of loss, damage or non-delivery. If the Arrastre fails to issue such a certificate within fifteen (15) days from the receipt of a written request from the consignee or his agent, the same certificate is deemed to have been issued at the end of the fifteen day. Thereafter, the fifteen (15) day period within which to file the claim shall commence.

Section 14. Claims Filed With Shipping or Arrastre Company -
The shipping or arrastre company against whom the claim is filed shall decide or resolve the same within thirty (30) days after receipt thereof. If it admits the claim in whole or in part, its liability shall be settled within seven (7) days from the time the decision or resolution of the claim has been made. Payment shall be made within seven (7) days after the 30-day period has expired. If the claim is contested, in whole or in part, the Shipping or Arrastre Company, as the case may be, shall transmit the claim together with the supporting documents within five (5) days after resolution/decision disputing said claim or after the expiration of the 30-day reglamentary period, whichever comes earlier, to the Cargo Claims Arbitration Committee, stating the reason(s) or ground(s) for disallowance. Any reason or ground not so stated in the transmittal to the Committee can no longer be asserted or presented before said Committee in its consideration of the Claim, or in the appeal thereof.

Section 15. Claims Filed With or Transmitted to the Cargo Claims Arbitration Committee - The Committee before whom the cargo claim is filed or to whom it is transmitted or who takes cognizance thereof shall resolve or decide on the claim as expeditiously as possible but in no case shall go beyond forty-five (45) days after receipt of said claim. The party against whom the claim has been decided in whole or in part shall settle his liability or effect payment within seven (7) days after receipt of the decision or resolution thereof, unless an appeal is taken to the PPA Main Office in Manila in accordance with Section 16 thereof.

Section 16. Decision of the Cargo Claims Arbitration Committee And Appeal Therefrom - In arriving at a decision, the vote of at least two (2) members is required. The Chairman shall only vote in case of a tie.

If no appeal has been taken from the decision of the Committee, contained in Annex Form "B", its decision shall be final, executory and binding upon the parties.



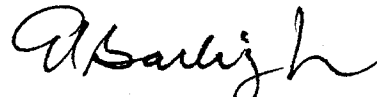
Within five (5) days after receipt of such notices of appeal and position paper, the Committee shall transmit to the Main Office for review the records of the claim appealed from, consecutively numbered and systematically arranged in one (1) folder. The decision of PPA General Manager thereon shall be final without prejudice to recourse in court in accordance with existing laws and regulations.

Section 17. Separability Clause - If for any reason any section or part of these regulations is declared invalid by competent judicial authority, said section or portion so declared shall not affect the other sections or parts to which such declaration of nullity does not relate or apply.

Section 18. Repealing Clause - All PPA orders, rules, regulations, circulars and guidelines which are inconsistent herewith are hereby repealed or modified accordingly.


VII - EFFECTIVITY

Section 19. Effective Date - This Order shall take effect immediately, after its publication in any newspaper of general circulation or in the Official Gazette.*



E. S. BACLIG, JR.
General Manager

APPROVED :



ALFREDO L. JUINIO
Chairman, PPA Board
& Minister, ^{MEW}
JUN 15 1981

Encls.: Annexes A & B

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