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JUN 10 2009

PPA MEMORANDUM CIRCULAR  
NO. 11 -2009



TO : All PDO Managers  
PMO Managers  
Shipping Companies/Agents  
Shipmasters  
Port Users  
Others Concerned

SUBJECT : Guidelines for Foreign Vessels Intending to  
Lay-Up in the Different PPA Administered Ports

## 1. AUTHORITY

- 1.1 Sections 6.a (ii) and 20 of P.D. No. 857, as amended.
- 1.2 PPA Administrative Order No. 07-89, as amended by PPA Administrative Order No. 08-89.
- 1.3 PPA BoardCom Resolution No. 2009-1169 confirming the function and responsibility of PPA in designating lay-up areas for foreign vessels in the different ports under its jurisdiction.

## 2. SCOPE

This Memorandum Circular shall apply to all foreign vessels due for lay-up in PPA administered lay-up areas and all persons or entities engaged or interested to engage in the vessel lay-up trade.

## 3. DEFINITION OF TERMS

- 3.1 Laid-up vessels – Vessels which have been decommissioned or otherwise unemployed and idle while waiting for better business prospects for their operations.
- 3.2 Lay-up areas – The areas designated by PPA for vessels that are laid-up. These are identified by the corresponding coordinates in latitudes and longitudes.

### VISION

*By 2010, PPA shall have met the international standards in port facilities and services in at least ten (10) ports in support of national development.*

### MISSION

*We commit to provide reliable and responsive services in our ports, sustain development of our port communities and the environment, and be a model corporate agency of the government.*

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3.3 Lay-up Agent – Any person or entity which are holders of Permit to Operate as Lay-up Agent duly authorized by PPA to engage in vessel lay-up trade.

3.4 PMO – Port Management Office

#### 4. GENERAL PROVISIONS

4.1 Designated Lay-up Areas - The lay-up areas duly designated by PPA in the different ports under its jurisdiction shall be used as lay-up areas for foreign and domestic vessels.

4.2 Authorization as Lay-Up Agent - All foreign vessels intending to lay-up shall be represented by an agent duly authorized by PPA to engage in vessel lay-up trade.

4.3 Procedures for Laying-up - All laid-up foreign vessels shall follow the guidelines prescribed in Article II, Sections 4, 5 and 6 of PPA Administrative Order No. 07-89 otherwise known as Designation of Lay-Up Areas for PMOs.

#### 5. SPECIFIC GUIDELINES

5.1 Filing of Application

Application for Permit to Operate as lay-up agent shall be filed in the PMO which has jurisdiction over the designated lay-up area where the foreign vessel shall be laid-up.

5.2 Management Competence Requirement

Applicants for vessel lay-up agent, including its principal officers, must have a minimum of one (1) year experience in maritime-related field.

5.3 Technical Capability Requirement

The lay-up agent shall have readily-available equipment and facilities, whether owned or lease, such as tugboat, communication equipment and such other equipment and facilities necessary for the effective provision of lay-up services, all in serviceable and ready-line condition.

5.4 Documentary Requirements

The following documentary requirements of the Authority shall be complied by the applicant:

- a. Letter of Application;
- b. Certified copy of Registration with SEC together with the Articles of Incorporation and By-Laws specifically provided therein the laying-up of vessel is one of the entity's nature of business (for Corporation/Partnership);
- c. Certified copy of Registration of Business Name issued by the Department of Trade and Industry reflecting therein that the laying-up of vessels is included as one of his/her business interests (for Single Proprietorship);
- d. Certified copy of the latest Audited Financial Statement submitted to BIR;
- e. Certified list of readily-available equipment and facilities together with supporting documents as proof of acquisition thereof;
- f. Company profile with bio-data/resume of Principal Officers/ Name of Proprietor indicating their maritime-related experiences.

5.5 Approval and Issuance of Permit to Operate (PTO)

The PMO shall approve and issue the Permit to Operate as Lay-Up Agent which shall be valid for a period of one (1) year. The PTO shall be renewable upon request of the lay-up agent.

5.6 Performance Bond

To ensure faithful compliance of the authorized lay-up agent with its obligations, the grantee shall post and submit to the Authority, one (1) month upon execution of the PTO, a Performance Security Bond in the amount of FIVE MILLION PESOS (P5M) in the form of either cash, manager's check, cashier's check, bank guarantee/draft or surety bond, callable upon demand.

5.7 Payment of Lay-Up Fee

A nominal lay-up fee of US\$91.00 (plus VAT) per day per foreign vessel, regardless of size, shall be charged by the Authority. The authorized lay-up agent shall pay the lay-up fee on a monthly basis, payable on the 5<sup>th</sup>

day of the succeeding month. Failure of the lay-up agent to pay the lay-up fee on time shall be subject to interests and penalties in accordance with the existing regulations of PPA.

For payment in Philippine Peso denomination, the Foreign Currency Exchange Rate (FCER) issued by the Commercial Services Department, PPA Head Office (based on the 15-day average of the prescribed Bangko Sentral ng Pilipinas FCER) prevailing at the time of the issuance of invoice shall be used in determining the peso-value of dollar denominated port charges due PPA.

#### **5.8 Other PPA Charges**

Aside from the lay-up rate, the following PPA charges shall likewise be collected:

5.8.1 Upon vessel's arrival, port dues of US\$0.081 per GRT per call shall be collected. This is the amount assessed against a vessel engaged in foreign trade based on its total GRT or part thereof, including those engaged in barter trade for each entrance into and departure from a port of entry in the Philippines.

5.8.2 An anchorage fee of US\$0.020 per GRT per calendar day or fraction thereof shall also be collected upon arrival of the vessel. This is the amount assessed against a vessel engaged in international or foreign trade, including those engaged in barter trade, that do not berth but drop anchor at government port while waiting completion of documents processed for lay-up.

5.8.3 Upon vessel's departure, an anchorage fee of US\$0.020 per GRT per calendar day or fraction thereof shall be collected. This is the amount assessed against a vessel engaged in international or foreign trade, including those engaged in barter trade, that do not berth but drop anchor at government port while waiting completion of documents processed for vessel's departure at the anchorage area.

#### **6. PENALTIES**

Any person or entity violating the provisions of this Circular or the terms and conditions stipulated in the Accreditation Certificate issued to the lay-up agent shall be subject to the administrative fines and penalties under Section 43 of P.D. 857, as amended by Executive Order No. 513 and its implementing regulations.

**7. SEPARABILITY CLAUSE**

If for any reason, any sections or part of this Circular is deemed invalid by competent Authority, the declared invalid section or part thereof shall not affect the other sections or parts to which such declaration or nullity does not apply or relate.

**8. REPEALING CLAUSE**

Any provision of existing PPA rules and regulations which are inconsistent herewith shall be deemed amended or modified accordingly.

**9. EFFECTIVITY**

This Memorandum Circular shall take effect fifteen (15) days after its publication in a newspaper of general circulation.



**ATTY. OSCAR M. SEVILLA**  
General Manager

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**Effectivity Date - July 3, 2009**