

MARITIME REVIEW



Volume V Number 4

A PUBLICATION OF THE MARITIME LEAGUE

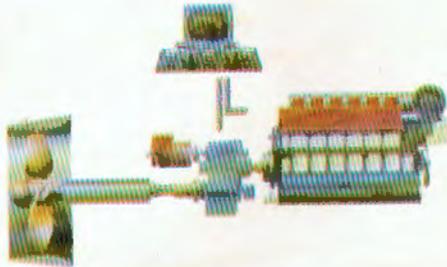
October-December 1998

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The opinions expressed by the writers
do not necessarily reflect those of
The Maritime League.



OUR COVER

A scene in the port, depicting the port/
shipping interface and our theme for this
issue, cabotage.

Photo courtesy of ICTSI, Manila.

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<i>Princess of Paradise</i>	Wednesday	10 AM
<i>Princess of the World</i>	Sunday	10 AM

NASIPIT

<i>Princess of Paradise (via Cebu)</i>	Wednesday	10 AM
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CAGAYAN

<i>Princess of Paradise (via Cebu/Surigao/Nasipit)</i>	Wednesday	10 AM
<i>(direct to Cagayan)</i>	Saturday	8 PM

ILOILO/ZAMBOANGA/DADIANGAS

<i>Princess of the Pacific</i>	Tuesday	10 AM
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CATBALOGAN/TACLOBAN

<i>Tacloban Princess</i>	Wednesday	10 AM
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TACLOBAN

<i>Tacloban Princess (direct to Tacloban)</i>	Sunday	9 AM
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MASBATE/CALUBIAN/BAYBAY

MAASIN/SURIGAO

<i>Palawan Princess</i>	Wednesday	8 PM
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PUERTO PRINCESA

<i>Iloilo Princess</i>	Thursday	10 AM
	Sunday	2 PM

CEBU/DAVAO/DADIANGAS

<i>Princess of New Unity</i>	Thursday	4 PM
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ESTANCIA/ILOILO/ZAMBOANGA/COTABATO

<i>Princess of the Ocean</i>	Saturday	3 PM
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<i>Princess of the World (via Cebu)</i>	Sunday	10 AM
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<i>Cebu Princess</i>	Friday	10 AM
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Fulfilling a commitment

By C. L. Agustin

In fulfillment of our commitment to drum up more interest among our members in discussing relevant developments in our field, we inaugurate in this issue a column entitled *Maritime Issues* which will be a regular feature of the *Maritime Review*. It will cover developments in the maritime industry to include issues of interest to the membership. Two significant developments or issues are covered: *ISO 9002 and ISM Code Exemplar*, which features the successful attainment by Herma Shipping and Transport Corporation (HSTC) of the prestigious *ISO 9002* and *ISM Code* certifications for the first two of its tankers, the *M/T Makisig* and *M/T Marangal*, a singular achievement in the domestic shipping industry. Another topic is *Quo Vadis, VTS?* -- a reaction to the interest spawned on VTS as a result of the *Princess of the Orient* tragedy of September 18, 1998.

↓ ↓ ↓

Good news for those who have been encouraging us to make the *Maritime Review* more frequent: Starting 1999, we will now come out bi-monthly (instead of quarterly), or 6 times a year. If things work out well then, we might be able to make the *Review* the monthly journal we actually envisioned it to be since we started publication in 1993.

I personally wish to thank member Ernest Villareal who, with much encouragement from Leaguer Endika Aboitiz (whom I like to call "Mr. Zero Defects" -- remember our *Maritime Safety Conference* theme last April, just after the Vancouver Joint Ministerial Declaration on Port State Control of March 25, 1998?) has volunteered to join the *Review's* Editorial Board. Indeed, I would say that Endika is one of the most innovative business leaders in the country today particularly in the field of Total Quality Man-

agement.

Ernest has come out with many proposals, particularly reviving previous efforts to make the journal viable and self-supporting in the future. Aside from helping in the substantial improvements in form and content, Ernest is concentrating in the effort to have more advertisers and a crash program for subscriptions. As they say it in the television ads, "see posters and print ads for details."

We pay about P90 per copy for our magazine; with advertising, we manage to make it between P40 to P50 per copy. The rest is subsidized from the annual fund raising campaign of the Fellowship and Sports Committee headed by Trustee Herminio S. Esguerra (he of the *Herma Shipping* conglomerate mentioned earlier in this column) -- so successful in 1995 and 1997 that we did not have one in 1998; that is why we should all support the Committee's 1999 Fun Golf Tournament, to be held at MGAP's headquarters -- the PN Golf Club on February 15, 1999 with Chairman Emeritus Fidel V. Ramos, former *Maritime League* co-Chairman Oscar M. Orbos, NGAP Chairman Eduardo R. Ermita, former DOTC Secretary Jesus B. Garcia and current League Honorary Chairman Vicente C. Rivera, Jr. doing the ceremonial tee-off. We have revised the advertisement rates (downwards, actually but somewhat costing more on an annual basis, because we will have 6 instead of 4 issues).

Ernest's formula is to make the subscription at cost and on that the rest of the Editorial Board agreed. Our formula then goes: P250 per 6 issues for 1-5 subscriptions, and for subscriptions greater than 5, it will be P1,250 + P200 per additional subscription. We talk of "by issues" instead of "by year" to avoid confusion

when we shift to monthly, just in case, in the year 2000.

We are targeting shipowners, manning agents and ship managers for the subscription campaign.

↓ ↓ ↓

The Spratlys and Scarborough Shoal. There is a joint effort among the UK Ministry of Defense, the AFP through the Philippine Navy and the Marine Technology Foundation for a series of seminars on defense equipment and technology, and a surprising development is that of some participants, particularly foreign technical resource persons, showing great interest in the current furor about Chinese build-up on the islands we call *Kalayaan Chain* or *KCI*. One of them loaned MTF President Abelardo Oca a few e-mail exchanges since 1997, and just like local media analysis, much opinion centers around the legal issues. We have not really done much in legally establishing our claims, and the obvious and necessary actions, aside from the diplomatic and executive steps needed to "massage" the situation, are twofold: (1) Expedite the amendment of the 1978 Presidential Decree delimiting our baselines. This means we resurrect and implement the plan to establish new baselines, initiated way back in the early 80s with the joint effort of NSC, DFA, PCG, PN, the BC&GS and OP. Senator (and *Leaguer*) Leticia R. Shahani filed the Senate Bill during the Aquino administration; and (2) Take the necessary steps to declare the Philippines as an archipelagic state pursuant to UNCLOS, and designate the archipelagic sea lanes within our archipelagic waters for the innocent passage of international shipping. On these, the Indonesians are at least two years ahead of us.

The exchange of information on the e-mail regarding Scarborough Shoal is interesting but it centers around the current developments which intensified after the Navy shoed away Chinese radio hams from the Shoal; remember Congressman Roquito Ablan's visit last year?

What were not well stressed were two facts. The first is that from the turn of

(Continued on page 28, col. 3)

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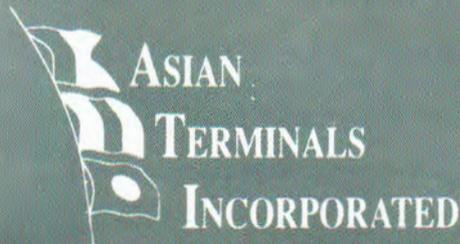
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Maritime Policy Directions



By Atty. P. V. Vergel de Dios, Jr.

I have a vivid memory of the 1997 PISA Congress where one of the speakers, Mr. Frederick Chavalit Tsao, Chairman of the IMC Pan Asian Alliance, Singapore, gave an overview of regional shipping and compared the shipping industries of the ASEAN region in terms of how their respective governments had helped in their development.

What struck me most in Mr. Tsao's speech is his submission that a country need not own a large shipping fleet to be considered a maritime power. He cited the case of the United Kingdom which is now known more as the center for maritime arbitration, marine insurance and ship trading/chartering. In other words, a country has to adapt to, and take advantage of, what it has in terms of resources. If a country has enough capital, then by

all means buy ships. If a country does not have enough capital but has the human resources to man or manage ships, then that country would be better off developing said resources.

The Philippines does not have the capital to own ships. That is a fact. We have to borrow from foreign sources to buy ships and this is putting tremendous strain on our balance of payments. Why own when we can charter? And, this is where we can exploit our comparative advantage as a bareboat registry country without being labelled a flag of convenience country.

Complementing this comparative advantage is the rich seafaring resources of the country. We supply approximately 25% of the world fleet's crew requirements. Ironically, we are even in the IMO (white list) of countries which has complied with

STCW '95 Convention amendments. If that happens, our foreign exchange position would suffer tremendously considering that seamen's wages is a major source of our foreign exchange income.

Mr. Tsao also suggested that we could be a regional center for shipmanagement. We can excel in this area. We have competent ship managers. As the world is getting smaller through improved communications, the trend is towards globalization and liberalization of industries. With GATT in effect, protectionism is a thing of the past. The problem with protectionism is that as we protect a certain industry through the grant of incentives and tax exemptions, another industry suffers as a consequence. Everywhere the policy trend is towards "levelling the playing field."

When asked the question how the Philippine shipping industry can "pole vault" into the 21st century, Mr. Tsao said that what we need are a visionary leader and a strong private industry association. The visionary leader and the industry association should work together to attain a common vision, otherwise, any effort towards achieving it is doomed to fail! ↓

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Not the answer to true global competitiveness

By Christopher C. Ramos

Legal Aspects

The issue of whether or not we liberalize cabotage has resurfaced with a new found intensity. But have things changed since previous governments shelved calls for easing the cabotage law?

Sec. 902 of the Tariff and Customs Code states that "the right to engage in the Philippine Coastwise Trade is limited to vessels carrying a certificate of Philippine registry."

Sec. 1009 of the same code allows a single foreign vessel to make multiple calls at several Philippine ports, though at least one port must be a port of entry, in order to load or unload passengers or cargoes. A single vessel must be involved in the transportation from one Philippine port to another, the Philippine port being only a mere portion of the entire voyage of the passenger or cargo for a foreign destination. Otherwise the activity would no longer be considered as foreign trade but as coastwise trade which is limited to Philippine flag ships.

But why do we need cabotage? The primary reason is, it is universally recognized law of nations that every state can exclude foreign merchant men from cabotage within the maritime belt, just it can exclude foreigners from the fisheries.

Maintenance of cabotage is a protective measure intended to secure a coastal state from foreign influence or domination. This becomes even more pronounced in times of war.

The second reason for cabotage is the need to maintain national control over the economy. Foreign domination of coastwise trade will result in lack of control over the transportation of goods and people over the archipelago. This is even more important in times of crisis when the nation's fleet can be relied on to provide the needed services. Alien control of interisland navigation means economic control and political domination of the country by alien hands.

Other reasons for cabotage are:

- Cabotage is a means of protecting a vital industry or economic sector. States have the right to nurture and protect key industries.
- Cabotage makes it easier for the state to detect illegal importation of goods.

- Cabotage serves to protect public rights.

By maintaining control over shipping activities, cabotage enables the state to protect public rights which may be affected or violated by actions of shipowners or their employees in the course of operations of their vessels, especially in the case of safety.

Economic Aspects

The liberalization of cabotage will have negative effects on the Philippine economy, the shipping industry, the allied service industry dependent on shipping and on Filipino seafarers in general. Domestic shipping companies will be competing with foreign lines on uneven ground with the for-

ign lines enjoying factors conducive to their development and competitiveness as compared to what local lines are faced with

These factors are:

- **Cost of money.** Foreign lines have cheaper cost of money than local shipping lines. Foreign lines through the years were able to develop their business, modernize fleets to operate at much lower cost structures because of cheaper capital. Philippine lending rate of 17 percent is no match to Singapore's 5.6 percent and Japan's 2.3 percent.

- **Operating cost.** Foreign lines have access to cheaper fuel.

- **Insurance cost.** Foreign lines pay lower insurance premiums compared to local lines.

- **Tax.** Local shipping companies are taxed more than foreign lines in terms of corporate tax, freight taxes and VAT. Foreign lines pay 2.5 percent income tax and 3 percent carriers tax compared to 35 percent corporate tax and 10 percent VAT for domestic shipping.

- **Government support.** Developed countries such as Japan and Singapore have supported their respective shipping industries given the role they play in enhancing trade. The support came in the form of laws, incentives, cheap funds, easy access to funds/credit and equity, streamlines services and cabotage.

Liberalization of cabotage would adversely affect the country's:

- **Money supply.** Earnings from transshipments/coastal trade will end up outside the country i.e. in foreign lines hands.

- **Forex supply.** Foreign lines would more likely charge US dollar or, if not charge premium in pesos to cover forex fluctuations.

- **Lower government revenue.** Foreign lines are taxed less than local lines.

- **Shipping industry.** Competing on uneven ground is not fair competition. Foreign lines with much lower capital and operating costs than local lines as well as

more modern and efficient ships than the local lines will kill the shipping industry.

- **Seafarers industry.** The Philippines has 200,000 seafarers deployed on 25 percent of the world's fleet contributing at least US \$260 million a year to the country's foreign exchange earnings. Each of these seafarers trained on local ships. No foreign shipping line will be concerned with the training and development of the Filipino seamen. There are 27,000

"There are cogent reasons to keep the Cabotage Law in the meantime.

It may even be good to make it more stringent, as a means of protecting the local shipping industry.

Once the local industry has become strong enough to engage in competition against foreign companies, then that would be the time for the Philippines to move towards an era of liberalization."

new seafaring graduates each year and each of them must undergo shipboard training on local ships.

- **Allied services.** Also affected are the service contractors, involving shipyards.

For liberalization

Those who want cabotage liberalized have advanced several arguments. One is the high transshipment costs. To get export more competitive it is important that transshipment costs

be lowered. Foreign shipping lines charge exporters a rate that covers the movements of exporter's cargoes from the port of origin, transhipped via Manila to their final port of destination abroad.

The shippers/exporters do not talk to the domestic shipping lines. They only talk to the foreign shipping lines as the transaction is between the exporters and the foreign lines.

The exporters are charged in US dollars. The foreign lines in turn subcontract the local lines to perform the transshipment leg between the domestic ports and pay the local lines in pesos.

Local lines are actually charging 47 percent to 74 percent lower to the transshipment legs than what the foreign lines are charging the exporters for the same leg. In essence, the foreign lines are charging the exporters a big margin over what they

are actually paying.

Shippers/exporters are encouraged to transact directly with local lines to avoid this.

Cabotage is necessary for the country both for security and economic reasons. Indonesia has lifted cabotage and as a result of this, killed its domestic fleet with foreign ships carrying about 97 percent of the domestic trade imbalance of \$4 billion. Indonesia's share of interisland business fell to 51 percent, the whole island is dependent on foreign ships, and its weak merchant marine fleet have under developed seafarers. Indonesia is now trying to revive its national fleet.

Many developed countries such as Japan and the US are protecting their cabotage laws and here trade officials are so quick to lift cabotage to show the world that the Philippines is globalizing, but at what expense? Indonesia can tell a lesson. †

Forum

One of the major issues to be tackled by the new Maritime League - Marine Technology Foundation bi-monthly breakfast forum series is cabotage. It has been tabled for discussion, and will be covered in a lot of subsequent articles in the *Maritime Review*. Meanwhile Philippine Star columnist Art Borjal had this to say in his column on November 16:

"There is a move to amend the Cabotage Law. This is the law that prohibits foreign shipping lines from engaging in the domestic shipping business. If the amendment is pushed through, it would amount to an open-seas policy. An open-seas policy could result in the death of the local shipping industry."

"Under an open-seas policy there would be unfair competition, like what happened to Indonesia, which is now totally dependent on foreign companies for moving cargo and people within that country. And competition would be unfair because local shipping companies face natural disadvantages.

"What are some disadvantages? For one, domestic shipping companies pay more in taxes than their foreign counterparts. In income tax, the locals pay 35 percent on net income; foreign companies pay only 2.5 percent on gross revenue from cargo originating from the Philippines. In percentage tax, the locals pay a 3 percent common carriers tax on quarterly gross receipts for transporting passengers; foreign lines pay

3 percent on gross revenue from cargo from the Philippines.

"For another, foreign lines have access to cheaper fuel bought overseas. This enables them to enjoy lower operating costs. Note that fuel is more expensive in the Philippines because it is not an oil-producing country. Also, foreign lines get more incentives from their home government, like easy access to cheap credit."

"It is likewise noteworthy that foreign ships have other access to cheap money because of lower interest rates. In Japan and Singapore, for instance, interest rates are 2.3 percent and 5.6 percent, respectively. In the Philippines, the interest rate is whopping 17 percent.

"What is ironic about the lobby to amend or do away with the Cabotage Law is that it would be self-imposed liberalization. It is not even required by the World Trade Organization. And there is no guarantee of reciprocity. This means that Filipino vessels would not be allowed to engage in domestic shipping in other countries, even though ships from those foreign countries are able to do business in the Philippines.

"There are cogent reasons to keep the Cabotage Law in the meantime. It may even be good to make it more stringent, as a means of protecting the local shipping industry. Once the local industry has become strong enough to engage in competition against foreign companies, then that would be the time for the Philippines to move towards an era of liberalization." ‡

Maritime issues

by C. L. Agustin

Maritime Issues will be a regular feature of the *Maritime Review*. It will cover developments in the maritime industry to include issues of interest to the membership.

Quo Vadis, VTS?

A news article in a Manila daily reported on October 15, 1998 that the Department of Transportation and Communications "denied any involvement in a P25 million radar project in Corregidor Island which malfunctioned shortly after being commissioned." The item further stated that a previous news item in another paper had reported that the radar could have minimized casualties of the recent sinking of the MV *Princess of the Orient* off the coast of Batangas. It further reported that reacting to an alleged claim of an opposition congressman that the DOTC has failed to operate the radar since 1991, DOTC Secretary Vicente C. Rivera, Jr. had denied any DOTC role in the project, except for then Secretary Nicomedes Prado's attendance to the inauguration of VTS Corregidor as the guest of honor on October 15, 1991.

The news correctly stated that the VTS project was funded by the Philippine Navy. It was likewise more or less correct in the statement, although attributed to another paper, that the radar, had it been operational, could have minimized casualties (only because, had the VTS been operating, the exact position of the *Princess* would have been accurately fixed and SAR operations effectively directed via the VTS station). However, to my mind, a more correct statement would have been that disasters such as that of the *Princess of the Orient* could have been avoided (a statement more precisely descriptive of, alas, the loss of William Lines' MV *Cebu City*, which collided with another vessel and sank just off the VTS radar site early in 1994) had the radar been operational.

I will delve on several aspects of the situation: (1) Is Vessel Traffic Service absolutely necessary? (2) Why did the Navy

install a VTS radar on Corregidor and later failed to make it operational? (3) What subsequent attempts have been made, if any, to establish a VTS system in Manila Bay? (4) Where should we proceed from here? Maybe this explanation will once and for all convince the DOTC Maritime Cluster, the Shipping and Ports Advisory Council, the Multi-sectoral Task Force on Maritime Development, or whatever other bodies there are, to have an honest to goodness decision on the VTS issue, and perhaps eventually the DOTC, Malacanang or even Congress can act accordingly.

(1) Is Vessel Traffic Service (VTS) absolutely necessary?

It depends: the legal requirement to impose it depends upon the Administration, which has so far flip flopped because of many factors.

Maritime traffic experts, except those hired by equipment manufacturers, consultants looking for development projects and VTS systems consolidators (including their governments and diplomatic

missions trying to help in the marketing effort), will tell us that based on existing shipping traffic, VTS is not absolutely necessary for Manila Bay. Why not?

Vessel Traffic Service, originally a service devised and encouraged by the International Association of Lighthouse Authorities (IALA, of which our representative for the Philippines is the Philippine Coast Guard) is primarily advisory in nature. It is, however **recognized and likewise encouraged by the International Maritime Organization (IMO)** since its safety contribution, given the many oversights and professional incompetence of many seafarers, is quite obvious. Some government maritime administrations require the establishment of VTS, an imposition generally made by their legislators upon the maritime safety authority or the port authority. However, the imposition is based on need, and empirical qualifications are specifically indicated.

The US Coast Guard operates a VTS (which I had visited) in the Galveston-Houston area: a cursory look at their river

channel traffic will immediately hint that such a *service* is absolutely necessary. The Japan Maritime Safety Agency (JMSA) does so for Tokyo Bay (which likewise I have seen in 1984), and here we can glean the intricate interface between VTS, Traffic Separation Scheme (TSS) and patrol craft traffic enforcement. In October 1997 I witnessed traffic in the vicinity of Hiroshima in the Seto Inland Sea more than twice the traffic in Manila Bay, and there is no VTS nor TSS. I have seen similar situations on the Baltic Sea, where, on selective basis, VTS is available only when entering certain busy port jurisdictions. Close to our area, Hong Kong and Singapore are good examples, with traffic more than 10 times that of Manila port, and their marine departments are correctly required to provide VTS services. The model I would like to see emulated in Manila is that of the Port of Las Palmas (in the Canary Islands, which I visited in 1996), because of the traffic density and generally similar port configuration.

Obviously we must make our own decisions based on our own inherent circum-



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stances. VTS may not be an absolute necessity in Manila Bay, but given the propensity of seafarers to ignore traffic rules and the chaotic behavior of fishermen and small craft operators in Manila Bay, it certainly is a practical necessity. Had the VTS system been existing and operational in 1994, the tragic and expensive loss of the MV *Cebu City* would almost certainly have been avoided, and the investment would have been recovered many times fold, not including the prevention of human lives lost.

(2) Why did the Navy install a VTS radar on Corregidor and later failed to make it operational?

The introduction of VTS and Traffic Separation Schemes for Verde Island Passage and Manila Bay had been proposed by many sectors since the MV *Doña Paz* and the MV *Don Juan* sinkings of 1987 and 1990. While the PCG professionally had not seen the theoretical need for the same, given the traffic density, nevertheless TS Schemes were attempted and VTS projects were programmed, obviously justified by the incidents mentioned, as well as other less celebrated events, but never funded. Given the traffic, I still have serious doubts about the practical necessity of the TSS the PCG established at Verde Island Passage between Batangas and Mindoro.

When a proposal to buy a radar system funded by the DBM and chargeable to PN/PCG revenue trust accounts was made by the Coast Guard Office of Navigational Safety (CG-10) based on an offer by a Philippine company, Signal Technologies, Inc. in 1990, an opportunity to realize the program was opened. The proposal was thereupon indorsed by the Coast Guard, the Navy and the DND, and approved by President Corazon C. Aquino. A Selenia radar system was thus initially installed at an abandoned communications tower at the Corregidor light station. There was also tacit approval that the total network (Corregidor and Manila) would eventually be installed, if not for the "untimely" implementation of the controversial Executive Order 125-A which transferred the maritime safety functions of the PCG to the MARINA.

Since 1987, implementation of EO 125A insofar as PCG functions were concerned was held in abeyance by then

MARINA Administrator Philip S. Tuazon, for lack of manpower, expertise and resources. However, the Maritime Affairs Sub-Committee of the House Committee on Transportation and Communications (COTAC) during the 1991, 1992 and 1993 congressional budget hearings severely criticized DOTC and MARINA for violating the law. When then Administrator Paciencia M. Balbon attended his second annual house budget deliberations, he was thus forced, in spite of its limitations, to absorb the functions with some P50 million budgetary infusion from Congress; the Coast Guard then lost its statutory right to collect tonnage and other assessments and thus could not, on its own, continue the VTS project.

Truly, the radar system was effective and could have been put on line. However subsequent phases of the project were still to take care of completing the communications link between the radar station and Manila, the provision of 24-hour power supply (as only one 75 kva dedicated generator set was affordable under phase I) and establishing the VTS radar and station in Manila. These were all left unrealized, a victim of circumstances.

While a recommendation to issue a Notice to Mariners on the activation of the radar and establishment of a TSS for Manila Bay was made, these were not executed for the reason that, lacking the other requisite phases, it could create more problems because mariners would heavily rely on VTS advise when in fact 24-hour operation was definitely not forthcoming particularly because only one generator was available.

(3) What subsequent attempts have been made, if any, to establish a VTS System in Manila Bay?

Almost convergent with the PCG effort was an attempt of the Philippine Ports Authority (PPA) to establish a commercialized system based on an offer of a Canadian company, DGB Systems Integrators backed by the Canadian Coast Guard (in a subsequent visit of the proponent in 1992, the Chief of VTS of the Canadian Coast Guard, Mr. L. A. Barker served as resource person). A memorandum of understanding had actually been executed among the PPA, the DGBSI and the International Container Terminal Services, Inc. (ICTSI) in 1992 for its imple-

mentation in relation to an electronic data interchange (EDI) network project, with charges for commercial use by port users (shipping companies and shippers) eventually paying for the service which would amortize the loan and keep the VTS continuously in operation. The Philippine Interisland Shipping Association (PISA) and the Domestic Shipowners Association (DSA) opposed the project, and it was put on hold. This made the PCG more determined to pursue its plan, since shipping companies would not be directly affected by any loan.

A lot of other offers (more or less 10) had been made, but these were deemed to be self-serving on the part of vendors and finally the PPA Board approved a proposal of the PPA management to (1) review the current situation and capability; (2) study VTS or navigational aids needs for Manila Bay, using expert advise; and (3) once the needs are established, bid out the procurement of the equipment required. Contacts were made with embassies of developed maritime countries for assistance, and eventually an offer of the Netherlands to provide aid for the study was firmed up. This study was completed in 1997 but the final review by the PCG had not been completed because of, again, service jealousy. However this could have been surmounted, because the DOTC Maritime Cluster had insisted, in response to then Secretary Amado Lagdameo's desire to improve its functional set up, to really delineate the various maritime functions. This was later approved by the Shipping and Ports Advisory Council, giving the VTS mandate to the PPA (in close coordination with the Coast Guard).

Enter another wild card: the IMO-UNDP-UNEP study on marine pollution in Asian Seas, wherein Batangas was selected as a demonstration area for the study in the Philippines. Supposed to have been completed in 1998, it was expanded to include a VTS study for Batangas and Manila. In spite of the near completion of the PPA VTS study, supported by a friendly foreign government, the PPA Board decided to wait for the Batangas study. This was the situation prevailing when the *Princess* sank, and is to the present.

Where do we go from here?

Given the diverse functions of many

agencies with distinct purposes, it can not be denied that a VTS network will involve at least two agencies: the PPA and the PCG. The VTS station will be used for: (1) providing information for shipping, and getting information from them from departure or arrival, to the outer limit of control or VTS contact (a PCG matter); (2) port control purposes (berthing and administrative, a PPA requirement); (3) navigational guidance on the channel (a PCG-PPA matter); and (4) as necessary, for anti-piracy and search and rescue coordination and control, a PCG function. It will institutionalize control with PCG, in close coordination with PPA and Manila Harbor Pilots Association.

The delineation of functions approved by the SPAC is still valid, and the PPA study, which considers the incorporation of the PCG VTS at Corregidor, would ensure that the cost sunk into it will not go to waste. Moreover, it is a project that is study-based, without identifying dealers or vendors. Once the terms of reference for acquisition are finalized, it will be bid out.

The following steps are therefore proposed:

(1) The Shipping and Ports Advisory Council reconvene soonest to reconfirm (or cancel) its delineation of tasks of the DOTC Maritime Cluster;

(2) Consider the review of the VTS study made through the Netherlands protocol; and

(3) If above (1) and (2) are positive, finalize the TOR and bid out the project to suppliers, which should include for consideration those who can bring in either foreign assistance or developmental (zero or low interest) loan. If (1) or (2) are negative, do the whole exercise again, but establish a definite time table.

Further flip flops, or inactions on the VTS issue, could lead to more Manila Bay disasters of the likes of MV *Cebu City* primarily, and MV *Princess of the Orient* secondarily. If we could set back time, it is likely that William Lines (and/or its new partners) and Sulpicio Lines would be willing to solely underwrite the VTS expenses, knowing the consequences of its absence.

*(Editor's Note: Comments on this column or issue are welcome, and will be published in **Commentary** as appropriate.)*

↓ ↓ ↓

Former regional leaders recommend the establishment of non-government forum with a focus on Asia-Pacific

Former President Fidel V. Ramos, former Prime Minister of Australia Bob Hawke and former Prime Minister of Japan Morihiro Hosokawa met early last September in Manila to discuss problems in the region. The three leaders held talks on recent developments in Asia and the role that Asia will play in the next century.

All agreed that it is important to address the need to establish a new regional local center that aims to foster interactions among industrial, political and academic leaders in Asia with regard to such important matters as economic development, social development, human resources development and environmental protection. They noted that although there exist a number of government-sponsored organizations in Asia (such as ASEAN and APEC), the region has yet to create a responsive non-government organization of prominent stature. The former leaders suggested that the time has come for the establishment of a forum organization in Asia equal in stature to that of a World Economic Forum in Davos, Switzerland and the Aspen Institute in the United States of America. This forum organiza-

tion would be an associate of Asians and friends of Asia, established for Asia, centered on Asia and would aim to promote the interest of the region. They believe that such an organization would receive due recognition as one of the premier institutions in the world and receive support from past and present leaders of the world community.

While exploring this concept, the former leaders also noted that China, as the only nation in Asia with a permanent seat on the UN Security Council, and likely at some point in the first quarter of the next century to become the world's largest economy, would need to be intimately involved in such a project.

The former leaders agreed to talk with the Chinese leadership about the concept and the possible location of the organization in China. Furthermore, they intend to talk with other current and former government, business and academic leaders in the region about the concept and invite them to share their views. They feel confident that the response to the concept will be positive and have pledged to cooperate together in the future to help this concept to become a reality. ↓

SuperCats and Sea Angels merge

By Roge Dula

Aboitiz Parkview Transport Holdings (APTH), the joint venture holding company of the Aboitiz Transport System (ATS) and the Hongkong Parkview Company, which owns Universal Aboitiz, Inc. and Super Terminals Inc. and Negros Navigation (NN) have merged their fast ferry operations to become premier fast ferry operator in the Philippines.

The newly merged company, Philip-

pine Fast Ferrys Inc. (PFFI), will assume the ownership of the fast ferry operations of Negros Navigation's Sea Angels and the SuperCats of Universal Aboitiz Inc. With a combined fleet of 12 fast ferries and a brand new 50-meter Tricat that will be added before the end of the year, the merger agreement will allow the enlarged venture to benefit from economies of scale, reduce over capacities on some routes, while also achieving

higher service efficiencies to the riding public - all very important elements in the highly competitive business of fast ferry operations.

PFFI is owned 50 percent by APTH and 50 percent by NN. Metro Pacific, which is the majority owner of NN, was instrumental in the negotiations that led to this merger agreement.

Both names of the fast craft have been preserved emphasizing the merged nature of the organization and capitalizing on the high reputation that SuperCat and Sea Angels have acquired in their respective home ports. The group has already decided to retain the SuperCat ticketing, ATS' Oracle accounting, finance and HR systems.

The new operation will continue to service the ports of Bacolod, Iloilo, Cebu, Ormoc, Dumaguete, Tagbilaran, Camotes, Batangas and Calapan. In the very near future, ports like Tubigon, Hilongos, Bantayan, Lucena and Marinduque may be added. Cagayan de Oro and Camiguin will be linked to Tagbilaran as soon as vessels become available. More routes are likely to be developed, as the merger will provide greater flexibility in planning trips and schedules.

The head office of Philippine Fast Ferrys, Inc. is in Cebu. †

SuperFerrys get ISM OK

By Roge Dula

Eight years ago, the SuperFerrys created a revolution by setting the standard in comfort and safety in the country's shipping industry. This year, it created another first in the Philippine maritime history with SuperFerry 9, 2, 1, and 12 acquiring the International Safety Management (ISM) certification. The SuperFerrys have gained the distinction of being the first Philippine passenger vessels to earn this much coveted accreditation and SuperFerry 1 being the only vessel to be awarded outright with the certification.

Created through Resolution A. 641 (18) of the International Maritime Organization (IMO), the ISM, with safety as its primary purpose, requires all sea faring vessels to implement the establishment of a safety management system, with special focus on the prevention of maritime casualty and pollution from ships by having a properly trained crew.

Erden Ferrer, QA/QC safety officer, and Elvin Bello, fleet manager of WG&A Jebesen Ship Management Department disclosed that it took two years of hard work before they deemed the vessels, the system and the crew ready for the audit of the American Bureau of Shipping. Though the quality system had al-

ready been started with SuperFerry 1, 2, 3, and 5, it was only in 1996 when the safety management system was implemented on all 10 SuperFerrys, they added.

The preparation for the audit involved a lot of documentation of safety and quality management programs, as well as the extensive training of the crew on board on identified emergency scenarios which included firefighting, pollution prevention, man overboard exercise, steering gear malfunction exercise and abandon ship exercise which involved the actual demonstration of the firing of pyrotechnics, opening of life rafts, and the actual jumping into the water of the crew. These exercises were not done only once but regularly on a weekly and monthly basis. The Ship Management Team would board the vessel on port and conduct spot checks and unannounced exercises.

With an ISM certification, the SuperFerrys are now able to sail at any time in any port in the world and is assured of a working safety system and a 99 percent safety conscious crew.

The WG&A Jebesen Ship Management Team is presently working towards having all WG&A vessels certified under international safety standards. †

Malayan clean up oily waste

By Andy G. Dalisay

APART from its traditional expertise in salvaging grounded or sunken ships, diverting operation into containing oily waste at seas has proved to be an endeavor worth commending for the Philippines' leading towage and salvage firm. If not for its oil spill response system, the recent maritime disaster brought by the sinking of the domestic ferry *Princess of the Orient* could have spelled greater environmental damage at Manila Bay and its coastlines.

Though plans to salvage the 13,734 roro ferry have been totally abandoned, oil spill clean up after the *Princess* disaster proved

to be a tough job for Malayan Towage and Salvage Corp. (MTSC), which got paid for \$300,000 for the entire operation that took around three weeks.

Through a memorandum of agreement with the Philippine Coast Guard for such an emergency response system, MTSC seems to have captured the specialized service for oil spill cleanup in the domestic waters. The company has been on call each time a disaster of any magnitude occurs, be it an oil spill cleanup or a salvage of the ship. It is the only salvage company now in the country that maintains the widest coverage and can easily

mobilize resources for any oil spill response operation.

During the *Princess of the Orient* disaster, MTSC was able to avert the spread of oil spill from the sunken roro in spite of a strong typhoon. Capt. Angel A. Peñalosa, MTSC's fleet and quality manager, said the company used about 140 personnel in the operation and able to collect tons of oily debris. With a crewboat capable of carrying 50 persons and two launches tending the oil boom, oily waste along the Bay was easily swept off to assigned collection points and avert further environmental damage. By spraying dispersant, they dissolved sticky but hardened bunker oil. The waters along Manila South Harbor and the coastlines of Corregidor and Cavite were mostly damaged by the spill.

Though MTSC always gets the priority for such an operation due to its standing agreement with the Coast Guard, Peñalosa

said the risk of whether it would surely get paid for the job done always arise as a great concern. says this is because the country's laws on oil spill responsibility is somewhat blurred when it comes to who will pay up if any such eventuality occurs.

But one thing is sure, the company considers the cleaning up business as incidental or a minor part of its salvage expertise. Salvage still forms the core of MTSC's existence. The recent grounding of the bulk carrier Asian Bridge provides a glimpse of how it conducted the operation last August.

The Philippine-flag ship was then on full speed to its next port after loading 29,509 metric tons of dolomite from Cebu when she hit an uncharted reef on the western side of Leyte in the Visayas. At first the master didn't know what the 30,000 dwt vessel had struck on as she suddenly performed an "unusual vibration." Thereafter she immediately listed six degrees to portside. Alerted that the ship was trapped in danger, the master then enabled to beach her to a safer position, otherwise she could have sunk at the time of grounding.

MTSC's salvaged team conducted topside and underwater survey including the spaces along the hulls with two tugboats in tow. From portside no. 5 to portside no. 2 water ballast tank, damage was ascertained which necessitated repair and salvage operation. There were two options presented to the master. The first was to seal no. 5 of the ballast tank using wedges and underwater epoxy, and deballast; No. 3 and 4 would be pressurized using high pressured air to deballast. The second option was to discharge minimum cargo at the site to fully re-float the ship, but this one would require floating crane and barge.

Choosing the first option in consultation with the master, they then sealed air vents and sounding pipes of No. 3 & 4 of the ballast tank port-side, and fitted special connections and air gauges installed. To prevent further structural damage maximum air pressure of 1.2 kgs/cm² was maintained. Two tugboats then pulled out the Asian Bridge to bring her back to its normal form. Underwater survey was again conducted to assure its current integrity. After more than a week, the vessel sailed on with its own power but escorted by the MTSC's tugboats on the way to Northern Mindanao to discharge cargo as the salvor handed over the ship to its owner safely. †

Scrapping Panama's controversial TCC

By Andy G. Dalisay

IT'S not the only Filipino crew who are pushing for the scrapping of Panama's transitional certificate of competency (TCC). Foreign shipowners and shipmanagers using Filipino seafarers under the Panamanian flag have warned of a massive flag out if Panama decides not to scrap the controversial TCC.

The owners warning was relayed to Filipino manning agents that are having a hard time finding qualified seafarers, particularly officers, due to failure of complying with the TCC requirement. Panama is the only shipping registry that issues TCC, which is valid for eight months and tries to overrule the Philippine certificate of competency by requiring Filipino seafarers to take a separate examination.

Crewing sources said that many of the affected owners are opting for Vanuatu or St. Vincent where they can simply do away with the certification system in question. "Without the TCC, shipowners are already having a hard time recruiting junior officers for their vessels due to a shortage of shipboard personnel," says one crewing agent. Now with the TCC requirement, he added, this makes recruitment of officers for ships flying the Panamanian-flag twice harder.

Unions led by the United Filipino Seafarers (UFS) have been pressing the Panamanian Directorate to abolish the TCC due to its oppressive and discriminatory nature. TCC costs \$110 for ratings and \$230 for officers, representing nearly 25 percent of an able seaman's basic monthly salary. In other countries, however, Panama charges less for the license.

"Our seafarers have been exploited to the hilt by almost all sectors. What is it that Panama wants for being the only one among the world's shipping registers to require Filipino seafarers to undergo such a ridiculous system?" Ramirez asked. He described the exami-

nation as an insult to Filipino seafarers and the eight-month validity a front to gain another share of the seafarers income pie.

Because of the irregular validity, many Filipino seafarers are forced to renew their TCC while still onboard their ships. In effect, according to UFS, they have to pay twice for the same document. "We do not know of any country in this planet that issues certificate that is valid only for eight months knowing very well that most of our contract is for 12 months," Ramirez told Adrian Quiros, chief of the Panamanian Maritime Directorate in a letter.

Ramirez noticed this form of discrimination being done to Filipino seafarers while other countries like Colombia, Cuba, India, Peru, Mexico, Chile, Pakistan and China are allowed to convert their certificate of competency to Panamanian license. Yet Filipino seafarers possibly make up the single largest nationality employed on Panamanian-flag ships.

Quiros promised last July to abolish its TCC in view of the STCW '95. Since the whole idea of the revised STCW Convention is to achieve uniform standards for training, certification and watchkeeping, certificates from one country should be as good as those from another. By refusing to recognize Filipino licenses, the union insisted, Panama is subverting the global systems of standards set by the International Maritime Organization.

In spite of protests, the Panamanian government has done nothing except promise that the TCC would be abolished in due time. "It's pure and simple hypocrisy," the union added. Panamanian-flag ships are among the most unsafe in the world. At the port of Manila, alone more than 20 out of the 80 substandard vessels inspected between January and June 1988 were registered in Panama. For Panama to reject Filipino licenses in the name of global quality standards is the height of hypocrisy. ‡

Hospital for OFWs

By Myra V. Lopez

They are the country's modern-day heroes. Braving the pain of separation from loved ones, overseas Filipino workers (OFWs) venture into foreign lands and high seas in the hope of providing their families a better life.

But many of them would come back home scarred from the experience, nursing an ailment either physical or mental as the price for sacrificing labor abroad. About 42 percent are repatriated to the Philippines needing medical attention or hospital treatment for illnesses sustained while working for foreign employers. The Senate, aware of the heroism of OFWs, is working on a bill which will try to improve in a small but immeasurable way government's response to the health requirements of OFWs and their families.

Sen. Franklin Drilon, chairman of the Senate committee on labor, said it is sad that while the government has only praises for the sector's critical contribution to the country's gross national product (GNP), little has been done to support OFWs.

Remittances from abroad last year amounted to P38,101 billion accounting for 4.09 percent of the total P981,118 billion. For the first half of 1998, the sector continues to perform well, contributing P20,783 billion to the country's total output.

Drilon said the existing health privileges offered by the government are not enough to address the growing number of OFWs who need different types and degrees of medical attention.

"The present package of services under the Medical Care Programs for OFWs and their dependents is limited to curative medical services," he said.

Former President Ramos issued in 1994 Executive Order (EO) 195 providing for the mechanism that will cover the sector under the Philippine Medical Care Program pursuant to Section 31 of Presidential Decree 1519 as amended otherwise known as the Philippine Medical Care Law.

Without having to enroll themselves as Social Security System (SSS) members, OFWs can avail themselves of the medical benefits offered by the welfare state to their counterpart local workers and dependents.

EO 195 was issued in the belief that it is the State's responsibility to draw up an integrated and comprehensive approach to health development, provide full protection to its working constituents, whether employed locally or abroad, and protect their welfare.

Drilon said it is about time that the existing medical care programs were reinforced to include supplementary provisions for preventive, promotive, diagnostic and rehabilitative programs. The new provisions should be available, accessible and affordable at the same time.

The senator authored Senate Bill No. 574 authorizing the creation of OWWA Migrant Workers Hospital to augment the current government health support to OFWs. The hospital facilities and services will be made available for the exclusive use of overseas workers and their families.

The funds for the hospital's construction will come from the Overseas Workers Welfare Administration (OWWA) which will not impose additional fees on its members, Drilon said.

A main hospital will be established in Metro Manila while the regional and provincial hospitals under the Department of Health (DOH) as well as private-owned medical centers will be tapped to reserve a certain portion of their facilities for the use of OFWs and their families.

During a hearing on SB 574, government representatives from OWWA, DOH and Department of Labor and Employment gave their full backing to the enactment of the measure into law. Representatives from the maritime sector who were present such as Associated Marine Officers and Seamen's Union of the Philippines (AMOSUP) president Capt. Gregorio Oca and United Filipino Seafarers (UFS) president Engr. Nelson Ramirez were elated over the news on the possibility of having such an amenity for their members. Capt. Oca said the idea is nothing new to him since he has been calling OWWA's attention several times in the past to put up such a program. However, his proposal fell on deaf ears.

Capt. Oca underscored the importance

of the hospital for OFWs including seafarers. The AMOSUP had established its own hospital, he said, and has been successful on this venture not to mention the untold benefits it brought to its member-seafarers.

The AMOSUP president's testimony only seems to highlight the obstacles which have the potential of preventing the hospital's immediate creation despite its obvious advantages. For one, conflicts have already appeared on the manner of financing.

OWWA differed with the senator's view on how to support the proposed OWWA Migrant Hospital financially. OWWA wants to source the seed money from the medical care program, a proposal turned down by the senator. Drilon said it should be taken from the agency's capital outlay or the flexibility of the said program will be lessened.

Second, OWWA is only willing to shell out P150 million for hospital maintenance in the succeeding year's. Sen. Drilon's recommendation is for an allocation of P200 million annually.

The senator's insistence on a higher appropriation is understandable. Based on OWWA's records, contributions to the medical care program, investment and other income in 1997 reached P449,726 million. From this, total expenses of P54,312 million were taken out, leaving a disposable surplus of P395,413 million. The agency in addition is administrator of a capital outlay worth P2 billion as of last year.

The proposal to construct an OWWA Migrant Hospital has been left in the burners for three years since it was originally filed with the Senate in 1995. Senate observers said the proposal was not even calendered for a single committee hearing by the 10th Congress because of politics and varied interests that engaged most of the legislators' time.

Opportunity came when Drilon, a labor secretary during the Aquino administration, assumed chairmanship of the Senate labor committee. The senator lost no time in seeing to it this pet project does not end up in the shelves.

Drilon said the committee will work on a self-imposed deadline to ensure the chamber's approval of the bill by next year. The hospital should be ready to accept its patients also by 1999 if everything goes well. ♪

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Abojob Trains Cadets

By Roge Dula

The Abojob Cadet Training Program is created to assure that the quality of future officers is up to the standards described in the STCW '95. Started in 1996, the program provides an effective training arrangement that will give the cadets an opportunity to improve their knowledge in marine science for them to be skilled and responsible officers.

Bjorn Ellertsen, Abojob's training manager, disclosed that the cadets were chosen from the graduates of what they consider the top three maritime schools in the country - Philippine Merchant Marine Academy, John B. Lacson in Iloilo and University of Cebu.

The training program is composed of three phases. Phase One involves a six-month training program at the Norwegian Training Center in Manila, following a training program outlined in the provision of STCW '95.

Phase Two begins after the cadets' graduation from NTC where they will be assigned to a vessel to serve as Officer Cadet for a period of 12 months. During this period, the cadets are part of an onboard training scheme which includes a Cadet Log Book describing all the tasks to be performed by a junior officer. The Officer Cadets are excess of the crew, that is, they are not part of the safe manning requirement of the vessel. The cadets are also entitled to a salary during cadetship.

Phase Three of the program is currently being revised. But in this phase, the cadets are again assigned to another vessel for six months and are already given a rating position. This phase gives them a chance to gain experience and further knowledge of the actual work. In this phase, the cadets are already licensed and ready for promotion as Third Officer and Fourth Engineer. †



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Presbitero: Advanced floating research lab

In 1996, Factorias Vulcano won an important contract to build two singular oceanographic-hydrographic vessels for the Philippines. Two years later, the Vigo-located shipyard made delivery of these two sophisticated sister ships, new buildings nos. 473 and 474.

Based on the technical information provided by the yard and the major suppliers and the photos corresponding to BRP Hydrographer Presbitero, the first ship, InfoMarine has prepared the report that follows.

Design criteria

This is a vessel designed and built to carry out hydrographic and oceanographic research, specifically including the following missions: coastal and offshore hydrography, physical oceanography, and pollution monitoring.

Provisions have been made for her future use to perform search functions as seismic and geological surveys, chemical and biological oceanography, meteorology, and submarine cable and pipe laying surveys (for power, oil/gas and telecommunications).

For these purposes the ship is fitted with the necessary deck equipment (winches, davits, and two auxiliary crafts, among other elements), a laboratory with post-processing area and hold for scientific samples. Accommodation is provided for a crew of 48.

The vessel is powered by two diesel engines of an output of 780 kW and 520 kW respectively, which drive a single variable-pitch propeller. An azimuthal bowthruster enhances maneuverability.

The ship was built according to and under the surveillance of, Det Norske.

Deck equipment

Aside from the conventional mooring and anchoring equipment, the ship is fitted with the following elements for sample taking and handling of scientific material: two A-frame gantries, one aft (6t) and one starboard (5t), winch of 2500m of 20mm line, winch of 2500m of 11mm line, winch for 2500m of 6mm line, and hydraulic crane of a load capacity of 5t x 12m.

All the hydraulic deck machinery was designed and manufactured by the Vigo based company Fluidmecnica, which also supplied

the hydraulic plant to service that machinery.

The deck work area is equipped with a closed-circuit TV system which monitors in the wheelhouse and laboratories.

A 9m aluminium-alloy hydrographic survey launch with an inboard diesel engine, reaching a speed of 10 knots with an endurance of 27 hours, is stored on board. The boat has a cabin duly conditioned to house the research equipment indicated later in this report.

The BRP Hydrographer Presbitero also carries a 5m aluminium hull skiff powered by an outboard motor. Both boats, as well as the radar and signal mast on the ship, were built by Aister.

Laboratory research equipment

To carry out her specific functions this research vessel is fitted with the following facilities: oceanographic laboratory insulated for thermal, acoustic and structural fire protection; a cooled room for water samples; chemistry and biology laboratory, insulated and protected as in the first in this paragraph; and hydrographic work area placed aft in the wheelhouse, but separate for the ship-control zone.

These areas contain the scientific and hydrographic equipment, supplied by the Australian company, Seismic Supply, described below:

The scientific data measurement, acquisition and processing system comprises installations on the survey vessel, on the survey launch and at one shore base that operates as cartographic processing and production site for the two vessels.

The Integrated Survey System ISS-2000 is based on the SAIC 2000 technology and the latest CARIS on-shore processing and chart production technology. The heart of the hydrographic depth measurement system is the

powerful, proven technology Multibeam sonar supplied by SeaBeam Instruments Ltd.

The system can be portioned into three general categories: ship's system; survey launch system; and shore based system, not described in this ship report.

Ship's System

Hydrographic Surveying and mapping System Sensors. The systems and sensors installed on boars for bridge navigation include Radar X and S band, Bridge Monitor BM-2000 and Electronic Chart Display EC-6000 supplied by Tokimec.

The ISS-2000 provides a capability for interfacing to a variety of positioning sensors (DGPS, Motion Sensors, Gyro Compass).

The ISS-2000 makes use of single beam. Dual Frequency Echosounder (33 kHz and 208 kHz), 12/36 kHz Dual Frequency Multibeam Sonar (SeaBeam) and 3.5/12 kHz Sub-Bottom Profiler (ODEC) to conduct detailed hydrographic surveys of coastal areas, including channels, that will require 100 percent bottom coverage for detection of potential hazards to navigation.

Geophysical and oceanographic sensors such as Marine Magnetometer (GEM), Gravimeter, Turbidity Sensors, Autosalinometer, InterOcean CTD, Sound Velocity Probes, will provide the necessary

data that will be processed by the workstations.

Hydrographic Surveying and Mapping Workstations. The board range of data types which are to be acquired, monitored, visualized and processed are managed by the specialized workstation distributed in Hydrographic Work Area (HWA) and Post-Processing room.

Slave monitor of ECDIS and bridge monitors allow the personnel working in the HWA to have access to the navigation data while SAIC and SeaBeam workstations specialized of navigation, hydrographic and oceanographic data using operator friendly SAICISS-2000 data acquisition software modules acquire the data and store onto hard drive, making them available to the data processing system via a LAN network.

The LAN provides an interface to pe-



BRP Hydrographer Presbitero

ipherals such as Inkjet Plotters and Laser Printers that deliver colour copies and printed reports.

Integrated system

The integrated survey system installed in the vessel includes:

Time tagging. The ISS-2000 is configured with a timing system that uses GPS 1 pps signal to synchronized all clocks for measured data, providing timing latency for all sensor data to an accuracy of better than 0.0001 seconds.

Attitude motion sensors. The vessel attitude with the accuracy's compatible with the swath accuracy requirements is obtained by means of the interface to Attitude Sensors (Gyro & VRU) and Heave compensators.

Sound velocity sensors. The system allows obtaining the best sound velocity profiles (SVP) and uses a conductivity, temperature, depth (CTD) unit in order to define exactly the parameters affecting the SVP.

Positioning sensors. The ISS-2000 provides capability for interfacing to a variety of sensors, including the installed SERCEL NDS 100 DGPS and NR 109 GPS receivers.

Survey planning. This allows defining the survey based upon survey patterns, geometric shapes or zones such as sound velocity and tidal zones, including the capability and software for computation of geodesic translation and distance measurements, and allows for exclusion of areas within a survey.

Survey management. The real time system displays the position of the survey vessel relative to the planned survey at all times.

A Helsman Display is installed on the bridge console for displaying information useful in the control of the vessel (coastlines, speed, position error estimate, tide and sound velocity zones).

Continuous Data Monitoring. Acquisition and logging of real-time sensor data, including real-time error recognition and warning, real-time corrector applications for multibeam data, and Kalman-Filter based navigation processing.

The system provides a real time display of the multibeam sonar data as it is acquired.

Data acquisition. The system provides the ability to monitor incoming data streams. The operator shall be notified of any sensor-generated error in real time. All sensor messages, sensor settings, data

quality flags will be logged.

Corrector application. The system uses off-line calibration procedures to automatically estimate pitch, roll heading biases in order to correct multibeam data in real time.

Survey launch system

The Survey Launch onboard is fitted with hydrographic surveying and mapping sensors such as DGPS receiver, motion sensor, sound velocity probe and Single Beam, Dual Frequency Echosounder (33 kHz and 208 kHz), MultiBeam Sonar (SeaBeam 1180) and Seabed Classification that supply the data that will be processed by SAIC 2000 software.

The BRP Hydrographer Presbitero is equipped with an interesting and unusual propulsion system, formed by two diesel engines in "father-son" configuration,

can transmit 450 kW at 1800 rpm when the main engines rotate at 1200 rpm. This is secondary PTO; i.e. it rotates when the propeller turns, regardless of which of the main engines is running.

The 2.4 m diameter, 250 rpm variable-pitch propeller is by Balino-Kamewa. The sterntube seals are Mane Lip.

The extraordinary high-efficiency rudder (up to 40-50 degrees of the propeller thrust is transformed into side thrust), with a maximum rudder angle of 40 degrees while cruising and 50 degrees in maneuvers, is driven by a Fluidmeccanica electro-hydraulic steering gear.

A Schottel 310 kW azimuthal bow thruster is also installed.

Auxiliary machinery

Aside from the previously-mentioned shaft alternator, the vessel has two main gensets, each comprised of a 750 bhp at 1800 rpm Caterpillar 3408 DI TA engine and a 350 kW, 440 V, 60Hz alternator by the same manufacturer.

The emergency genset is formed by a 3306T Caterpillar engine and a 170 kW alternator of the same make.

All the machinery on board is lubricated with Castrol products.

The entire electrical installation aboard ship was designed, built and installed by Electromechanical Cerdeira.

The Noris alarm system and control-room console were supplied by Norispan.

Wheelhouse equipment

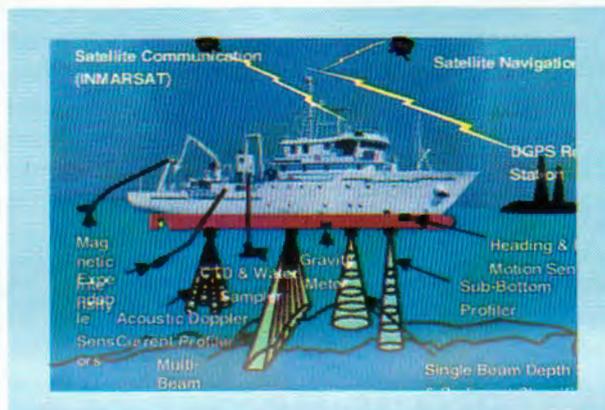
The steering, communications and navigation aids equipment was supplied by CRAME and includes the following elements:

- Integrated Navigating system by Tokimec
- GMDSS radio communications console by Skanti
- Emergency equipment by Skanti, Jotron and ICS
- Weather-chart receiver
- Inmarsat-M, Saturn-M Marine satcom unit by Nera

Other equipment and system

The ship is painted with Hempel products, applied by Tranasa.

The accommodation space for 48 persons was built and furnished by Gonsusa. The air conditioning was installed by Kinarca. Electrolux supplied the gallery equipment. ‡



BRP Hydrographer Presbitero specification of hull auxiliaries and machinery

coupled to a single reduction gear, through which the drive a variable-pitch propeller.

The Caterpillar engines are of the following specifications:

- CAT 3512 DI-TA rated at 780 kW (1060 bhp) at 1200 rpm
- CAT 3508 DI-TA rated at 520 kW (705 bhp) at 1200rpm

The shafting incorporates a Reintjes reduction gear, model DLG-706 K41, of a reduction ratio of 4,780 to 1, with a doubled input and a single output, designed for a father-son main-engine configuration. The input shafts are 2300 mm apart, and each incorporates a primary hydraulic clutch.

A Vulkan RATO-S, size G-1611 elastic coupling is fitted between the CAT 3512 engine and the reduction gear. The same coupling, but size G-1521, is fitted between the CAT 3508 engine and the reduction gear.

The reduction gear is fitted with a non-declutchable PTO, model K41, to drive the Indar taikshaft alternator. The PTO

Cargo throughput still down in Q3

Although the Philippines emerged as one of the least affected among the Southeast Asian nations being battered by the regional currency turmoil, the country nevertheless experienced marked economic contraction owing to interregional trade ties in Asia. The crisis was taking its toll on the economy in terms of lower industrial production and reduced demand for goods and services. The downward trend in the economy manifests itself in the volume of trade handled by the country's ports during the third quarter of 1998.

Cargo Throughput

The combined recessionary impact of poor agricultural output, declining exports and imports and slowdown in the manufacturing output contributed significantly to the overall decline in the volume of domestic and foreign cargo throughput handled at the nation's ports from July to September of this year. Total cargo throughput during the period reached 34.67 million metric tons, posting a three percent contraction from the 35.77 million metric tons handled for the same period in 1997. Domestic cargo which comprised about 52 percent of the total throughput dropped by more than 6 percent during the period. Foreign cargoes managed to expand by close to one percent which could be ascribed in part to the increase in the importation of food items specifically, sugar, rice and other cereals to augment the shortfall in the production of these consumer goods during the past months.

Commodities being shipped from port to port are classified as either conventional cargo (cargoes packed in boxes, sacks, cartons, etc., or in bulk form) or containerized cargo (cargoes carried in container vans). As unfavorable economic conditions prevailed, containerized cargo handled at the ports shrank by about a million metric tons from the level handled in the comparable period in 1997 as import shipments declined markedly during the period. Conventional cargoes meanwhile suffered a slight contraction equivalent to 60,000

metric tons. More than three fourths of this quarter's cargo throughput were conventional cargoes.

Following considerable drop in the volume of containerized cargo, container traffic as expressed in twenty equivalent units (TEUs) declined by a large 15 percent equivalent to more than 100,000 TEUs as South Harbor and the Manila International Container Terminal reported declining foreign TEU traffic starting the second quarter of this year.

Shipping Traffic

Total number of vessels that called at the country's ports from July to September grew by more than seven percent or an increase of 4,818 vessels. This growth was contributed solely by domestic vessels which grew by 7.6 percent from last year's third quarter total. The rise in shipcalls was attributed to the increase in the number and in the frequency of trips of fastcraft vessels catering to short distance travels across the various islands in the country. As expected, foreign vessel calls dropped as import and export activities slowed down. This quarter's foreign shipcalls reached 2,278 as against last year's third quarter total of 2,443. Almost 80 percent of this quarter's shipping traffic was handled by government ports. Private ports accounted for the rest.

Parallel to the increase in shipcalls, gross registered tons (GRT) of vessels grew to 74.32 million tons. This quarter's average GRT for domestic and foreign vessels was estimated at 701 and 10,909 tons, respectively.

Despite the onset of the rainy/typhoon season, the volume of passengers which disembarked and embarked at the nation's ports appreciated to 9.52 million from 8.63 million in the same period in 1997. However, this quarter's figure was 30 percent less than the number of passengers handled from April to June, since the months of July, August and September are considered lean months. Government ports serviced the large bulk of these passengers, accounting for about 89 percent. †

PHILPESTA urges Pasig River dredging

The Philippine Petroleum Sea Transport Association has requested the Philippine Ports Authority for the immediate dredging of the entrance to the Pasig River as a result of the heavy siltation caused by the current rainy season.

In a letter on November 25, 1998 to Mr. Juan O. Peña, PPA General Manager, PHILPESTA Chairman Herminio S. Esguerra stated that prior to the present state of siltation, tanker barges with a draft of 10 feet could easily pass the river entrance at any time regardless of the height of the tide. Lately however, loaded tankers have to wait for the tide to reach at least two meters to gain access to the river. This translates to a delay of at least four hours for every tanker to negotiate the distance to the oil terminals in Pandacan or inside the Laguna de Bay. "Moreover, it occasionally causes minor grounding situations which are potentially dangerous to navigation. The resultant domino effect of a major grounding at the river entrance which could block the channel cannot be overemphasized," said Esguerra in his letter.

PHILPESTA provides a continuous supply of petroleum products to Metro Manila and the surrounding provinces and the association opines that any interruption of oil supply will therefore have serious economic consequences. PHILPESTA members as well as residents along the banks of the Pasig River believe that a grounding incident could cause oil pollution which would further aggravate the already serious environmental condition of the Pasig River and Manila Bay.

The berths along the Pasig River used by barges transporting oil and other products from outlying ports or unloaded from the anchorage are under the jurisdiction of the PPA. However, dredging responsibility for the river itself is shared by the PPA and the Department of Public Works and Highways, which has functions related to flood control. Observers feel that immediate dredging of the mouth of the river could serve both ends since the rainy season also aggravates the flood situation in the metropolitan area. ‡

ISM Ramifications

By P. V. Vergel de Dios, Jr.

Bills of lading and charter parties contain exclusion clauses which exempt the shipowner from liability for loss or damage to cargoes even if caused, say for instance, by errors of the crew in the management or navigation of the ship provided that due diligence has been exercised by the carriers at the beginning of the voyage to make the vessel seaworthy.

A collision caused by the watchkeeper falling asleep, or as a result of a navigational miscalculation by the first mate, is not in principle something for which the shipowner is liable to the shipper or consignee. A fire on board, too, is not the shipowner's liability even if it is the crew's fault. And cargo loss or damage is likewise not its liability if it has been caused by an error in the management of the ship as opposed to error in the management of the cargo.

So, the owner is largely protected from the negligence of his crew if he can show that has exercised due diligence.

The advent of the ISM Code, however, could virtually make the shipowner liable even for crew negligence. Since the ISM Code requires that senior levels of management become positively involved in all safety and operational issues, it would be much more difficult for an owner to demonstrate that he has exercised due diligence at the commencement of the voyage, and consequently be entitled to rely on the various crew negligence defenses. In simple term if a procedure is unsafe, the ship will be unseaworthy.

Thus, the Code lays down strict requirements for

- ensuring that all personnel involved in the company's SMS have an adequate understanding of relevant rules, regulations, codes and guidelines;
- ensuring that training in support of SMS is provided for all personnel concerned;
- arranging for personnel to receive relevant information on the SMS in a language understood by them.

These duties are substantially wider than those which exist at present. For ex-

ample, how many ships are currently supplied, as a matter of course, with manuals for ratings which are written in their native language?

The implications for owners are very clear. Their operational systems and procedures will be examined down to the last button in the event of big claim.

And, the effect of this on P & I recovery may be jeopardized by the requirement in the ISM Code that non-conformities, systems failure or operational or maintenance problems must be addressed immediately by the owners. Failing to take steps immediately to remedy them may be used by the P & I Club to bar recovery based on the prior knowledge of the non-conformity by the management and its inaction to remedy or correct said non-conformity.

Once liability is established, the next question is can the shipowner limit his liability?

One major item in the ISM Code which affects the limitation of liability principle is the requirement of a "designated person." As defined by the Code, a designated person is a person or persons ashore with direct access to the highest level of management, who has the responsibility and authority to monitor the safety and pollution aspects of the operation of each ship, and to ensure the adequate resources and shore based support are applied, as required. He is top management's link with the ship and any non-conformities must be reported directly to him. He is responsible for organizing safety audits and for ensuring that corrective action is taken.

The *rub* is that he must also have direct access to the highest levels of management in the company. In law, an individual who represents the company is the directing mind and will of the company and the limitation cases have involved an examination of the company's structure to see whether the person who is the company's directing mind and will had knowledge of the failure or negligence attributed to the ship.

Broadly speaking, a director of the company is to be taken as representing the

company's mind and will whereas a technical superintendent or a master is not. But now, under the ISM Code, we have a job description for a role which must be filled by a person who may arguably be the directing mind and will so far as safety is concerned. The "designated person" certainly appears to have the responsibility and authority to be considered the directing mind of the company. Alternatively, if he does not, the phrase "direct access to the highest level of management" implies that the designated person is obliged to pass on what he knows directly to the person who is the directing mind of the owner. Furthermore, it is implied that this person at the highest level of management must inquire what the designated person knows or ought to know: the information flow is two-way.

The consequences of this are extremely serious. In terms of limitation of liability, it is going to be more difficult, if not impossible, for shipowners to maintain their right to limit. They are presumed to know the safety problem of the ship and its crew because of the designated person. If the designated person knows that there is something wrong, it will be assumed (and much more easily proved) that the "directing mind and will" of the company was aware of the problem too. An obvious example is that of maintenance or repairs which may be required but which are not carried out. Perhaps, it was the master who knew about the problem but the latter did not report it to the designated person. Fine, but said reality cannot, arguably, be an excuse to limit liability because of the two-way duty required by the Code for the master, on the one hand, to report all non-conformities to the designated person and for the latter, on the other hand, to monitor compliance with the safety management system.

There is no question that the ISM Code and a structured safety management system will go a long way in reducing maritime disasters. However, the effect of such a system on the liability principles as inducements for shipping investment may be in danger of being jeopardized.

(Atty. Vergel de Dios is the managing partner of the Vergel de Dios Maritime Law Offices and former MARINA Deputy Administrator. He may be reached at tel. no. 521-7677)



Fixing for ISM, STCW

By Andy G. Dalisay

The entry into force of the IMO's revised Standards of Training, Certification and Watchkeeping (STCW) Convention and the International Safety Management (ISM) Code has seen shipmanagers and manning agents adjusting the 'nuts and bolts' of their compliance system amid stiff commercial and environmental considerations. Both owners and managers have admitted that balancing commercial reality and safety/environmental regulations is a delicate matter as proved by the US Oil Pollution Act of 1990.

However, in spite of additional costs to owners brought by new international regulations, the industry cannot compromise safety of life at sea and the environment. "If you have a 20 crew aboard the ship who are educated and qualified in line with STCW '95, which is supposedly on a high standard, your ship is assured to be operating safely," says Peter Borchers, general manager of Lubeca Marine Phils.

Though an acceptable uniform standard of port state enforcement to eliminate substandard shipping is hard to come by, the industry starts to move in a sort of painful process as indicated by cases of ship arrests and detentions by port state inspectors due to various deficiencies. Since there is a uniform standard already for port state control to check on the qualification of the crew, interpretation of the rules still varies depending on the flag state. "It is interpreted in several countries as some may be stricter while others are more lax," Borchers explains.

The legal requirements of the collision regulations and normal maintenance/operational requirements with current manning levels are some of those that give some managers a problem. Others have crews who need to spend, not only for higher cost of training but training period as well including consumption of much sought vacation leave. Though the first may not be a problem to many shipowners and managers review of crewing policy is of immediate concern.

Some ships operate a variable level of manning according to trading area or op-

erational requirements.

For smaller ships, specifically operating in coastal trade, Borchers says once they trade overseas, manning certificate needs to be changed. The wage of second engineer, for instance, varies on a range of 15 to 20 percent. Owners nowadays consider manning cost a great factor in operation cost because it is one aspect where they can trim down budget at a certain level to compete in the market.

While the IMO has to release the 'white list' of complying states, Lubeca is in the process of reviewing the nationality of the crew the company uses on board. With regard to training institutions accredited by a government body, for example, the company considers Ukraine, Indonesia, China as some of the options. In the Philippines, he points out, "We know that government is trying hard to make it (to the white list) since the country is the largest crew supplier. We do not see any major problem with STCW '95 employing the Filipinos on our ships."

Lubeca has been hiring other nationals too. For sure, "we are also after Chinese ratings for various reasons." On the officers level, Borchers cited the Filipinos' scarcity and legal problem on insurance claims as the reasons that drive the company away to look for alternative sources. But out of all the nationalities, the company is satisfied with the performance of the respective nationals they currently employ relative to STCW '95 compliance.

Though the idea of eliminating substandard ships and crew is the ultimate goal, others still doubt if it will completely happen. They believe that developing countries that cannot afford expensive ships can be a target. They will continue to

operate low-cost vessels to carry their cargoes at lower cost. Since they cannot compete with the big ones one cannot stop owners from acquiring substandard tonnage if they cannot afford new ones. And this is where the lines must be drawn.

On operating a variable level of manning for individual ships according to trading area or operational, crewing agent like NYK-Fil Shipmanagement is concerned with the type of vessels because each type requires certain expertise and trained people to man them. It doesn't matter wherever is the trade route as long as the crew are qualified to operate the ship.

Since the company only supplies Filipinos, NYK-Fil develops and trains them fully before sending them on board. Capt. Marcelo Rañeses said the company's principals/shipowners are satisfied with the training. He said, "If they cannot depend on highly qualified Filipinos anymore, they will go to Eastern Europe or India. But I believe the Philippines can still retain the leading position in the market. We have to be careful because there are competitors coming in."

NYK-Fil has maintained its own standard of training based on the shipowner's requirements, apart from compliance with the mandatory requirements imposed by international regulations, he said. "We

"We know that government is trying hard to make it (to the white list) since the country is the largest crew supplier. We do not see any major problem with STCW '95 employing Filipinos on our ships."

have our own in-house training program. For instance we have to review them on collision regulation. We have specialized training for specialized ships like LNG, pure car carriers, tankers wood chip carriers, the same with cruise vessels, in addition to mandatory re-

quirements by the IMO." Most of the NYK ships, particularly the new ones have been installed new computer software on board, not only for ISM but also for operations. On containerships, for instance, it is now a requirement for chief mate and mastersto have knowledge on power stroke. Rañeses said senior officers have been required to undergo computer courses. †

Regular maritime forum set

The Maritime League (the Philippine Maritime Foundation) and the Marine Technology Foundation have agreed to organize a bi-monthly Maritime Breakfast Forum which seeks to discuss issues relevant to the development of the maritime industry. The terms of reference for the series were tabled for discussion during the first meeting of the series, held at the fourth floor of the Marine Technology Center, which is also the new site of the Maritime League office at Aduana cor. Arzobispo Street, Intramuros, Manila.

The initial meeting was attended by Maritime League president and chairman Carlos L. Agustin, Marine Technology Foundation president Abelardo Oca, Ms. Aines Librodo of the Philippine Interisland Shipping Association, Phillip Ong of the Marine Technology Foundation, LCDR Cicero Loma of the Philippine Coast Guard, Philippine Register of Shipping president Procopio Vergel de Dios, Jose J. Ferrer Jr. of the Maritime Law Association, Hans Paolo Bulos of the Senate Committee on Services (representing Sen. Vicente Sotto) and Domingo Bassig of the Philippine Ports Authority.

The meeting was opened with an introduction by Mr. Oca about the Marine Technology Foundation followed by a briefing by Commodore Agustin of the history, objectives and activities of the Maritime League.

Agreed upon during the meeting were:

- (1) Grouping of the agencies/organizations into sectoral/topical groups, such as tentatively:
 - (a) Cabotage and Trade Liberalization;
 - (b) Maritime Safety;
 - (c) Domestic Shipping;
 - (d) International Shipping and Manning;
 - (e) Shipbuilding and repair
 - (f) Exploitation and Protection of Natural Resources (fishing,

sea bed mining, MARPOL, law enforcement);

- (g) Marine/aquatic sports and tourism development;
- (h) Financing, government incentives and legislative support;
- (i) Maritime transport infrastructure; and
- (j) Maritime Law issues and development.

(2) The schedule of the breakfast forum, which was established for the third Friday of January and every second month thereafter, except for the month of September (which is advanced to the third Friday of August in order to allow the third Friday of September to be the date for the Annual Maritime Forum). The venue was agreed to be at the Marine Technology Center, except as may be altered by consensus;

(3) Each session will have a host, which will take care of the breakfast. The second meeting will be hosted by the Maritime Law Association at the same site;

(4) The Maritime League will act as the secretariat;

(5) Papers presented may be published in the next issue of the *Maritime Review*. An annual report will be submitted to the Maritime League-Marine Technology Foundation membership and the industry as a whole during the Annual Maritime Forum. Selected papers may be updated and included in the agenda for the annual forum.

Among other comments were focusing on areas such as competitive freight rates, transport routing to improve road traffic, investment opportunities, infrastructure priorities, feedback on government programs in terms of applicability to the industry and degree of success in implementation, and provision of information to the private sector in terms of available financing, new technology and services, and foreign partnership opportunities and assistance.

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Phantom tugboat

By Andy G. Dalisay

After a long drawn investigation, **Ma. Luz Alicer**, president of **Crewlink Inc.**, the former manning agent of Singapore-based C-Link, finally received what she had prayed for. **Philippine Overseas Employment Administration** administrator **Reynaldo Regalado** has issued the order to blacklist and permanently ban the Singapore-based shipmanager **C-Link Pte Ltd.** from recruiting Filipino seafarers. Its Philippine crewing agency **JZEL Company** has had its license suspended for 10 months on several counts of falsification of documents before the POEA. JZEL, which is owned by **Capt. Rodolfo Estampador**, president of the **Conference of Maritime Manning Agencies (COMMA)** and **Masters and Mates Association of the Philippines (MMAAP)**, was also fined P100,000 for five counts of misrepresentation.

The case stemmed from a lawsuit filed by complainant Alicer of Crewlink. The two companies' relationship turned sour after C-Link, through its Dutch managing director **Ronald Lafeber**, refused to remit manning fees and late or non-payment of crew salaries since April 1997 amounting to some P6 million. Since then the new agency JZEL recruited crews to board designated vessels but in reality, were ordered to work on board the vessels that were still registered with Crewlink. JZEL through Estampador, connived with the Singaporean principal to circumvent POEA rules by processing crew contract for a "ghost" tugboat.

Brag for ISM

Despite resistance from most domestic shipping operators to having their ships covered with a safety management system under the International Safety Management (ISM) Code, the **Maritime Industry Authority** insists that they should abide by the provisions of the code to prevent future disasters. Only two of those operators like **WG&A** and **Herma Shipping &**

Transport Corp. have signified their interest to have their fleet obtained the essential documents of compliance.

WG&A president **Jesus Alcordo** said the company has been in the process of completing ISM documentation for its entire SuperFerry fleet even before Marina ordered domestic vessels to comply with the international regulation to minimize sea tragedies. Five of WG&A SuperFerries have obtained their safety management certificates from **Lloyds Register** and **American Bureau of Shipping** while four others are in the process of being certificated. Herma Shipping, an inter-island tanker operator, boasted that two of its tankers have initially been issued their documents of compliance. **Herminio Esguerra**, Herma Shipping president, hopes to have all his ships duly certificated shortly.

Panama's racket

United Filipino Seafarers (UFS) president **Nelson Ramirez** seems getting impatient with the promise of Panamanian Embassy that its home government would scrap its transitional certificate of competency (TCC). So many months have passed since **Adrienne Quiros**, chief of the **Panamanian Maritime Directorate**, assured the union of abolishing the TCC, and yet nothing has been done to scrap what the union called an "oppressive" and "discriminatory" licensing system being imposed on Filipino seafarers. From its eight-month validity, which was reduced from one year, Ramirez said Filipino seafarers are made to pay twice for the same document. Except the Philippines, Panama recognizes the national licenses of 33 other countries. With nothing has been done, except a promise that the TCC would be abolished, Ramirez vowed that the union would stage a mass action at the Panamanian Embassy to press for its scrapping.

'White List' premature use

Maritime employers have been warned about the premature use of the IMO's 'white list' of complying states regarding recognition of foreign certificates and possible targeting of particular nationalities of seafarers by port

state control authorities. The **International Shipping Federation (ISF)** told members that parties in their role as flag states and port states should be discouraged from making premature decisions regarding compliance with STCW '95 until February 2002.

Simon Bennett, the external relations adviser of the ISF, has requested members to bring the message to the attention of those within their national administrations. The ISF said, "The white list process should not be given undue prominence beyond that anticipated at the 1995 STCW conference." National reports submitted to IMO by various countries "may only constitute progress reports on measures so far taken." ISF, the international organization for shipowners in 45 countries, has the **Filipino Shipowners' Association (FSA)** as its member in the Philippines.

Elected officers

The **Filipino Shipowners Association**, led by its chairman and president **Carlos Salinas of Philippine Transmarine Carriers**, recently elected its board of trustees and officers. Five members were elected to its 15-man board for 1998-2001. Elected were Salinas, **Jose Mari Moraza of United Salvage & Towage Corp.**, **Susana Madrigal-Eduque of Madrigal Wan Hai Lines**, **Capt. Amado Romillo of Jupiter Maritime Corp.**, and **Michael Estaniel of Trans-Global Maritime Agency**. Salinas, Moraza, Estaniel and Eduque were re-elected to the board while Romillo heralded his entry into the Board of Trustees. Thereafter, the FSA board of trustees elected its officers for 1998-1999, as follows: Salinas as president, Manese as vice president, Eduque as treasurer and **Josephine Francisco of Dolphin Shipmanagement** as secretary.

Weeding out 'fake' officers

Hermogenes Pobre, chairman of the **Professional Regulations Commission (PRC)**, is continuing the clean up of his agency by weeding out spurious documents or certificates bought from Recto (Avenue) University. He said PRC is now in the second phase of its computerization program, both in the marine deck and engine licensing system, in which an officer will be given a single number for

life. Computerization, which aims to rid the system of "fake marine officers," will include online retrieval of information of the ship officer with his picture, history of all his licenses and certificates issued, online registration and printing of registration certificates (including competency and endorsement with picture of the officer), online printing of requested reports, and use of security passwords to access the database.

Justice for Ken

Ken Blyth, the Australian master of the *Petro Ranger*, which was hijacked in the South China Sea in April, has urged his government to put pressure on Indonesia to bring the pirates to justice. He said the 12 men have returned home to Indonesia after being freed by Chinese authorities last October. Blyth believes they should have been extradited to Malaysia, where his ship was hijacked, but they were instead released.

The International Maritime Bureau (IMB), which monitors piracy worldwide, expressed anger over the development. "We expect a major maritime nation like China to take a more responsible role," says **Capt. P. Mukundan** of the IMB. "This is the second time this has happened. The other was the *Anna Sierra* (in 1995)."

Preparing to compete

American President Lines (APL) recently submitted its resignation to the **Trans-Pacific Westbound Rate Agreement (TWRA)**, after over 13 years as a member. **Solon Webb**, APL senior vice president of transpacific services said, "The timing of our action will enable us to be fully prepared for the new, deregulated environment." Webb was referring to the recent passage of the **Ocean Shipping Reform Act** in both houses of the US Congress, which intends to boost shipping competition and increase flexibility in the business.

Deregulation of the US shipping industry will only come into effect in May 1999, once the bill is signed into law by **President Bill Clinton**. APL's resignation from TWRA will become effective January 1999, considered as one of the steps taken to operate within the wider industry parameters. ↓

With civil aviation experience and political affinity, Jun Rivera can chart industry's future



By Carlos B. Santos

Clark trip in 45 minutes.

The M C R R S project has been placed under the Office of the President, a signal that the government is giving top priority to this project.

Freight forwarders were advised to consider setting up cargo warehouses and other facilities in the Clark International Airport.

There are two major reasons for this. One, the Ninoy Aquino International Airport is congested and vehicular traffic in and around that airport is getting worse. Two, Clark International Airport has two runways that can accommodate wide-bodied freighters.

But there is more to these obvious reasons. Coming from Transportation and Communications Secretary Vicente C. Rivera Jr., that advice should be taken seriously by the freight logistics industry.

Secretary Rivera, now 67 years old, has been exposed to civil aviation and airport management since he was 29 years old. At that age, he was the youngest administrator in the government when he served as administrator of the Civil Aeronautics Administration from 1954 to 1965. CAA is now called Air Transportation Office, an attached agency of the Department of Transportation and Communications and therefore directly under the supervision of Secretary Rivera.

Before he became CAA administrator, he worked at the Philippine Air Force Flying School from 1951 to 1954, serving as deputy squadron commander, base operation officer and academic and flight instructor at the Fernando Air Base in Lipa City.

Then he became a flight instructor on a part-time basis with the Philippine Airlines in 1957. He was chairman of the Aircraft Accident Investigation Board from 1955 to 1957. And he served as manager of the Manila International Airport, years before it was renamed NAIA.

Airport development is now a major pre-occupation of the DOTC, and Secretary Rivera is facing at least two major issues

whose resolution will chart the future of the civil aviation of the Philippines, including the air cargo industry and the travel trade.

The first to be resolved is the controversial contract for the construction of the NAIA III Terminal which the Estrada Administration inherited from the Ramos government.

Ramos first invited a group of taipans in the country to build an expansion terminal for the NAIA. But somehow the taipans never got their act together. Then came the offer of Piatco, an offer that is too good to resist. Piatco got the deal and the contract to undertake US\$500-million NAIA III Terminal on a build-operate-transfer scheme was signed by the DOTC in 1996.

Unfortunately, the financial crisis came and Piatco until now has yet to raise its promised equity of P5 billion. NAIA III Terminal has yet to take off.

There are now moves to review the government policy not only on the NAIA III Terminal but more significantly the privatization of international airports in the Philippines.

Secretary Rivera and the entire DOTC are now in deep study on the merits and demerits of privatizing the NAIA and other similar airports in the country.

The second issue that is already being resolved is the development of the Clark International Airport which is being envisioned as the alternative facility for the already congested NAIA.

To fully develop that linkage between NAIA and Clark and to make Clark accessible to industries and offices in Metro Manila, transport between them must be efficient.

The solution to this is the fasttracking of the P2.4-billion Manila-to-Clark Rapid Railway System (MCRRS or the so-called NorthRail), an electricity-run mass transport over the stretch of 94.60 kilometers. MCRRS promises to make the Baclaran-

Resolving these priority issues will not be difficult for the DOTC with Secretary Rivera at the helm.

The DOTC chief has the necessary domestic and international exposure and experience in civil aviation. In the Philippines, for instance, Rivera was conferred the honor of Chairman Emeritus for his contribution in the development and promotion of the aviation industry in the Philippines. The honor was conferred by the Aircraft Owners and Pilots Association of the Philippines for Rivera's services to the industry from 1980 to 1982.

Before that, he was presented the Golden Aviation award by then President Corazon C. Aquino for his outstanding contribution to civil aviation during the celebration of the PAF Flying School Alumni Association on May 13, 1989.

He served as aviation consultant and acted as presidential pilot for Presidents Carlos Garcia and Diosdado Macapagal.

In international civil aviation, Secretary Rivera has been a member of the International Aircraft Owners and Pilots Association based in Washington D.C., USA since 1966.

At the IOPA he was presented with various awards for outstanding services rendered to general aviation and he was elected regional vice president for Southeast Asia for the periods 1980 to 1984 and 1984 to 1989.

But the highest global recognition he got was from the International Civil Aviation Organization which is based in Montreal, Canada where he was elected vice president of the general assembly in 1965.

Secretary Rivera is the first Filipino to be elected in that post.

In addition to the professional factor or international exposure and experience in civil aviation, a second factor that will enable Secretary Rivera to be successful in charting the future of civil aviation in

the Philippines is his political affiliation.

He joined politics in 1987, fresh from government civil service. From that year he was a member of the House of Representatives until 1992, representing the second district of Bulacan. Among the committees he headed as congressman is the Committee on Transportation and Communications.

Consistently, Representative Rivera was chosen by various groups and institutions as one of the most outstanding congressmen of the Eighth Congress of the Philippines.

After Congress, Rivera's next political leap was to run for Vice President, but this did not materialize because he had to make "a political sacrifice."

"Jun" Rivera was supposed to be the vice presidential running mate of then Senator Estrada during the 1992 elections until Estrada agreed to slide down as vice presidential candidate of businessman Eduardo Danding Cojuangco.

When Estrada won the vice presidential race, Rivera served as Vice-President Assistant from 1992 to 1998 in the Office of the Vice President.

He also served as secretary general of the Estrada's Partido ng Masang Pilipino before it was transformed into Laban ng Masang Makabayang Pilipino for the 1998 presidential race. Rivera served in the LAMMP management committee.

With his professional experience and political affinity, Secretary Rivera has the key to charting the future of Philippine civil aviation, particularly in the development and management of international airports which are the global windows for national progress.

The two issues of privatization of NAIA and the development of Clark, according to Secretary Rivera, indicate the importance the government will be placing on the role of Clark International Airport in the future of the country's aviation industry.

He announced that the terminal building in Clark would be operational by mid-1999.

But it is not all civil aviation and politics that preoccupy Secretary Rivera's time. He is also active in sports, which has something to do with flying.

He is a member of the Valley Golf Club and one of its former presidents.

As a golfer, he also gained international recognition. He won the World Amateur Senior Golf Championship in Brodmore, Colorado Springs held from August 29 to September 1, 1993. ☺

Maritime Calendar



Date	Event	Place
December, 1998		
1-3	Australia-Philippines Business Council	Adelaide, Australia
2-3	First Philippine Ocean Summit	AMOSUP Training Center Intramuros, Manila
2-4	Seatrade Asia Pacific Cruise Convention	Singapore
4	Philippine Ship Agents Association Annual Induction of Officers	Century Park Hotel, Manila
6	Annual USMA/USNA Army-Navy Football Game Reunion	HQ Phil Coast Guard, Manila
7-8	AIC Meeting: TELCOS in the Asian Crisis (AIC: 65-322-2700)	Singapore Oriental
7-11	IMO Maritime Safety Committee 70th Meeting	IMO, London, UK
14-18	London Convention 72 20th Consultative Meeting	IMO, London, UK
18-20	Puerto Galera Yacht Race	Puerto Galero, Mindoro
27-29	PGYC Christmas Regatta	Puerto Galera, Mindoro
January, 1999		
15	2nd Maritime Breakfast Forum Maritime Law Association	Marine Tech Center, Intramuros, Manila
February		
15	1999 Maritime Review Fun Golf Tournament	PN Golf Club, Manila
26-28	Punta Fuego Yacht Races	MYC, Manila
March		
13-21	MYC Picomell Series/Blue Gavel Cup	MYC, Manila
17-19	Call Centres Asia '99/ Customer Management Asia '99 (AIC: 65-3222749)	Raffles Convention Centre Singapore
April		
1-10	SBYC President's Cup Regatta	Subic Bay, Zambales
27-29	Cards Asia '99 (AIC: 65-322-2749)	Singapore International Convention Centre
May		
21	4th Maritime Breakfast Forum	Marine Tech Center, Intramuros, Manila
June		
4-6	MYC Hamilo Cove Races	MYC, Manila/Nasugbu, Batangas
-	IMO Council Meeting	IMO, London, UK
23-29	PACON '99	Russian Academy of Sciences, Moscow
July		
11	PPA 25th Anniversary	
16	5th Maritime Breakfast Forum	Marine Tech Center Intramuros, Manila

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The Maritime League

Room 201 Marine Technology Center
Aduana cor. Arzobispo Street
Intramuros, Manila 1002

Membership Application Form

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Telephone No: _____ Fax No: _____

Home Address: _____ Tel. No: _____

Date of Birth: _____ Place: _____

Preferred mailing address:

- Office Home

(Signature)

**Corporate includes other institutions such as Associations. The individual's name cited in "Personal Data" will automatically receive the correspondence unless the Secretary is notified in writing.

The Philippines and the economic crisis

By Fidel Valdez Ramos

Introduction

We are all aware of how badly the financial and currency crisis has ravaged the economies – and politics – of East Asia, and how severely it threatens the economies of even the affluent societies of Europe and the Americas. This region has suffered one of the most drastic reversals of fortune in modern history. And although the crisis initially affected only our capital market, it now threatens the region's real economy.

Singapore and the Philippines are relatively fortunate in that their economies continue to creep along positively – The Philippines by about 1.0%. But, in Thailand for instance, the optimists and the pessimists are distinguishable only by how far down they expect the economy to fall.

According to some reports, the latter reports expect Thailand's gross domestic product to contract down to 16% — while the former expect it to contract by only 6%.

"The Economist" estimates Indonesia's economy to contract by between 15-20%; and that of Malaysia by a relatively mild 3-5%.

The experts disagree on the causes of this unprecedented phenomenon; some blame it on structural deficiencies in the financial systems, economies, politics – and even the cultures – of individual countries. Others cite the volatility of international capital arising from economic globalization. Still other point to the inadequacy of international cooperation.

I. GLOBALIZATION IS A FACT OF CONTEMPORARY LIFE

Whether we like it or not, globalization is a fact of contemporary life, it is inevitable, and it is here.

A global economy is being created — irreversibly — by the spread of the revolution in communication and information technologies.

Clearly, internal reforms and liberal policies — although necessary — are not enough.

Something more has to be done about the volatility of short-term capital movements and the inherent instability of financial markets — compounded by the information revolution generated by the convergence of the new communications and computer technologies.

And it is clear the conventional remedies of the International Monetary Fund (IMF) are no longer responsive. The IMF must rethink its bail-out tactics—its usual requirements for tight money and fiscal restraint — when, typically at this time, borrowers need credit, and economies need pump-priming.

Whether one agrees or not with the specific measures that Malaysia has taken — to defend itself against speculative assaults on its currency, one must sympathize with Kuala Lumpur's effort to isolate itself from what it sees as a kind of free-wheeling global capitalism running out of control.

So I think the time has come to convene an international conference on how to regulate the global economy.

Because this financial—and now economic—crisis is not East Asia's alone.

This crisis has become a global problem and the measures to deal with it must also be global and international.

Effects of globalization

Having got that of my chest, let me now turn to the effects on the Philippines on the currency crisis so far.

While our country's economy has not escaped being involved in the East Asian Currency Turmoil, it has been one of the least hurt by the financial crisis and — in the words of the Investment House Dresdner Kleinwort Benson — it now "Look as if it will be the first Asian Market to recover".

No major Bank — or Corporate — failure (knock on wood) has yet occurred. and the experts — the investor and fund managers who must put their money where their mouths are — have been fairly unanimous in their projections that the

Philippines would be among the first East Asian economies to recover from the crisis.

This year the Indonesian economy may decline by as much as 15%- 20%, Thailand's economy will contract by at least 6-7% ; and Malaysia's economy by 3-5%, even Singapore is on the verge of recession; its economy is expected to grow by no more than 0.5%- 1.5% this year.

By contrast the Philippine economy is still projected to grow by at least a net of 1.5%. And while Thailand, Indonesia and South Korea among them have run through \$100 Billion in I.M.F. funds with little visible effect. The Philippines is just beginning to dip into an I. M. F. standby credit of \$1.3 Billion with a modest \$260 Million request.

As you well know, we exited last March — as planned — from 35 years of supervision by the IMF — even while our neighbors were actively seeking IMF aid for their own financial systems.

What is more, our country's exports still enjoy the highest growth rate in the region. Although they are slowing down, our exports led by electronics, textiles and garments and valued at about \$2.4 Billion per month over January - July still grew by 20% over exports of the same period last year. In addition, foreign direct investment into the Philippines is higher than in other ASEAN countries.

Another favorable factor is that remittances from our heroic overseas workers — which average \$5 to 7 Billion a year— prop up both the exchange rate and consumer-spending and OFW remittances are apparently accelerating again, after slowing down in 1997.

The National Government Deficit

Of course, the crisis has caused a severe shortfall in government revenues. This year the two revenue agencies have been fallen far short of their targets — The Bureau of Internal Revenue by 7.3% and the Bureau of Customs by 25%.

At the end of June, the national government deficit stood at some 24 billion pesos. We had initiated cost-cutting measures in government by virtue of an executive order issued by me in late December 1997 for implementation starting on day one of 1998.

Records show that these measures represent a total of some 66 billion pesos in

forced savings, and, as part of these austerity measures, we withheld releasing countryside development and congressional initiative funds worth some P14.4 billion (even in an election year) without, however neglecting the interventions necessary to mitigate the severe effects of El Niño upon our agricultural sector which constitutes 1/3 of the National Economy.

I understand the new economic managers are confident they can keep the deficit down to less than 40 Billion Pesos – even while allowing the Estrada administration to pump-prime the economy and invest in agricultural modernization.

II. RESTORING THE ECONOMY TO THE PATH OF GROWTH

Let me now turn to sectoral strategies and priorities for restoring the economy to the path of growth.

The new administration's announced priority of focusing investment in agriculture is sound not only because agriculture still employs the bulk of all our work people – but also because the typical Filipino still spends 53% of all his income on food.

Keeping the food supply up—and food prices down – must therefore be among government's first priorities. We must keep inflation control and maintain the price stability of basic commodities – even if we must import food to do so.

Over the past 15 months, the warm El Niño currents dried up farming, fishing and forestry with the drought now probably over agriculture should revive – particularly since government apparently intends to continue investing in irrigation and rural infrastructure – and in generally modernizing agriculture.

Agriculture continues to perform way below its potential because of backward technologies and an iniquitous land tenure system rural constituencies – because they are scattered and difficult to organized –cannot exert sustained pressure on government.

I will support any serious effort by this administration to carry out the agricultural modernization program spelled out by the tenth congress.

As for industry, it should concentrate on expanding export and industrial output for the home market by doing so, it will also create more quality jobs for our work people.

III. THE KEY ROLES OF FOREIGN INVESTORS

Finally, What role do I see in our national effort at economy recovery for foreign investors in this country ?

I see their role as crucial – given our own low savings rate and our dire need not only for capital but for new technology and modern management skills.

Foreign direct investment brings in new technologies and management skills.

Capital flows from foreign direct investment and portfolio investment broaden the flow of funds and therefore reduce the cost of capital to our own domestic companies.

Along with their money, foreign direct investors usually bring new production practices and new product lines. Many of this innovations soon become part of the country's conventional business practices.

For example, Japan's lean production techniques: quality circles, "Just in time" (J.I.T.) inventories, "One Village-One Product" Practice, and close supplier relationships have all become part of the International Manufacturing Heritage.

I agree with President Estrada's policy decision to continue keeping the economy open to investment flows in any effort to restrict the inward flow of capital, it is difficult to distinguish between short-term and long-term investments to the detriment of our hope for sustained growth.

Discouraging short-term capital inflows runs the risk of discouraging also the inflow of long-term foreign direct investment. If potential long-term investors are uncertain about repatriating future earnings and dividends, they may not even make an investment in the first place.

Strengthening Our Financial Institutions

The better solution – if less spectacular one – is to strengthen quietly the supervision of financial institutions and to enforce sound capital standards – both for discourage banks from profligate lending and to reinforce their financial positions. So that they can withstand loan losses should they occur.

So my own feelings – which I believe is shared by our incumbent political decision-makers – is that foreign investors will always have a hospitable and profitable place in this country – as investors, trading partners and faithful friend. †

(Chairman's Page - continued from page 5)

the century, the US had acted as if it owned the Shoal, since it was liberally used for naval gunfire and bomb runs by air and naval units based in the Philippines for training. After we gained independence in 1946 we acted as if we inherited the Shoal as part of the deal, and the US acted as if using the Shoal was part of the RP-US Mutual Defense Treaty. In fact at least 50% of our joint naval exercises involved such shore bombardment events. Philippine Navy units exercising their main armament did so, and volumes of Notice to Mariners may be shown to support this. And no squeak whatsoever from China.

Secondly, that we had established a light station at Scarborough Shoal is a matter of record. I believe there were earlier ones but the one I am most familiar with is the one I had instructed to be installed some time in 1991 by a Coast Guard buoy tender during my tenure as PCG Commandant. We advised the International Maritime Organization about it, an appropriate notice detailing its location and characteristics was issued, and it was listed in the List of Lights. By the way, establishing a beacon or fixed structure is one way of pinpointing a base point under the archipelagic rule and hence we can draw base lines from the closest points of Luzon and the Shoal (this is in the draft Shahani Bill).

† † †

The US Naval Institute celebrated its 125th anniversary last October. One of the institutions that had inspired and encouraged us to establish the *Maritime League*, its founding in 1873 came at a time when a few good men (a favorite phrase of mine) got together determined to proselytize on the good news on Sea Power after Alfred Thayer Mahan published his famous thesis. The Institute served its purpose of helping to get the President of the United States, the US Congress and the people to support the expansion of the Navy and firmly establish American maritime policy and expansion in the Pacific (That's how we got to speak English very early).

Carlos L. Agustin
Chairman

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International Year of the Ocean, 1998 Last Call: OCEAN CHARTER COMMITMENTS URGED

With the closing of the year 1998 also comes the closing of the International Year of the Ocean. A campaign had been initiated, albeit somewhat late, for signatures for The Ocean Charter for heads of government offices and My Ocean Charter for any individual who agrees with its content. These were both explained during the First Ocean Summit conducted at the AMOSUP Training Center, Intramuros, Manila on 2-3 December, 1998. The commitments will be incorporated in a book to be compiled by the UN Environmental Program (UNEP) and the United Nations as part of the International Year of the Ocean project.

We urge all readers, members and non-members alike, to reproduce as necessary, understand, sign and send to:

Dr. Rafael D. Guerrero III
Executive Director
Philippine Council for
Aquatic Research and Development
Dr. Alfonso Eusebio Building
BPI Economic Garden
Los Baños, Laguna

Commo. Carlos L. Agustin AFP (ret.)
President and CEO
TheMaritime League





THE OCEAN CHARTER

I, _____ of the _____
(NAME) (POSITION) (GOVERNMENT OFFICE)

agree that:

- The oceans and their resources are a necessary element of life on this planet;
- The health of the oceans and the sustainability of the renewable resources, together with the wise and safe uses of its other bounties must be an axiom for all governments to accept and honour for the long-term benefit and existence of their respective and collective people;
- The acquisition of the knowledge necessary for the understanding and stewardship of the oceans and their adjacent seas and for the adoption of policies, standards and regulations to protect the ocean environment and to husband its resources, are goals to be pursued both nationally and internationally; and
- There must be mutual assistance and the will to work together to achieve common goals for the oceans - adjacent and regional coastal states should cooperate in the adoption of local policies and actions - countries with knowledge and resources should assist less fortunate neighbours - data and information for global regional problems should be readily available - States should make use of international and intergovernmental organizations to generate global programmes and agreements.

Acting on behalf of the _____, I recognize the wisdom of acting in unison to protect the oceans and to use its resources in a sustainable manner and accept this Ocean Charter as a basis for future action.

Signed this _____ day of _____, 1998
International Year of the Ocean

Witnesseth:



MY OCEAN CHARTER

I A G R E E

The oceans and the creatures therein are a necessary part of life on this planet.

Maintaining the health of the oceans and the abundance of its fisheries, together with the wise and safe use of all its resources, must be accepted and honoured by governments so that future generations can enjoy the continuing benefit for all peoples.

Understanding the marine environment and its living community, is necessary for the stewardship of the oceans and the seas and for the making of decisions to protect and husband its resources.

I P R O M I S E

to remember my oceans charter, in my treatment of the oceans and the waters that flow into the ocean, in my work and in my play and in the decisions that I make.

International Year of the Ocean, 1998

Signature _____ Date _____

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