



MARITIME REVIEW

A P U B L I C A T I O N O F T H E M A R I T I M E L E A G U E

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North Harbor Modernization: Its' now back to single terminal set-up

ATI backtracks on bidding for North Harbor,
starts negotiating for a new contract with South Harbor

Volatile fuel price concerns Aboitiz Transport Group



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The *Maritime Review* is published bimonthly on behalf of the Maritime League and is supplied to members as part of their annual membership package. The opinions expressed by the writers do not necessarily reflect those of the Maritime League.

MAY - SEPTEMBER 2006**CHAIRMAN EMERITUS****Hon. Fidel V. Ramos****HONORARY CHAIRMAN****Hon Leandro R. Mendoza****CHAIRMAN AND PRESIDENT****Commo. Carlos L. Agustin AFP (Ret)****BOARD OF TRUSTEES****Plaridel M. Abaya****Vicente F. Aldanese****VAdm. Napoleon C. Baylon, AFP (Ret)****Capt. Alberto Compas, MM****Herminio S. Esguerra****Edgar S. Go****Doris Teresa M. Ho****VAdm. Reuben S. Lista****Hector E. Miolo****Carlos C. Salinas****Vicente A. Sandoval****Philip S. Tuazon****Editorial Board****CHAIRMAN****Commo. Carlos L. Agustin, AFP (Ret)****MEMBERS****Edgar S. Go****Doris Teresa M. Ho****Dante La Jimenez****Ernest Villareal****Editorial Staff****EDITOR****Carmela I. Huelar****EDITORIAL ASSISTANT****Let B. Amante-Capatoy****LAYOUT****Richerly Howard T. Domingo****THE MARITIME LEAGUE**Philippine Navy Procurement Building
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MAY 1-2**2006 Spring Meeting, Intermodal Freight Transportation Working Group**
Oak Brook Hills Resort; Oak Brook, IL**MAY 11-20****Maritime Safety Committee 80th Meeting**
IMO, London**MAY 16-18****ITEC 2006**
London, USA**MAY 16-19****Ninth International Marine Design Conference (IMDC '06)**
Ann Arbor, MI USA**MAY 29 - JUNE 1****SIMTECH 2006**
Sydney, Australia**JUNE 6-7****USNI Homeland Port Security Conference**
IMO, London**JUNE 14-16****Tech Cooperation Committee 55th Meeting**
IMO, London**JUNE 20-24****Council 94th Meeting**
IMO, London**JULY 4-8****Facilitation Committee 38th Meeting**
IMO, London**SEPTEMBER 1-30****IWA World Water Congress**
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Email: water@iwahq.org.uk
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Beijing, China**SEPTEMBER 15-18****ITU Telecommunications Technology**
Cordoba, Argentina**SEPTEMBER 25-29****9th International Conference on the Stability of Ships and Ocean Vehicles**
Rio de Janeiro, Brazil**CONDOLENCE:**

Maritime Review and the Maritime League would like to extend their heartfelt condolence to the family of Mr. ROMY ORDAS, president of Uniship who passed away last May 5 at the Olivares Hospital of heart attack. Mr. Ordas is survived by wife Aida and children Natalia, Bon and Patricia. Our heartfelt condolence also to Mr. Ordas' Uniship family led by the chairman Capt. Jae Jang.



by Carlos L. Agustin

Sixty countries, including the Philippines, have ratified the United Nations Convention of the Law of the Sea (UNCLOS). The UNCLOS contains the definition of maritime zones- the territorial sea, the contiguous zone, the exclusive economic zone, the continental shelf, the high sea, the international sea-bed area and archipelagic waters. It also made provision for the passage of ships, protection of the marine environment, freedom of scientific research, and exploitation of resources.

One of our most significant difficulties with respect to the Law of the Sea concerns our inability to prescribe base lines, and this is greatly felt during our boundary delimitations meetings with neighboring countries, particularly Indonesia.

The Sulawesi Sea bordering Indonesia and the Philippines is a region with a rich ecosystem that provides food and livelihood to subsistence fishermen from both countries. The presence of Filipino fishermen "encroaching" in Indonesian waters and Indonesian workers crossing into the Davao area has been a constant source of anxiety between the two governments, which have nevertheless taken positive approaches to resolve differences. After all, Indonesians were among the "aborigines" of the Philippines and a long history of friendship and collaboration exists between the two ASEAN member countries.

For the Philippines, Ambassador Alberto A Encomienda, Executive Director of DFA's Marine and Ocean Affairs Center (MOAC) has taken a proactive approach to resolving the maritime boundary issue. The first meeting of the Joint Technical Team on Maritime Boundary Delimitation between Indonesia and the Philippines was held December 5-7 in Batam, Indonesia. Each side maintained its proposed boundary delimitation line—

The Imperatives of Delineating our Maritime Boundaries

Proportionality Line Principle for Indonesia and Median Line Principle for the Philippines.

Indonesia is keen on pushing for the proportionality principle where 21,024,101 hectares will fall under their jurisdiction while the Philippines will have 11,323,904 hectares. For the Philippine side, the median line principle is the preferred option with the country poised to acquire 13,671,751 hectares in the Sulawesi Sea compared to Indonesia's 17,941,612 hectares. Thus based on the median line principle, the Philippines will assume a larger area of maritime jurisdiction in the Sulawesi Sea compared to that proposed in the proportionality principle, although still less to that of Indonesia. In addition, the median line principle is seen to conform better to provisions under the UNCLOS in drawing the boundary line separating the Sulawesi Sea.

I was privileged to join the Philippine delegation headed by Amb Encomienda during the meeting at Jakarta, Indonesia on 3-5 August 2004. I was also designated as Co-Chairman of the Sub-Committee on Safety and Security of Navigation, which discussed the Designation of Archipelagic Sea Lanes of Communication, International Sea Lanes of Communication (SLOC), Domestic Ship Routeing for BIMP-EAGA, Interna-

tional Burden Sharing, Monitoring, Control and Surveillance (MCS), International and Bilateral Cooperation in Capacity Building and Combating Piracy and Armed Robbery Against Ships at Sea.

We have also failed to declare Archipelagic Sealanes as required by Article 47 of the UNCLOS. Indonesia did so in the early '90s as a result of the absence of an archipelagic baselines law that, unless challenged by other countries, legalizes our territorial waters and EEZ.

The Left, National Development, the NSTL and NROTC

An interesting item on the PN e-mail circuit (from frosty781@hotmail.com) sourced from Insight RPN-9 March 20, 2006 reported that according to Mr. Armand Arreza, "Hanjin will set up their shipbuilding facility in Subic, Zambales to include 15 other sub-contracting companies, from steel suppliers down to companies for the smallest ship components. Hanjin in Subic already closed 4 orders of vessels even if their Subic yard is not yet finished."

He adds: "The bad news is that the leftist communists with help from the left leaning priests and nuns are planning to launch a flotilla of small fishing boats to block the installation of the drydock and

Continued from Page 5

The Imperatives of Delineating our Maritime Boundaries

shipbuilding facilities at Subic.”

We conducted in March 2006 a forum on the National Service Training Law (NSTL) and discussed at length the moves of the Left for the abolition of the ROTC program right from the beginning. This is particularly so in the case of the CPP/NPA, since the ROTC's demise would be beneficial to its strategic interest. But the way it turned out, the NSTL came in response to perceived irrelevance of the ROTC program and system, exacerbated by the evident mismanagement, corruption and lack of support by the government and the DND-AFP in particular, for allowing it to deteriorate to its state.

In the NSTL forum, the current UP ROTC Commandant, Col Virgilio Aganon PA (inactive) showed his “regression chart” which would make ROTC enrollment virtually nil by 2009 as a result of the NSTL. Yet the NROTC program is succeeding even under current circumstances, mainly because it is “riding high” on the maritime development in the upbeat seafaring sector, particularly when manning agencies and shipping companies hiring desire that the prospective candidates, whether officer or rating, undergo the NROTC program. Unfortunately the Army and Air Force programs have no counterpart demand, and thus suffer as a result of the NSTL.

The good news is that we, as well as conservative and centrist members of Congress, are realizing that we need to revive the ROTC. We in the maritime sector need to support this effort, even if apparently we do not suffer as a result of the enactment of the NSTL.

Similarly, we must not fall short in our support of the newly advancing shipbuilding program that, per this thread, the CPP/NPA would like to destroy. A shattered economy is a goal of the CPP/NPA so why allow an engine of growth to succeed?

When Tsuneishi started its successful effort in Cebu, there were moves by the CPP/NPA to block the development “in the name of democracy and environmental protection.” It was Left-inspired environmentalists, fisherfolk and farmers’ front organizations of the Left but fortunately the government did not give in.” ■

Teekay LNG Reports 1Q Results

Teekay LNG Partners L.P. reported net income of \$0.8m for the three months ended March 31 compared to net income of \$41.9m for the three months ended March 31. The results for the first quarters of 2006 and 2005 include a \$7.8m foreign currency exchange loss and a foreign currency exchange gain of \$45.0m. Nearly all of Teekay LNG's foreign currency exchange gains and losses are unrealized. The Partnership generated \$17.6m of distributable cash flow. Teekay GP L.L.C., the general partner of Teekay LNG, has declared a cash distribution of \$0.4625 per unit for the first quarter of 2006, representing a total cash distribution of \$16.5m. The cash distribution is payable on May 15 to all unit holders of record on May 10. ■

Natural Gas Economy Declining

On the brink of the 21st century, a group of energy experts peered into the future of natural gas, and what they saw was quite promising. To satisfy growing demand, producers could crank out a third more natural gas over the next decade at “competitive prices.” It could power the economy for decades to come. Or so said the National Petroleum Council in its 1999 report. But natural gas prices soon headed skyward, with prices charged by producers spiking late last year at nearly five times 1999 levels. This past winter, though starting off warm, saw the average gas-heating household spend a record \$867, a 17 percent increase, according to federal data. As for that predicted robust supply, the country's annual gas output has strangely slipped by 3 percent over the past six years. Something is broken in the economics of natural gas, say people inside and outside the industry. The bright dream of an economy built squarely on clean-burning natural gas is slowly deflating. Although the U.S. still derive almost a quarter of the country's energy from natural gas, its share will slip in coming decades, federal forecasters now say. The industry largely blames old fields and

self-defeating government policy, but others blame those who work within the industry itself. Industry leaders say they're trying to fix things, but declining gas fields and harder-to-reach new ones are limiting output. While government policy turned less-polluting natural gas into the fuel of choice for new electric plants in the late 1990s, federal rules kept drillers away from vast stretches of public land, the industry complains. Then came last year's hurricanes. However, most drilling restrictions were imposed years ago and added no new impediments to output during the price run-up, say federal energy officials. And the hurricanes only added the latest insult to a market with much bigger, older injuries. Also, reported Forbes, other trends should have cooled off prices. Yes, gas-fired generators did use almost 1 trillion more cubic feet of natural gas last year than in 1999. But at the same time, factories cut back, using almost 1.5 trillion less, federal data show. The country is not running out either. There's enough natural gas to last beyond 65 years - much longer than oil, according to the best forecasts. (Source: Forbes) ■

Russia Relying on Offshore for Future Production

Sakhalin Island currently is the oil and gas growth engine for Russia, which will rely on offshore regions for new production after 2010, the Oil & Gas Journal reported. By 2020, offshore fields could account for 20% of Russia's total oil and gas output. However, Russia must implement regulations and taxes before its offshore oil and gas assets can be developed since offshore royalty issues remain largely unaddressed. The Russian Duma is working on the Mineral Extraction Law and on a new subsoil law. The Russian government's anticipated shift to holding auctions for oil and gas blocks instead of tenders now appears unlikely. International oil and gas companies operating in Russia probably will be prevented

from taking more than 49% interest in offshore fields. Two-stage tender offers are expected by 2010, involving 32 blocks in the Barents, Okhotsk, and Pechora seas. OAO Gazprom plans to liquefy gas in Russia from Shtokman gas and condensate field, awaiting development in the Barents Sea. Partners for Shtokman have yet to be announced. Royal Dutch Shell PLC, parent of Sakhalin Energy Investment Co. Ltd.'s lead partner, has said costs for the Sakhalin II Phase 2 might reach \$20b, twice the original estimate for the entire Sakhalin II project. The project also has encountered delays related to environmental issues. Shell plans to start year-round oil production, which depends on pipeline construction, in late

2007 and LNG sales in the summer of 2008. Sakhalin II produces about 80,000 b/d during summer, with oil moving to Japan via tanker. Two thirds of Russia's future offshore production is expected to come from the Barents Sea and Kara Sea. (Source: Oil & Gas Journal) ■

MAN B&W to Power MAERSK AHTS

MAN B&W Diesel A/S, Frederikshavn, Denmark has been awarded a contract to supply complete twin-screw twin-in/single-out medium speed propulsion packages for eight Anchor Handling Tug Supply Vessels (AHTS). The newbuildings, which will be built by Aker Yards AS, Norway, were ordered by the A.P. Moller - Maersk Group's Maersk Supply Service. The finalized vessels are expected to be delivered from Norway (from both Aker's Brattvaag and Langsten shipyards) with two month intervals during 2008 and 2009. The AHTS vessel design, designated VS 472, is designed by the renowned Norwegian group of ship design consultants, Vik-Sandvik AS. For MAN B&W Diesel - this order, which follows a number of offshore contracts, is a substantial order now with another 32 main engines - strongly positioned in the offshore support vessel market sector. The quadruple-engine propulsion packages are each based on a twin-screw, diesel-mechanical, twin-in/single-out plant with 7 cyl and 8 cyl L27/38 engines arranged in a 'father and son' configuration with Renk double gears. ■

LR to Class World's Largest LNG Ships

Lloyd's Register is to class all six of the next series of large liquefied natural gas (LNG) ships ordered by Qatar Gas Transport Co Ltd (NALIKAT) for the fifth train of the Qatargas II project. These 'Qmax' ships will be the world's largest LNG ships. They will be twin-skeg, driven by two diesel engines and fitted with re-liquefaction plant. They will transport gas from Qatar to the US. Three of the ships will be built at Samsung Heavy Industries (SHI), with a cargo capacity of 266,000 cubic metres, and the other three at Daewoo Shipbuilding and Marine Engineering (DSME) with a cargo capacity of 263,000 cubic metres. Both yards have recently re-organized their production plants to accommodate the construction of these giant ships. "We are delighted to have secured the classification of the world's largest LNG ships at both SHI and DSME, and

we are looking forward to working with the shipowner and both shipyards on this challenging and ground-breaking project. The support provided by both shipyards during the design validation stage was exemplary, and we look forward to continuing this good working relationship during the construction of these innovative ships," says Roy Thomson, Marine New Construction Manager for North East Asia, Lloyd's Register Asia. "Our ambition is to consolidate our position as a leading builder of LNG ships," says C Y Kim, Vice President Project Planning Team 1 of SHI. The Qmax ships at SHI will begin construction in March 2007 and will be delivered between August and November 2008. The Qmax ships at DSME will begin construction in June 2007 and will be delivered between September and December 2008. ■

PPA grants long-term contract to GenSan cargo handler

Following the review and qualification of incumbent cargo handling operators (CHOs) with expired or expiring probationary contracts, Philippine Ports Authority (PPA) Head Office (HO) in Manila recently awarded the ten-year management contract to South Cotabato Integrated Port Services, Inc. (SCIPSI) at the Port Management Office-General Santos.

Dubbed as "Long Term Contract for the Operations of Cargo Handling Services", it was signed by PPA General Manager Atty. Oscar Sevilla and SCIPSI President Col. Edgardo Abesamis on February 20, 2006 and will expire on February 19, 2016.

Cargo handling services, as defined in the PPA Administrative Order 10-81, cover arrastre, stevedoring, and other related activities with the use of gears and equipment and the supply of required manpower. Arrastre services refer to receiving and loading of cargoes from and to ship's tackle with the use of dock gang (workers) and equipment. These basically sum up activities done within the quay or on land in terms of cargo movement. Stevedoring, on the other hand, cover loading and unloading of cargo, stowing inside hatches, compartments and on the deck or open cargo spaces on board the vessels.

The provision of cargo handling services and gears is practically the bloodline of port operations. It determines the vertex of port productivity in terms of overall cargo throughput (volume) and the rate of the movement of bulk, breakbulk and containerized goods (efficiency). PMO-General Santos, over the years, has only one CHO (SCIPSI in this case) to serve the Makar baseport.

Prior to the approval of the long-term CHO contract covering 2006-2016, SCIPSI, along with other Southern Mindanao (SoMin) ports in Cotabato, Davao and Zamboanga, were granted with their respective two-year probationary contracts.

SCIPSI's then probationary contract covered the period September 26, 2003 to September 26, 2005. All the rest also ranged between 2003 and 2005 but only differing in specific dates of issuance and expiration.

Said contracts consist of stringent provisions set by PPA like maintenance of adequate working capital, posting of performance bond, carrying out of the company's business plan (inclusive of deployment of modern facilities and market projections), provision of sufficient cargo handling equipment, and safety equipment and gears, meeting the committed productivity rates, establishment of port labor trust fund and exercise of visitorial powers of PPA. Most of the stipulated considerations of the two-year contract were also carried over in the long-term contract of SCIPSI.

Salient conditions of the present contract include the commitment to install a mobile harbor crane when container traffic carried by Lift-On Lift Off (LOLO) vessels reaches 50,000 boxes or TEUs (Twenty-Foot Equivalent Units) within the ten-year period as committed by SCIPSI in its business plan. Makar's container (LOLO) cargo traffic has recently reached 27,000 TEUs. It envisions to cater to non-self sustaining vessels as have been the trend in many international ports that carry export and import goods.

Notwithstanding the existing requirements of the recent Republic Act 9184 (otherwise

known as the Government Procurement Reform Act), the recent process of granting the contract was not undertaken through bidding but by concession.

In its letter to the Government Procurement Policy Board (GPPB), PPA management reasoned that based on the definition of "procurement" in Section 5 of RA 9184, cargo handling services is not within the coverage of the law since when the PPA privatizes said services, it actually enters into subcontracting agreement where, as principal contractor/cargo handler, it subcontracts the work to a private entity as part of its privatization program."

Furthermore, citing Section 7 of said RA, PPA HO stressed that in the award of CH contracts, PPA does not disburse any fund but rather receives an income in the form of a government share.

PPA, as a Government-Owned and Controlled Corporation (GOCC), is authorized to collect 10 percent government share from gross income for domestic cargo and 20 percent from foreign cargo handling. Top management paralleled its stance to the Maynilad Waterworks Services, Inc., also a GOCC, which privatized its function or mandate by awarding concession agreement to Manila Water Company to provide water to Metro Manila residents.

PPA Commission on Audit (COA) resident auditor at the Port District Office (PDO)-Manila, taking note of the GPPB website on the ruling of procurement of goods and services for GOCCs, however, had earlier opined that a bidding procedure be pushed in view of RA 9184 Implementing Rules and Regulations (IRR). ■

Ambassador Li Jin Jun of the Republic of China and a group of business consultants recently visited the PPA Port of Currimaog in Ilocos Norte relative to his government's plan to establish a consulate in Laoag City as a manifestation of interest in building friendship and stronger economic ties between the Philippines and the Republic of China. The Chinese Ambassador said that he was optimistic that the consulate will open and become operational before the end of this year.

PPA, PMO San Fernando officials led by PM Silverio D. Mangaoang, Jr., Hon. Mayor Rosario C. Go of Currimaog, Ilocos Norte, Hon. Mariano V. Marcos II, SPM Carlito Abadilla, Col. William T. Farinas of APCI welcomed the ambassador and his group. Representatives from the provincial and local government units of Ilocos Norte as well as national government agencies

AMBASSADOR LI JIN JUN OF CHINA VISITS CURRIMAOG PORT

were also present during the occasion.

Division Manager Jerome Balisi welcomed the party in behalf of PPA management. He briefed the delegation regarding the PPA's vision and mission, facilities and services, office systems and procedures, operational performance of the port, completed projects, and future development plans for the port terminal specifically the proposed cruise ship berth.

During the open forum, Ambassador Li, through an interpreter, conveyed his appre-

ciation for the warm welcome and hospitality extended to them. He promised to meet with various sectors of government upon his return to China and to convince his countrymen and business groups to visit and invest in Ilocos Norte with the information on the very supportive, peaceful and friendly environment in the province. He added that the proposed tourist cruise berth will surely prosper considering that millions of his countrymen love travelling especially during the cold winter seasons. ■



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ICTSI to acquire three international ports this year



Country's leading private port operator International Container Terminal Services, Inc. is eyeing to buy at least three international ports this year as part of its overseas expansion program.

In its annual stockholder's meeting held last week, company chair and president Enrique Razon Jr., said they are eyeing ports adjacent or nearby the ports they operate. He, however, declined to give further details.

Of date, ICTSI operates Tecon Suape in Brazil, Baltic Container Terminal (BCT) in Poland, and took over the Naha port in Japan and the Port of Madagascar in Tomoasia last year. ICTSI is also the priority bidder for the Guererro Port in Guam. The firm is also looking at the possibility of landing a

port in China. They are now closely looking at three possible locations in China.

"We have already submitted one bid and we're preparing to have some more, but these things takes time. And it would take us about six to 10 months to complete it," Razon added.

At the moment, 66% of the revenues of ICTSI come from its operations in Manila International Container Terminal and 36% from its overseas terminals, particularly from Brazil and Poland.

Razon likewise added that they are also eyeing to improve the capacity of its international ports to handle about 500,000 TEUs to 1 million TEUs a year.

Last year, Tecon Suape handled a volume of 179,473 TEUs, while BCT had a

volume of 400,000 TEUs.

Recently, ICTSI announced that they will add four new rubber-tired gantries (RTG) and two new quay cranes to its cargo handling equipment fleet in BCT. The first two cranes will be ready for operation by the end of next month, and the two remaining units will come into service at the end of June also this year. The new equipment will raise the handling capacity of the terminal up to 750,000 TEUs a year. Last year, ICTSI started the roll out its \$100 million investment program, which runs until 2020, to improve the capacity of its Polish terminal to 750,000 TEUs.

This year, ICTSI is concentrating on expanding their Madagascar terminal and they are setting aside \$26 million to expand the capacity of the terminal.

ICTSI reported a net income of P1.34 billion in 2005 as against a restated P1.14 billion in 2004, mostly as a result of strong volumes in Brazil and Poland which offset the sluggish volume in the local market. ■

Subic port development gets into a high gear

The on-going construction of the Subic Bay Port Development Project gets an early fuel booster after a top executive of the Subic Bay Metropolitan Authority (SBMA) finalized the shipment of two gantry cranes here.

SBMA Chairman Feliciano G. Salonga said that the acquisition of the two gantry cranes is part of a bigger plan of the government for Subic Port to increase its capacity to 600,000 twenty-foot equivalent units (TEUs), thereby positioning it as a world class economic hub in the region, if not in the Asia-Pacific.

"As envisioned, Subic will become part of the economic growth area in the region that would help the country improve its financial status," Salonga said.

Salonga recently came back from Japan where he finalized the acquisition of the two goose neck-type Quay Gantry Cranes, each with a capacity of 40.6-tons rated load. The two cranes will arrive in the Philippines in the third quarter of this year and are to be

installed each in the Container Terminals 1 and 2. Two more gantry cranes are coming in by mid-2007, in time for the completion of the Subic-Clark-Tarlac Toll Road (SCTR).

"With the installation of the four new quay gantry cranes, the annual port capacity of the container terminals will leap to 600,000 TEUs from the present capacity of 100,000 TEUs," Salonga said.

SBMA obtained the cranes through a joint venture agreement with Penta-Ocean Construction Co., a consortium of TOA Corporation and Shimitzu Corporation of Japan, under a loan package funded by the Japan Bank for International Cooperation (JBIC).

The cranes are part of the \$215-million Subic Bay Port Development Project that includes sub-projects such as the construction of modern container terminals, two berths measuring 280 meter-length and 13 meter-deep, and four gantry cranes with a total capacity of 600,000 TEUs.

"Our priority for the year really is the timely completion of the port development

project," SBMA Administrator and Chief Executive Officer Armand Arreza revealed.

He mentioned that in addition to container ports, the port modernization project has also the grain terminal, which shows great growth with non-containerized cargoes.

"It comes primarily from the bulk grain business. Subic is strategically located such that it is also near the agricultural base of the Philippines. Having a container bulk grain terminal located here makes some sense," he said.

The SBMA Administrator expressed confidence that the new port if finished would make Subic a key player in containerized and non-containerized cargo handling, which will attract more shipping companies worldwide.

"At that time, we will begin getting shares of the local and international shipping business in the region and the Asia-Pacific, while helping in decongesting the land and sea traffic in Metro Manila and the Manila Bay," Arreza said. ■

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North Harbor modernization: Its' now back to single terminal set-up

By: Bong Parungao

The lack of interested bidders for the North Harbor privatization has forced the Philippine Chamber of Commerce and Industry (PCCI) to shift back to its earlier proposal to have a single terminal for the port instead of two competing terminals.

It added that the two-terminal set-up is not viable after it saw that there were only few or no interested bidders for the terminal.

Xavier Aboitiz, PCCI vice president on committee on transportation, in an interview said they had told Philippine Ports Authority (PPA) since last year that PCCI could live with a single terminal since South Harbor and the Harbour Centre, both in the Port district of Manila, are already there.

"Keeping with the two terminals, wasn't going to achieve anything. PPA had this for so long, two or three years and they have not gotten any interested bidders," Aboitiz added.

Aboitiz likewise explained that he does not know any interested bidder in the North Harbor privatization since PPA was not saying anything about the interested bidders when they made a presentation to PCCI.

"That's the reason why we suggested looking at a single terminal because logic will tell us that the one-terminal scheme is more attractive," he said. PCCI sits in the board of PPA as the private sector representative.

Francis Andrews, senior vice president of International Container Terminal Services, Inc., the country's largest port operator, earlier said they are not eyeing to operate the North Harbor since it is very different with the way domestic port is being managed. According to the terms of reference approved by the PPA board on February, the privatization of the North entails breaking up the North Harbor in four terminals. Terminals 1 and 2 will compete with each other by having the same facilities, including capability to handle roll-on/roll-off containers and passenger vessels, yard gate complex, maintenance shops, office building, among others.

Terminal 3 will be for the trampers or for the conventional, non-containerized, bulk/breakbulk vessels and passenger vessels, while terminal 4 is the two-storey passenger terminal building to house departing passengers.

The problem with the said set-up, according to Aboitiz, was that government has spent some P300 million for its partial modernization of terminal 1, while the other needs additional improvement on its facilities.

PPA said it would ask for a concession fee of P9.4 million a month for the modernized terminal and P2 million for the other.

"When one bidder wins the terminal 1, he would have to consider the other. What will happen to terminal 2? The winning bid-

der would have to put up facilities and all the investments needed," Aboitiz said.

"The reason why there are not too many interested bidders is because they don't see that they cannot make money," he added.

Years ago, PCCI was the one advocating for a two competing terminal scheme at the North Harbor, the main reason why the privatization of the port has been in the pipeline for a decade.

As this develops, the privatization of the country's premier port is expected to drag further after the PPA gave in to the demand of the PCCI as the situation prompted the PPA to pullout the terms of reference (TOR) submitted to the Investment Coordination Committee of the National Economic Development Administration for approval and do not expect to submit the new one as early as June.

Based on PPA schedule, the privatization process of the North Harbor should already been started within the first quarter of the current year and expect a new concessionaire at the end of the year. The delay in the timetable for North Harbor also bumped further the schedules for other port to be privatized such as the Port of Batangas which is supposed to start at the second-half of the year.

PPA said that PCCI's new proposal would probably be discussed during the next board meeting. ■



to operate only a single domestic operation in the ports of Manila.

"I am not saying that ATI is not interested at North Harbor. What I am saying is that ATI already have a domestic terminal in South Harbor. Nonetheless, we still have to study actual figure first before making a final decision," Rickcord said.

If ATI decided to permanently backtrack from its earlier stand to bid for North Harbor, it will be a ma-

PPA justified this amount by stating that the government spent almost P300 million for its construction and upgrades which includes a marine slipway. Terminal 2, on the other hand, will be worth P4 million a month since its needs a lot of improvement and investment for the winning bidder.

Both terminals will compete with each other by having the same facilities, including capability to handle roll on-roll off containers and passenger vessels, yard gate complex, maintenance shops and office building. Winning bidders for terminal three, which will be used for trampers or non-containerized bulk or break-bulk cargo, will be charged P2 million monthly while the operators of the two-storey passenger terminal building (PTB) will be charged P500,000 monthly.

Meanwhile, over at Batangas Port, Rickcord said government intervention is vital to in-

ATI BACKTRACKS ON BIDDING FOR NORTH HARBOR, STARTS NEGOTIATING FOR A NEW CONTRACT WITH SOUTH HARBOR

Port and logistics operator Asian Terminals, Inc. (ATI) has gone cold about its plan to bid for the 25-year concession agreement for the North Harbor.

ATI president and chief executive Jeremy J.L Rickcord, in an interview, said they have to see 'actual traffic' at the port first before committing themselves to bid for the agreement.

He added that the increasing traffic in their domestic operations at the South Harbor could also play a vital role as they only plan

to increase cargo volume at the port. A major blow to the privatization process for the port after International Container Terminal Service, Inc. (ICTSI) earlier announced their disinterest in bidding for the port as their operation is concentrated only to the international market leaving the PPA without any credible bidders outside the shipping line operators. It is earlier reported by PPA that both ATI and ICTSI were jockeying for position for the management and operations of the country's premier port.

According to the terms of reference (TOR) approved by the PPA board on February, the privatization of North Harbor entails breaking up the North Harbor in four terminals. The TOR allows the government to collect P9.4 million in monthly concession fees from the winning bidder for terminal one. The

increase cargo volume at the port. Rickcord explained that a more concrete government action plan, specifically with regards to the flow of vehicle traffic to and from the port as well as shifting of location of cargo from Manila to Batangas, is needed. He added that if the government, both national and local, continue to enforce existing policies Batangas port's dream to become a power in containerized shipping would not be achieved.

"Government intervention, complimented by enough infrastructure projects like roads leading to the port would be the first major steps for Batangas to become a major player in the global containerized cargo market," Rickcord stressed.

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Rickcord added that the port's not-so-fulfilling cargo traffic is due to the inability of the Batangas local government to solve traffic woes to and from the port and the continued preference of direct callers to the Ports of Manila.

Of date, Batangas Port has been successful in the break-bulk (loose cargo) market but container traffic has been flat for the past two years. Vessel traffic, on the other hand, is down to only once every two weeks. Latest data from Batangas Port showed total cargo throughput of 1.4 million metric tons was registered wherein 446,000 were domestic cargoes while only 96,000 were foreign cargoes. The figures are relatively lower compared to the figure posted in 2004.

Batangas Port is one of the 10 ports being groomed by the Philippine Ports Authority (PPA) to be at par with global standards by 2010. It is also expected to become a major hub in the global containerized cargo market in the future.

"It all depends on government's attitude. Whether they will continue to allow the free-flow of cargo traffic to Manila or to decongest the ports of Manila and divert excess cargo to Batangas," Rickcord lamented.

ATI is also set to start negotiating with the PPA for a contract extension to operate the international cargo section of the Batangas Port. The permit to operate subsequently issued by the PPA to ATI last year is set to lapse in September this year.

"We are striving to get an extension of the 1 year concession agreement we have with the PPA to operate phase 2 of Batangas and we hope we can get it," Rickcord said.

Aside from phase 2, ATI also operates terminal 1 or the domestic terminal of the Batangas Port. Last year, the PPA extended their contract to operate the terminal for another 10 years.

Meanwhile, ATI also started negotiating with the Philippine Ports Authority (PPA) for

a new contract involving management and operations of the South Harbor. ATI president and CEO Jeremy J.L. Rickcord, in an interview, said they will start negotiations this early in order to have more time to design a new development plan for the port.

"We are looking for a new concession agreement with the PPA involving South Harbor and we expect to get it within the year," Rickcord said.

ATI's 25-year concession agreement for the operations of the South Harbor is set to lapse on year 2013. According to Rickcord, this time ATI would bat for a longer-term contract. ATI committed \$300 million for South Harbor for until 2013. Rickcord, however, declined to answer if they are willing to infuse the same amount for the further development of the port in their contract extension.

South Harbor controls about 80% of the entire break-bulk market in the country and some 30-40% of containerized cargo. However, in the last two to three years, its share drop significantly by some 10-12% in the break-bulk business due to the shift in shipping practice to containerized shipment and the competition hoisted by private port operators such as the Harbor Center Port Terminals, Inc. or HCPTI. Containerized operations, meanwhile, slightly increased.

Last year, for its containerized operations, ATI handled 643,469 twenty-foot equivalent units, a slight increase over the 2004 figure. Conventional cargo, on the other hand, registered a 32% drop from 2.36 million tons in 2004 to 1.51 million tons.

This year, ATI is all set to embark on a rehabilitation plan for South Harbor which includes infrastructure expansion and maintenance as well as security enhancements.

ATI has allotted a little under P1 billion in capital expenditure and the bulk of which will go to the development of the South Harbor.

Aside from the South Harbor, ATI also operates the Mariveles Grains Terminal in Bataan, Batangas Port and the Makar Wharf in General Santos City in Mindanao. ■

Volatile fuel price concerns ATS

The continuing volatility in the prices of fuel remains to be a major concern for largest local shipping firm Aboitiz Transport System (ATS).

It said that the increasing oil prices has bumped up their fuel expenses by some 23% last year compared to the figure it registered a year earlier.

Aboitiz Equity Venture president and chief executive Jon Ramon Aboitiz, at the sidelines of ICTSI's stockholders meeting last week, said that the cost of fuel is a very high component and since ATS vessels are fully classed it eats up more fuel.

"The price of fuel is a continuing concern. We have to look for measures that will cut down our expenses particularly on fuel," Aboitiz said.

Among the measures that ATS has been lined-up this year include fleet resizing and route rationalization in its bid to turnaround

from a miserable performance last year.

"ATS refueling is being reviewed constantly. We also have to rationalize our routing and assets because fuel is a high component," Aboitiz stressed.

This year, ATS is set to sell one of its vessels in addition to the three vessels it all sold last year. It has also pulled out its operations in some less profitable routes due to competition posed by other low-cost shipping operators.

This year, ATS is poised to acquire new vessels that will either replace its ageing fleet or be deployed in other routes that will complement its other shipping operations like the 2GO-RRTS.

For 2006, ATS has set aside P1 billion capital expenditures for its shipping operations. Last year, ATS registered a P 11.7 billion income that resulted to a 20% growth in total revenues. ■

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BOC ISSUES CUSTOMS PASSES FOR FREIGHT FORWARDERS

Air and sea freight forwarders and their representatives will be allowed to transact business with the Bureau of Customs (BOC) after all even if RA 9280 or the Customs Brokers' Act is fully enforced on May 21. This after the BOC informally agreed to issue a Customs Memorandum Order (CMO) prescribing for the issuance of customs passes put forward by freight forwarders.

The Alliance of Freight Forwarders Organization (ACFFO), the protagonist that petitioned for the CMO, said they are again set

to meet with the BOC this week to iron out the kinks of the order and expect the CMO to be published two weeks before the deadline of the 60-day transition period. Customs Administrative Order 3-2006, issued on March 2, 2006, totally barred any person to transact with the BOC related to cargo releasing unless he is an accredited customs broker under RA 9280 starting May 21.

ACFFO vice president Jo Deveza, in an interview told PortCalls that their proposed CMO is good to go as the only problem when they presented it to the BOC last Wednesday was its style.

CMO but was made easier and earlier with their proposal. In the proposed CMO, sea freight forwarders and its bona fide employees will not be issued customs passes if they do not have subsisting Certificate of Accreditation with the Philippine Shippers' Bureau, Department of Trade and Industry. Air freight forwarders, on the other hand, should have subsisting Certificate of Accreditation with the Civil Aeronautics Board (CAB) before they will be allowed to transact with the BOC.

The Customs pass, meanwhile, will be used for purposes of transacting business with the BOC in relation to their freight forwarding operations such as but not limited to filing and amendments of manifests and loading of shipments at airport warehouses. However, the pass does give authority to process import and export shipments which are exclusive to BOC-accredited Customs Brokers and their duly authorized representatives pursuant to CAO 3-2006.

ACFFO petitioned for the issuance of Customs passes claiming that there are unavoidable instances that forwarders have to send representatives to the BOC like in issues for late submission of amendments to submitted manifests as well as personal representation with the office of the District Collector. It added that presently majority of their members are also operating as customs brokerage houses and therefore there is no problem as far as entry at the BOC is concerned because follow-ups is done by customs representatives.

However, come May 21, 2006 when the CAO becomes fully operational, most of their members would cease to operate as customs brokerage houses. Therefore, they would encounter some difficulty in entering the BOC to transact business because they would not have any customs passes anymore. ■



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The cruise industry has faced some tough problems recently. Reports of passengers vanishing to illnesses affecting entire ships have led many to wonder if the success of the cruise industry is sinking. But world-wide, the business of cruising is floating along just fine.

The cruise ship industry continues to boom. Last year, more than 11-million passengers boarded the fun ships, more expected in 2006.

South Florida leads the world in the number of vessels and passengers sailing out of the Port of Miami and Port Everglades. Yet the American market has barely been touched. Bob Dickinson, CEO of Carnival Cruise Lines, says, "Only 17 percent of North Americans have ever sailed on a cruise ship. So we have a long way to go. We only capture three percent of the vacation market."

This week Miami Beach is the center of the cruise ship industry, and if you don't think this is big business, just consider all the countries in-

involved. At the annual Seatrade Cruise Ship Convention, 10,000 people representing 950 companies from 100 nations are there. They're all promoting cruises in their areas.

Cruise executives are concerned that some potential passengers think cruising isn't safe. An industry report out this week finds in the past three years, there were just 206 components of crimes on board and 24 missing persons.

Andy Stuart of Cruise Lines International says, "As a matter of fact, compared to shore-side statistics, you are at least 10 times safer on a ship than on land. Hard to believe if you watch recent media coverage."

New cruise ships continue to be built at a record pace. 28 ships costing \$16 billion will set sail in the next few years. ■

PCG ASSIGNS BRP ROMBLON TO BICOL

Maritime and environmental laws enforcement as well as providing assistance to emergency situations in Bicol got the needed boost with the deployment of a search and rescue vessel to the Philippine Coast Guard district office in the region.

The BRP Romblon, the third 35-meter search and rescue vessel acquired by the Philippine Coast Guard from Australia, was deployed to Philippine Coast Guard in Bicol on Friday, March 3 in simple ceremony held at the Legazpi Port.

Captain Luis Tuason, PCG Bicol district commander, said the deployment of the modern ship is timely in the event of maritime emergency to provide support for the protection campaign of the maritime environment in the region. "It will play a significant role with the forthcoming establishment of the Bicol Marine Habitat Foundation, Inc."

Tuason said that since the PCG put up its district office in Bicol some thirty years ago, no search and rescue vessel was deployed compared to other regions. "The lack of said support facility encouraged smuggling and illegal fishing activities."

He said "today we are lucky to have the first ever search and rescue vessel deployed permanently or for the longer period in the region as we welcome the snappy men of BRP Romblon."

The ship, manned by Commander Juancho Mariano with 23 crew members, is designed for rapid response in the event of maritime emergency since it is equipped for recovery of survivors and for coordination of rescue operations at sea. It is also capable of conducting environmental protection among others.

The vessel designed and constructed in accordance with the classification society Det Norske Veritas high speed light craft

rules for patrol vessels, is equipped with two 35008D Caterpillar engines rated at 1044KW at 1800 KPM driving two outward turning pitch propellers and has a maximum speed of 24+ knots.

Albay Governor Fernando Gonzalez during the turn-over program said "this is very significant for the Bicol region and particularly the province of Albay for the Philippine Coast Guard plays a major role in enforcing maritime laws particularly those involve in commercial fishing, transport, as well as other aspects in ensuring safety at sea as well as protecting the environment

Also present at the turn-over rites were Maritime Industry Authority (MARINA) Bicol regional director Lucita Madarang, Capt. Dante Jimenez of the Mariner's Polytechnic Colleges Foundation, and other guests from the Philippine Navy, the Philippine National Police, and the PNP Maritime Command. ■

JOHANNESBURG, South Africa (Reuters) — Rescue teams braved ferocious winds on Thursday searching for 26 crew members missing after a bulk carrier ferrying iron ore sank in rough seas off South Africa's eastern coast.

Six of 33 crew members on the Greek-owned Alexandros T were rescued on Wednesday night shortly after the vessel went down off Port Alfred after taking on water in strong winds, rescue officials said. On Thursday, rescuers in a South African military plane spotted a seventh man in the water near the scene of the sinking 285 nautical miles offshore and directed a ship to the spot.



SHIP SINKS OFF SOUTH AFRICA; MOST OF CREW MISSING

"We recovered one more survivor today. He was on a life craft pinpointed by the South African aircraft from the air," Andre Botes, head of the search-and-rescue team told Reuters.

"He is very cold but otherwise unharmed." The Alexandros T was transporting 155,000 metric tons of iron ore loaded in Brazil and destined for China, a spokesman for its managers said.

"From what we understand, it started to list to one side and started to break up in half before sinking," Paul Killeen, deputy sea rescue commander at nearby Port Elizabeth, told Reuters by telephone.

Killeen said there were strong winds when the ship sank at about 10 p.m. (2000 GMT) on Wednesday. According to records on the U.S. Coast Guard's Web site, the Alexandros T was held at Norfolk, Virginia,

in 2003 for security deficiencies including "numerous leaking and damaged fire hoses throughout the vessel."

The 171,875 dead weight-tonnage vessel was built in 1989 and is registered under the management of Overseas Marine Enterprises Inc in Saint Vincent and the Grenadines, according to Norway-based independent maritime consulting foundation DNV. The company had no immediate comment on the possible cause of the ship's sinking.

Mark Hellenberg, a rescue coordinator with the Maritime Rescue Coordination Centre, said the Alexandros T had sent a distress signal at around 9 p.m. local time (1900 GMT). A nearby ship, the Fortune Express, was directed to the scene by maritime officials and found the Alexandros-T sinking fast and managed to rescue the six crew. "The rest of the crew appear to have

been forced into the sea," Hellenberg said.

Nicholas Brown, a spokesman for the ship's owners, said 24 of the crew were Filipino. Others were 4 Greeks, 4 Romanians and a Ukrainian.

Fierce winds and turbulent seas were still a major obstacle to the rescue effort on Thursday. A plane carrying a South African TV news crew to the scene was forced to turn back, an SABC official told Reuters.

A South African military plane was scrambled to the scene to join nearby ships in the rescue effort. A Canadian rescue helicopter in the vicinity was placed on alert. Killen was hopeful at least some of the missing would be rescued.

"I believe there is a good chance we will find some of them if not all alive," he said. ■

BIMCO submits comments on two proposed EU Directives

BIMCO has submitted its comments on two of the proposed EU directives in the so-called third maritime safety package, namely the directives on Port State Control and Ship-monitoring. The comments have been forwarded in the form of letters to the Rapporteurs in the Parliament and the Council working groups that are dealing with these directives.

It is the aim to engage in a constructive dialogue with the key players in respect of these issues in the Parliament and the Council, and it is therefore also hoped that the receivers of the letters will take up the invitation to continue the dialogue with BIMCO on these important matters. The two proposed EU Directives are the first two of seven proposals relating to maritime safety to be passed through the Parliament and Council. The main points made by BIMCO can be found below, and at the end of this article there is a link to the full text of the submissions:

Main points to the Port State Control Directive BIMCO shares the overarching objective of the directive, to utilize resources effectively to reduce the risk of major accidents taking place in community waters. Furthermore, being an advocate of quality shipping, BIMCO supports efforts to root out substandard shipping, and we believe that the directive will contribute towards this objective. We also believe that the rights and legal protections offered to the quality operators should be safeguarded, by ensuring that inspections are carried out to consistent standards and that smooth and swift appeal procedures exist to have unjustified detentions tried by a competent and impartial authority. BIMCO is concerned that there are shortcomings in the current draft directive in this respect.

The proposal provides for a more consistent and readable text, which will be welcomed by the inspected as well as the inspectors. As with all such major revisions, there are areas where the specific details of the proposal can be improved, and there are areas where the text can be strengthened.

However, there are concerns regarding the basis for Port State Control which should be found in international conventions such as SOLAS and MARPOL. The provisions therein should be respected, also in respect of protecting ships from undue detentions and delays. The proposal that detentions may be effected without a legal reference in particular gives rise to concern.

Main points to the Ship-monitoring Directive in respect of providing places of ref-

uge to ships in distress, it is important that provisions are in place to assess and respond to situations without delay, as time may be of the essence in such situations. The proposed directive is a good step towards this end, and it may also facilitate utilizing EMSA's competence in such cases.

The concern with the directive stems from the apparent omission of requirements



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FVR PRESIDES AT ANNUAL BOA

Former Philippine President and Ramos Peace and Development Foundation Chairman Fidel V Ramos, who is our Maritime League's Chairman Emeritus presided over the 5th Annual Meeting of the Boao Forum for Asia (BFA), at the Boao Sofitel Hotel, Boao, Hainan, China on 20-23 April 2006 with the theme, "Searching for Win-Win: New Opportunities for Asian Economic Growth and Driving Growth to the Next Level." FVR chairs BFA for 5 years until April, 2006. It was the most well attended and successful BFA annual meeting, with some 1,500 participants in attendance.

According to President Ramos, the event "typically gathers government and business leaders and other eminent personalities and experts from the academe, media, multinational companies, international research centers and think tanks, as well as multinational institutions such as the World Bank and the Asian Development Bank.

The BFA originated in July 1998 when former Prime Ministers Morihiro Hosokawa of Japan and Bob Hawke of Australia and former President Fidel Ramos embarked on a series of consultations in Australia, Japan,

China and the Philippines. This eventually led to the signing of the "Manila Declaration" which laid the foundation for setting up the Forum. After considering various sites and taking into account China's critical role in regional and world trade, the group selected the resort city of Boao in China's "largest special economic zone", Hainan as the site for its permanent headquarters of BFA, which also maintains administrative and operating offices in Beijing.

Current and former heads and key ministers of more than 30 countries attended

Continued from Page 19

BIMCO submits comments...

pertaining to the situations where a distress situation analysis results in a vessel being denied refuge. In such situations, there should be clear indications of what alternative action is considered more appropriate. As a refusal to provide a place of refuge may result in a vessel in distress sinking and causing pollution on other states' coastal zones, there should be a clear responsibility on the body denying refuge to assign an alternative means of saving the vessel and crew.

It is appreciated that the provision of a place of refuge should entitle compensation for loss and damage sustained as a direct consequence. The existing international liability conventions and insurance schemes fully provide for this, and therefore it is important that the directive ensures that discussions regarding financial guarantee and compensation do not delay the provision of refuge, nor are used as a reason for denying refuge to ships which do not meet the requirements in this regard. Places of refuge should be provided primarily to safeguard the environment, and not be granted following solely financial considerations. ■

DFR DIRECTOR RECEIVES PHILIPPINE COAST GUARD AUXILIARY AWARDS

Foreign Affairs Assistant Secretary for United Nations and International Organizations (UNIO) Aladin G. Villacorte announced that UNIO Director Jesus S. Domingo was awarded the Outstanding Achievement Medal (OAM) of the Philippine Coast Guard Auxiliary (PCGA) in recognition of his active participation in the planning and execution of humanitarian relief operations for Mindoro Oriental last December 2005 to January 2006.

Mr. Domingo holds the rank of Captain in the PCGA and is the commanding officer of

the 130th PCGA squadron headquartered in the DFA. The 130th squadron and other PCGA units had ferried several tons of relief goods by air, land and sea, to the victims of flooding in Mindoro.

The OAM is the highest decoration awarded to PCGA members, and was awarded to Domingo during ceremonies held on 4 May at the PCGA's Auxiliary Tactical Operations Forces (ATOF) Headquarters located at the Ninoy Aquino International Airport (NAIA) and presided over by Vice Admiral Joselito C. Aseniero, PCGA National Commander.

FORUM

the 20-23 April meeting as speakers or participants, including China's Vice President Zeng Qinghong, Hong Kong's Chief Executive Donald Tsang Am-Kuen, Australia's former Prime Minister Bob Hawke, Slovenia's President Janez Donovsek, Micronesia's President Joseph Urusemal, Sri Lanka's Prime Minister Ratnasiri Wickramanayake and Asian Development Bank President Haruhiko Kuroda also addressed the conference.

Among the speakers were two distinguished Filipinos in addition to former Presi-

dent Gloria Macapagal-Arroyo also awarded the PCGA the Presidential Unit Citation in recognition for its contributions to relief operations for St. Bernard, Southern Leyte. Rear Admiral Nestor Levanza, ATOF Commander and Commodore Danilo Cabalde, PCGA NCR-CL Deputy District Commander also presented merit and proficiency awards. Director Miguel R. Bautista of the Philippine Mission in Geneva, a PCGA Commander, was also an awardee.

Assistant Secretary Villacorte said that the PCGA is being tapped to join UNIO's "White Helmets" project through the 130th Squadron. The White Helmets, mandated by the UN General Assembly, are nationally-raised contingents of trained volunteer civilians intended to assist in international and regional humanitarian assistance missions, and complement the new "peace-building" thrust of the UN. They are essentially the humanitarian counterparts and law enforcement-oriented "Blue Helmets" Peacekeepers draw from the police and armed forces.

Assistant Secretary Villacorte added that the Mindoro and Leyte missions provided invaluable lessons for planning future White Helmet missions.

The PCGA is the volunteer wing of the PCG, and engages in activities such as humanitarian relief, search and rescue operations, maritime safety and environmental protection. DFA officers and personnel are welcome to join the PCGA 130th Squadron, based in UNIO. ■

dent Ramos: former Finance Secretary and current Asian Institute of Management (AIM) President Roberto F de Ocampo and DTI Undersecretary Elmer Hernandez.

Included in the Philippine delegation were Ambassador Alfonso Yuchengco, Chair of the Yuchengco Group of Companies; Herma Group Chairman Herminio S Esguerra; Clark Development Corporation President Antonio Ng; former Labor Secretary and former Congressman, Matrix Corporation Chair Ruben Torres; San Miguel Corporate (SMC) Corporate Affairs Director Racquel Paula Lichauco; Global Conglomerates President Philip Chien; Paglas Group President Datu Ibrahim Paglas; Chinese-Filipino Business Club Vice Chair Jaime Dychauco; Maritime League Chair and NDCP President Carlos L Agustin; Argosy Adviser's, Alfonso Yuchengco III; Jibsen

Capital Holdings (Hong Kong and Manila) Chair William Go; and RPDEV Executive Director Frumencio A Lagustan. The conference focused on various topics and issues, including, "Competitiveness of Asian Companies"; "International Energy Market Trends"; "New Models for Economic Competition"; "The Future of the Internet in China"; "Asian Financial Integration"; and "Why Doha Must Succeed", among others. Various aspects of China's growth and business development were also presented and discussed.

One particular item that was mentioned in the Sunday plenary by ADB President Kuroda of interest to transportation is the planned railway from Istanbul that will pass Central Asia and end up in Singapore, connecting from Northwestern China as well toward the Korean Peninsula. ■



WE ARE COMMITTED TO
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THE NEEDS OF OUR
PRINCIPALS AND THE
FUTURE OF FILIPINO
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FOR THE EXPANSION OF OUR FLEET WE ARE CONSTINUOUSLY
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THE Maritime Training Council (MTC) is now working out a new curriculum for the Liquefied Natural Gas carriers in anticipation of the possible demand for competent crewmembers.

Ramon Tionloc, deputy administrator of the Philippine Overseas Employment Administration (POEA) and director of MTC said that during their recent meeting with the International Maritime Organization's safety committee, it was agreed that India will draft the model course.

"The Philippines fully agreed to the urgent need for unified standards for LNG training and supported the proposal to develop the pertinent model courses," says Tionloc.

The draft of the course titled Familiarization training for LNG tankers" and "Specialized training for LNG tankers", according to Tionloc is expected to be completed by the middle of this year in time for the

MTC to develop curriculum for LNG carriers

next meeting of the IMO sub committee on safety.

There are about 65 new orders for 65 LNG tankers and carriers an addition to the 182 fleets existing since last year.

During the IMO meeting in Geneva, the Society of International Gas Tanker and Terminal Operators Ltd (SIGTTO) also presented a draft training and certification standards for seafarers serving on board LNG tankers to ensure that they are competent.

Like-wise, the Korea Maritime University admitted that in anticipation of the demand for LNG crew, they have established an Asian LNG Training Center (ALTC) using the courses they have developed.

Tionloc said besides Korea, the Arab Academy for Science, Technology and Marine Transport were also founded in Cairo, Egypt.

However, Tionloc said even as there are already three new training centers founded it would not be a hindrance to the Filipino seafarers particularly the newly graduates and cadets because they might include this to the new curriculum.

In addition, Tionloc said despite the entry of China and other nationalities in the maritime industry, the Philippines still remains the top supplier of seamen in the global fleets.

Asked if the demand in LNG would further add up to the problem of the country to fill the 10,000 shortfall of officers in the next few years as stated by the Baltic International Maritime Council (BIMCO), Tionloc said the government are exerting all efforts to manage this projected deficit.

He said they have already coordinated with the Professional Regulations Commission (PRC) and the Commission on Higher Education (CHED) to allow the graduate students of mechanical and electrical engineering courses to obtain a degree in Bachelor of Science in Marine Engineering and allow them to get licensure exams as marine engineers.

Initially, 50 mechanical engineering graduates will be enrolled in the scholarship program to be administered by the Maritime Academy of Asia and the Pacific, Tionloc said.

This new system of conversion and certification of mechanical and electrical engineering graduates is envisioned to alleviate the current shortage of marine engineers," added the MTC chief. ■ (Marie Neri)

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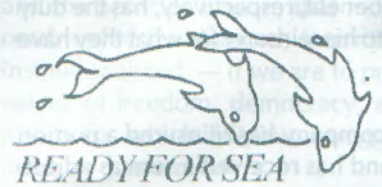
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Who is the Real Party in Interest in Subrogation Cases (Conclusion)

By: Atty. Vergel de Dios

Atty. Sheker continues to explain the "follow the fortunes" principle:

The "follow the fortunes" principle could therefore be viewed as also having the legal effect of reinstating and restoring to the insurer the legal title to the original claim for the purpose of collection suit and action (Petrikin v. Chicago, R.I. & P.R. Co. 15 FRD 346).

Besides, it would be difficult, if not impossible, for the reinsurer, unlike the insurer, to discharge the duties created and control the action brought to enforce the rights thereunder. After all, the prosecution of an action seems more than mere institution of action.

"To be a real party in interest one must not merely have an interest in the result of the action but must be in such command of the action as to literally be entitled to give a complete acquittance or discharge to the other party upon performance." (Spire v. Hanover Fire Ins. 364 Pa 52, 70A2d828).

Reliance by the reinsured(s) upon the insurer for him to sue is based on the equitable premise that the insurer who has pursued the case in his name for his and his reinsurer's benefit, respectively, has the duty to account to his reinsurer for what they have paid. "

If a surety company has reinsured a portion of its loss and has received a sum as adjust-

ment, it is bound to account pro tanto to the reinsurer for what it may recover by the assertion of its rights upon subrogation." (U.S. Maryland Cas. Co. v. Cinicinnati, *infra*).

The rationale being:

"Since the sole control and direction of claims and actions on policies issued by the reinsured where in its hands, the reinsurer could not question any decision or action taken by the reinsured in connection therewith, but the reinsured was bound to act in good faith." (Appleman, Insurance Law & Practice, Vol. 13A, Sec. 7703, citing N.Y. Pink v. American Sen. Co. of N.Y. 2d 842, 283 N.Y. 290, affirming 12 N.Y.S. 2d 998, 257 App. Div. 819) (underscoring supplied).

Prescinding from the above discussions, when the insurer wants to recover from third parties what he has paid the insured, the question as to whether he must alone sue in his name, whether his reinsurers must jointly, or whether his reinsurers must rely upon him to sue for their mutual benefit is answered.

Thus, the case of Maryland Cas. Co. v. Cinicinnati (DC 291 F 825) decided that:

"The fact that a surety company has reinsured itself does not prevent it from prosecuting an action, to the right of which it has been subrogated, in its own name for the full amount of its subrogated rights, although the recovery will be for the inter-

ests of the reinsurers and for its own interest, respectively, as they may appear." (Vol. 16, Couch on Insurance, 2d, p. 80) (underscoring supplied).

Under the foregoing reasons, the application of the principle of "follow the fortunes" in reinsurance precludes the equitable doctrine of subrogation from arising in favor of the reinsurer in respect of the recovery case pursued by a surety or insurer against the indemnitor or tortfeasor. Pioneer, inevitably, was the real party in interest even to that portion paid for by the reinsurer with reinsurance money. Thus, it is respectfully submitted that the Pioneer case should not have been dismissed. The Supreme Court should have likewise taken note of its earlier liberal interpretation that:

"Where the alleged real party in interest failed to intervene in the case for recovery of damages from the reinsurance co., the complaint is not defective. The party concerned is simply not interested to intervene." (Malayan Insurance Co. v. CA 146 SCRA 45 (1986).

The above concludes our topic on "Who is the real party in interest in subrogation cases". The opinions expressed are those of Atty. Alan Joseph A. Sheker, First-Vice President, Head-Administration Group of Pioneer Insurance & Surety Corporation. I have merely given way to its publication because of the importance of the topic in marine claims subrogation cases. ■

gime after the assassination of Ninoy Aquino in August 1983. Neither has there been any spark large enough to trigger any outrage into a massive uprising. Even the combination of the dramatic events of the 8th of July when a triple whammy hit PGMA was not enough to pull her down. The political opposition, civil society protesters and coup-plotters — whoever they are — seem to forget that EDSA-I took place only after the passage of 13 years of strongman rule and kleptocracy.

(5) Still absent from the convergence of anti-government forces at this time is the involvement of significant elements of the Armed Forces and the National Police — which, as admitted by the opposition leaders, is the crucial component needed to topple PGMA. What most analysts overlook is the fact and the historical reality that, during the period 1986 to 1991, the Armed Forces (which then included the Philippine Constabulary/Integrated National Police), effectively supported the Aquino government in defeating 9 coup attempts that were shoot-to-kill military encounters... The steadfastness of the present chain-of-command in defending Constitutional authority and protecting the safety of the people should be gauged from the loyal support they (as junior officers) and their forebears gave the Aquino government, and not from their possible defection to the opposition today — as what happened during the Marcos and Estrada administrations.

CONSTITUTIONAL CHANGE

A clear national consensus for amending the 1987 Constitution has now formed. The amendments I most want to be enacted are those that would transform our Presidential form of government to a parliamentary system, initially under a unitary framework, and then, eventually, under a Federal configuration when the problems of terrorism, separatism, insurgency and military adventurism shall have been overcome. "I would also encourage and support Constitutional reforms that would ensure the sharing of political power among a broader base of leaders and stakeholders. The evils of 'dynastism' and 'turncoatism' should be frontally addressed in the amended Constitution. With both chambers of Congress unable or

unwilling, since 1987, to define in the law these unwanted practices which must be immediately corrected, it is necessary to articulate the definitions, and incorporate the prohibitions and the penalties for non-compliance in the body and language of the Constitution itself. Electoral, political party and judicial reforms are also urgently called for..."

Regime change under a parliamentary system would be peacefully and constitutionally effected through the "no-confidence" vote inherent in that system without the involvement of the Armed Forces or the National Police. Equally important would be the smooth transitioning into a new government. (Example: Thailand 1997 and Germany 2005). The reform of the electoral process and the Commission of Elections by Constitutional amendment should simultaneously take place so that a credible plebiscite to ratify the amendments can be carried out.

THE UNHOLY ALLIANCE

What I regard as the root cause of many of our problems is the intimate link, call it unholy alliance, between business and politics in this country. Throughout our history, wealthy, powerful and politically entrenched families have been able to use public authority for their private benefit. This durable oligarchy has used the powers of the State to create opportunities for themselves to make money and more money — without having to create economic value for the common good.

It is time we put an end to this perverse symbiosis — which at bottom is responsible for our endemic problems of greedy rent-seeking, crony capitalism, and patronage politics. One oft-repeated way of changing all this — which bears repeating here — is to continue leveling the playing fields of economic competition and political participation.

Above all, our elected leaders must never lose sight of the vision of a safer, more secure, and more progressive Philippines, at peace with itself and with the world, and restored to its rightful place of respect and dignity in the community of nations — a po-

sition which we once occupied. And ordinary citizens, as concerned Filipinos, must all help push our beloved Philippines fast forward to a better future.

MOST IMPORTANT MESSAGE

"Having said all that, let me conclude with a vitally important message for all our elected and judicial leaders.

(1) Time is of extreme urgency — more so for common Filipinos, considering our present condition of deteriorating competitiveness and credibility as a developing nation. Money lost or goodwill dissipated can still be recovered but time squandered, especially in political intramurals, will be forever gone, never to return. For the Filipino poor, their upliftment through their own self-reliance and community support is a daily struggle for survival. So — let us not prolong their agony. Without further delay, let us do the Constitutional reforms, legislative policies, and executive actions essential to sustained progress and development.

(2) We need to reinforce our unity, solidarity and teamwork in order to project into the highly competitive world of the 21st century a winning Philippine national contingent that will gain its rightful place in the lead pack — where we had once been. None of us relish the probability that the Philippines may be relegated to the 'kulelat' (rear-end) position. The time for us to put our acts together is NOW.

PRAYER

Let us credit both Cory Aquino and the PNP for keeping "wreath-laying" on Ayala Avenue peaceful — but expect more protests in other places in the future with the situation now exacerbated by the proclaimed "national emergency" condition.

As many have already opined, it is not the People Power process that must be perpetuated. Let me emphasize that it is the Spirit of EDSA, just like the Spirit of 1896 and the Spirit of Bataan, that must be honored, upheld, enhanced, internalized, and institutionalized — if we are to preserve the values of freedom, democracy, equity and justice for which Filipinos struggled, sacrificed, and suffered. ■



A POWERFUL WAKE UP CALL

The events of 24 February 2006 (Friday) constitute a powerful wake-up call for change and reform on the part of the Arroyo Government and President Gloria Macapagal-Arroyo. This is also true for the two chambers of Congress, and all other elected officials down to the grassroots. Our people want change — and quickly — but it must be quality change done peacefully, without the disruption of their daily lives and with foreseeable hope for the solution of the long-standing problems of poverty, corruption, injustice and inequity.

Granting that the coup conspiracy was nipped-in-the-bud and failed — as it was bound to fail due to the lack of a supporting response from the senior AFP commanders — the authorities must not misread the signals. The street protests, red banners, and yellow vests plus angry rhetoric that filled the airwaves should not stampede the Commander-in-Chief and her generals into harsh measures that would tantamount to a repetition of Marcos-style repression. Legally speaking, on the basis of Republic Act 6968 (the Anti-Coup de Etat Law), there was no coup attempt — yet. The declaration of a “state of national emergency” by PGMA, under her Presidential Proclamation 1017 — may already be an “over-kill,” if we recall that during the more violent and more widespread coup attempts mounted by Gringo Honasan which were shoot-or-be-killed situations

did not panic then President Cory Aquino into declaring such a state of national emergency. As articulated by the young rebellious officers and imbedded also in the minds of some in the rank and file who cannot speak out freely, the causes of their unrest must be attended to. The issues are well-known and have been aired continuously since the Oakwood incident of July 2003, and have to do with just one key word: PAGBABAGO (change, reform).

Last 16 October 2005, I sounded a warning call in my Sunday column in the Bulletin entitled “No Way for an EDSA-III,” in the hope that at that time Malacañang and Congress could get together, finally, to stop our socio-economic-political decline by putting their acts together. Let me quote some extracts from that previous piece which are relevant to the immediate situation:

So far, the most serious attempt to remove President Gloria Macapagal-Arroyo was the riotous and bloody power grab for Malacañang on 30 April-1 May 2001 by a leaderless pro-Estrada crowd transported from around Metro Manila. Even if it failed miserably, at the cost of the lives of several urban poor, that futile has been mistakenly labeled as ‘EDSA-III’ by many people — even by PGMA herself. In my view, there was no such thing as ‘EDSA-III.’ Nor will there be any ‘EDSA-IV,V, etc.’ in the future of the likes of EDSA-I and EDSA-II, which both succeeded in effecting regime change —

peacefully, non-violently, and generally applauded both by the Filipino people and the international community.

Many powerful factors work against another “People Power” revolution — as some opposition diehards are trying hard to organize — and will not again happen for the following reasons:

- (1) Our people are tired of the constant political bickering, bashing, and bad-mouthing. They would want to carry on with their daily lives and still entertain some hope remaining for a better future for themselves and their families.
- (2) The economic — not the political — concerns of the citizenry are the main sources of unending stress and anxiety on the part of the ordinary people because of higher oil prices (and therefore higher costs of transportation, food, housing, and services), a non-improving peso, lower credit ratings and increasing joblessness.
- (3) Those calling for the resignation or removal of PGMA are still headless and scattered. Although some of the more militant groups may be well-organized and articulate, the anti-government forces are divided in their agenda, interests and prescriptions, and are largely confined to a few of our urban centers.
- (4) There is today very little indication of a nation-wide outrage like that which preceded the downfall of the Marcos re-

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