

S. No. 2486
H. No. 5610

Republic of the Philippines
Congress of the Philippines
Metro Manila

Sixteenth Congress

Second Regular Session

Begun and held in Metro Manila, on Monday, the twenty-eighth day
of July, two thousand fourteen.

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[REPUBLIC ACT NO. **10668**]

AN ACT ALLOWING FOREIGN VESSELS TO TRANSPORT AND
CO-LOAD FOREIGN CARGOES FOR DOMESTIC
TRANSSHIPMENT AND FOR OTHER PURPOSES

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

SECTION 1. *Declaration of Policy.* – It is the policy of
the State:

(a) To assist importers and exporters in enhancing their
competitiveness in light of intensifying international trade; and

(b) To lower the cost of shipping export cargoes from
Philippine ports to international ports and import cargoes from
international ports for the benefit of the consumers.

SEC. 2. *Definition of Terms.* - As used in this Act:

(a) *Co-loading* refers to agreements between two (2) or more international or domestic sea carriers whereby a sea carrier bound for a specified destination agrees to load, transport, and unload the container van or cargo of another carrier bound for the same destination;

(b) *Container van* refers to a standardized reusable steel box used for the safe, efficient and secure storage and movement of materials and products within an intermodal freight transport system where the cargo carried in the container van can be moved from one (1) mode of transport to another without having to unload or reload the contents of such container van;

(c) *Domestic cargo* refers to goods, articles, commodities or merchandise which are intended to be shipped from one (1) Philippine port to another Philippine port, even if, in the carriage of such cargo, there may be an intervening foreign port;

(d) *Export cargo* refers to goods, articles, commodities or merchandise carried in foreign vessels and duly declared before the Bureau of Customs at the port of origin as cargoes for shipment to a port outside the jurisdiction of the Philippines;

(e) *Foreign cargo* refers to import or export cargo carried by a foreign vessel;

(f) *Foreign container van* refers to a container van, whether empty or loaded with foreign cargo, which belongs to a foreign vessel;

(g) *Foreign port* refers to any seaport outside the jurisdiction of the Philippines;

(h) *Foreign ship operator* refers to a citizen, partnership, or corporation, whether foreign or local, owning or chartering a foreign vessel;

(i) *Foreign vessel* refers to a ship registered or documented in a flag registry other than that of the Philippines;

(j) *Import cargo* refers to goods, articles, commodities or merchandise of foreign origin carried in a foreign vessel which are intended to be cleared before the Bureau of Customs for delivery to the port of final destination within the jurisdiction of the Philippines;

(k) *Philippine port* refers to any port within the Philippines authorized by a government contract to handle domestic import or export cargo;

(l) *Port Authorities* refer to entities engaged in the development and operation of seaports including, but not limited to, Philippine Ports Authority, Cebu Port Authority, PHIVIDECA Industrial Authority, Cagayan Special Economic Zone Authority, Aurora Special Economic Zone Authority, Bases Conversion and Development Authority, Authority of the Free Port Area of Bataan and Subic Bay Metropolitan Authority; and

(m) *Transshipment* refers to the transfer of cargo from one (1) vessel or conveyance to another vessel for further transit to complete the voyage and carry the cargo to its final destination.

SEC. 3. *Scope.* - This Act shall apply exclusively to foreign vessels carrying foreign container vans or foreign cargoes.

SEC. 4. *Carriage of a Foreign Cargo by a Foreign Vessel.* - A foreign vessel:

(a) Arriving from a foreign port, shall be allowed to carry a foreign cargo to its Philippine port of final destination, after being cleared at its port of entry;

(b) Arriving from a foreign port, shall be allowed to carry a foreign cargo by another foreign vessel calling at the same port of entry to the Philippine port of final destination of such foreign cargo;

(c) Departing from a Philippine port of origin through another Philippine port to its foreign port of final destination, shall be allowed to carry a foreign cargo intended for export; and

(d) Departing from a Philippine port of origin, shall be allowed to carry a foreign cargo by another foreign vessel through a domestic transshipment port and transferred at such domestic transshipment port to its foreign port of final destination.

For purposes of this Act, an empty foreign container van going to or coming from any Philippine port, or going to or coming from a foreign port, and being transshipped between two (2) Philippine ports shall be allowed.

SEC. 5. *Authority of the Commissioner of Customs.* – The Commissioner of Customs, upon such reasonable conditions as may be imposed, may do the following acts:

(a) Authorize the conveyance of foreign cargo brought from abroad by a foreign vessel;

(b) Allow a foreign vessel to take cargo intended for export at any Philippine port and convey the same upon such foreign vessel to a foreign port; and

(c) Authorize the transshipment of such foreign cargo intended for import or export through another Philippine port by another foreign vessel to the cargo's port of final destination.

Provided, That such acts shall not diminish or impair any existing and valid government contract covering the handling of import and export cargo: *Provided, further,* That the Commissioner of Customs shall have the authority to impose penalties to foreign ship operators found to have violated any provision of this Act and to take measures to address illegal activities, including smuggling.

SEC. 6. *Application of the Carriage of Goods by Sea Act.* – Carriage conducted in accordance with this Act shall be governed by Commonwealth Act No. 65, otherwise known as the "Carriage of Goods by Sea Act" with respect to the liability of the carrier for the loss of, or damage to, goods carried.

SEC. 7. *Carriage by Foreign Vessels Not a Public Service, Foreign Vessels Not Common Carriers.* – Foreign vessels engaging in carriage conducted in accordance with this Act shall not be considered common carriers as provided in Republic Act No. 386, otherwise known as the "Civil Code of the Philippines"; neither shall such foreign vessels be considered as offering a public service and thus shall fall outside the coverage of Republic Act No. 9295, otherwise known as the "Domestic Shipping Development Act of 2004".

SEC. 8. *Prohibitions.* – Foreign ship operators shall submit their cargo manifest to the Port Authorities to ensure that no domestic cargoes are carried by the foreign ship. No foreign vessel shall be allowed to carry any domestic cargo or domestic container van, whether loaded or empty, even if such domestic container van may contain foreign cargo.

SEC. 9. *Fines and Penalties.* – The Bureau of Customs, upon due notice, hearing and determination of the existence of any breach or violation of the provisions of this Act or any rule and regulation issued pursuant thereto, shall impose a penalty or fine on any erring foreign ship operator in accordance with applicable provisions of the Tariff and Customs Code of the Philippines and other related laws.


SEC. 10. *Implementing Rules and Regulations.* – Within sixty (60) days from the approval of this Act, the Department of Finance, the Bureau of Customs, the Department of Trade and Industry, the Bureau of Immigration, and all Port Authorities, shall promulgate such rules and regulations necessary for the effective implementation of this Act.

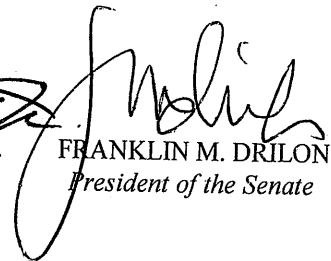
SEC. 11. *Separability Clause.* – If any provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 12. *Repealing Clause.* – Section 1009 of Presidential Decree No. 1464, otherwise known as the "Tariff and Customs Code of 1978" and all laws, decrees, orders, rules and regulations, and other issuances, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.


SEC. 13. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.


Approved,


 FELICIANO BELMONTE JR.
Speaker of the House of Representatives



 FRANKLIN M. DRILON
President of the Senate

This Act which is a consolidation of Senate Bill No. 2486 and House Bill No. 5610 was finally passed by the Senate and the House of Representatives on June 9, 2015.


 MARILYN B. BARUA-YAP
Secretary General House of Representatives


 OSCAR G. YABES
Secretary of the Senate

Approved: JUL 21 2015


 BENIGNO S. AQUINO III
President of the Philippines



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