

# Legal 500

## Country Comparative Guides 2025

### Philippines

### Shipping

### Contributor



Del Rosario & Del  
Rosario

#### **Atty. Joseph Manolo R. Rebano**

Senior Partner | [joseph.rebano@delrosariolaw.com](mailto:joseph.rebano@delrosariolaw.com)

#### **Atty. Denise Luis B. Cabanos**

Partner | [denise.cabanos@delrosariolaw.com](mailto:denise.cabanos@delrosariolaw.com)

#### **Atty. Saben C. Loyola**

Partner | [saben.loyola@delrosariolaw.com](mailto:saben.loyola@delrosariolaw.com)

This country-specific Q&A provides an overview of shipping laws and regulations applicable in Philippines.

For a full list of jurisdictional Q&As visit [legal500.com/guides](https://legal500.com/guides)

# Philippines: Shipping

## 1. What system of port state control applies in your jurisdiction? What are their powers?

The Philippines is a member of the Tokyo MOU and closely follows its procedures for inspection and detention. Thus, it is in place for the effective implementation of international regulations on crewing, safety and marine environmental protection. Its powers cover the following:

- Conduct of inspection
- Issuance of deficiencies
- Detention of ships
- Stoppage of vessel operations
- Expulsion or restriction of ships from entering Philippine ports

## 2. Are there any applicable international conventions covering wreck removal or pollution? If not what laws apply?

On pollution, the Philippines is a party to MARPOL 73/78 (Annexes I-V), MARPOL Protocol 97 (Annex VI). Likewise, it is a party to OPRC 90, CLC 92, Fund Protocol 92, London Convention 72, London Convention Protocol 96, Anti-Fouling 2001 and Ballast Water 2004.

Wreck removal is governed by domestic law. However, efforts are underway for the adoption of domestic regulations that reflect the Nairobi Convention on the Removal of Wrecks, 2007 even in advance of the Philippine State's becoming a party to said Convention.

## 3. What is the limit on sulphur content of fuel oil used in your territorial waters? Is there a MARPOL Emission Control Area in force?

Sulphur content of fuel oil is 0.50% m/m in compliance with MARPOL Annex VI. Currently, the Philippine Port State Control authority is inspecting fuel oils of foreign vessels and there is yet no Emission Control Area enforced. Implementation details are yet to be formalised. The Maritime Industry Authority has deferred implementation for domestic vessels with targeted mandatory implementation by 2025.

## 4. Are there any applicable international conventions covering collision and salvage? If not what laws apply?

The Philippines is a party to COLREG Convention 72.

On salvage, the Philippines is not a party to the 1989 Salvage Convention. Act 2616 or the Philippine Salvage Law of 1916 applies. Per experience, most of the salvage operations undertaken within the Philippines are on Lloyd's Open Form (LOF) terms.

## 5. Is your country party to the 1976 Convention on Limitation of Liability for Maritime Claims? If not, is there equivalent domestic legislation that applies? Who can rely on such limitation of liability provisions?

No, the Philippines is not a party to said convention.

Limitation of liability is based on the Philippine Code of Commerce, principally Arts. 587 and 837. Art 587 concerning cargo claims reflects the French abandonment system of limitation of liability whilst Art 837 on collisions reflects the English valuation system of limitation of liability.

There are a few circumstances when limitation is not available as provided by jurisprudence.

Procedurally, a limitation action and the establishment of a limitation fund are mechanisms to limit liability of the shipowner, charterer, or other person in control or possession of a ship which have not been otherwise settled by marine insurance or other means.

Under the Philippine Admiralty Rules, a limitation action is only available for collision, injury to third party and acts of the Master.

However, there are ongoing consultations in anticipation of the Philippines potentially becoming a party to said Convention.

## 6. If cargo arrives delayed, lost or damaged, what can the receiver do to secure their claim? Is your

**country party to the 1952 Arrest Convention? If your country has ratified the 1999 Convention, will that be applied, or does that depend upon the 1999 Convention coming into force? If your country does not apply any Convention, (and/or if your country allows ships to be detained other than by formal arrest) what rules apply to permit the detention of a ship, and what limits are there on the right to arrest or detain (for example, must there be a "maritime claim", and, if so, how is that defined)? Is it possible to arrest in order to obtain security for a claim to be pursued in another jurisdiction or in arbitration?**

The Philippines is not a party to either the 1952 Arrest Convention or the 1999 Convention.

Securing a claim on the vessel is done through preliminary attachment in relation to a principal claim for damages or through admiralty arrest.

Preliminary attachment is a general remedy and is not limited to maritime claims. Thus, any claim against a vessel or its owner can be secured by the attachment of said vessel as a property belonging to a defendant. This remedy can be obtained whilst the vessel is in Philippine territory but there are limited grounds for issuance of a preliminary attachment.

Admiralty arrest is undertaken under the Philippine Admiralty rules. Under this remedy a maritime claim, one that arises from agreements or incidents in relation to the operation of a ship, is necessary.

Arresting for purposes of security for a claim to be pursued in another jurisdiction is not possible as the arrest is but an ancillary remedy to a principal action. However, arresting a ship in order to obtain security for a claim to be pursued in arbitration is possible as part of interim measures of protection.

**7. For an arrest, are there any special or notable procedural requirements, such as the provision of a PDF or original power of attorney to authorise you to act?**

Regarding effecting an attachment, the following documents are generally required in addition to those for proving the claim:

- Power of Attorney with supporting corporate authorities

- Affidavit of Merit
- Proof of Ownership by the Defendant of the vessel to be attached
- Attachment Bond issued by a Philippine bonding company
- Presence of one of the ground entitling attachment

On the other hand, the following documents are generally required to effect an admiralty arrest:

- Power of Attorney with supporting corporate authorities
- Affidavit containing details of the applicant, the ship and the claim
- Arrest Bond issued by a Philippine bonding company
- Undertaking to pay for all port fees, charges and expenses incurred for the preservation and maintenance of the ship until its release or sale
- The claim should be an action in rem in admiralty jurisdiction

**8. What maritime liens / maritime privileges are recognised in your jurisdiction? Is recognition a matter for the law of the forum, the law of the place where the obligation was incurred, the law of the flag of the vessel, or another system of law?**

Except for a lien recognised in some statutes, there are no maritime liens proper, as understood in English law, recognised in the Philippines. There are certain claims that enjoy priority however. This concept is similar to the concept of 'privilege' that is recognized in many civil law countries. Among these claims are as follows:

- pilotage charges, tonnage dues, and other sea or port charges;
- salaries of the depositaries and keepers of the vessel and any other expenses for its; preservation from the time of arrival until its sale;
- rent of warehouse where the rigging and stores of the vessel have been taken care of;
- salaries for captain and crews vessel's last voyage; and,
- reimbursement for the goods of the freight which the captain may have sold in order to repair the vessel.

In the Ship Mortgage Decree of 1978 and in environmental laws, maritime liens for claims based on mortgage and necessities and oil pollution damage are recognised.

Recognition is a matter for the law of the forum.

**9. Is it a requirement that the owner or demise charterer of the vessel be liable in personam? Or can a vessel be arrested in respect of debts incurred by, say, a charterer who has bought but not paid for bunkers or other necessities?**

If the security is pursued through preliminary attachment, there must be a liability *in personam*. In an admiralty arrest, Philippine law recognises claims arising from necessities as attracting a maritime lien. Thus, the owner's or demise charterer's liability is not necessary.

**10. Are sister ship or associated ship arrests possible?**

Yes, only if the ship arrest is obtained through a preliminary attachment and the ship to be arrested is owned by the same owner as the ship in respect of which the claim arose.

If the vessels are not owned by the same owner (or cannot be proved) then ship arrest via a preliminary attachment is not available.

**11. Does the arresting party need to put up counter-security as the price of an arrest? In what circumstances will the arrestor be liable for damages if the arrest is set aside?**

Yes, in relation to a preliminary attachment, a bond issued by a Philippine-accredited bonding company in an amount to be fixed by the Court and generally equivalent to the amount of the claim is required.

For admiralty arrest, a bond in the amount of thirty percent (30%) of the claim, but in no case less than five million pesos ( 5,000,000.00) is required.

Said bond will pay all the costs which may be adjudged to the party whose property has been arrested and all damages which he may sustain by reason of the attachment, if the court shall finally adjudge that the arresting party was not entitled thereto.

**12. How can an owner secure the release of the vessel? For example, is a Club LOU acceptable security for the claim?**

For the release of the arrested / attached vessel, a bail bond / counter-attachment bond issued by a duly accredited Philippine bonding company needs to be

submitted in an amount equal to the value of vessel as determined by the court or in such sufficient amount as to answer for the arresting party's claim. Strictly speaking, a Club LOU is not acceptable by the Philippine Court as security for lifting a ship arrest.

Based on experience, there are a few reputable Philippine bonding companies who presently are willing to accept a Club LOU as collateral for issuance of the required bond.

**13. Describe the procedure for the judicial sale of arrested ships. What is the priority ranking of claims?**

Once judgment in favour of the attaching party is rendered, payment of the judgment sum is to be made within a period of not less than ninety (90) days nor more than one hundred twenty (120) days from the entry of judgment. Where payment is not made within such period, the attached vessel shall be sold at public auction for the satisfaction of the judgment.

The Court may appoint a Ship appraiser to assign a value to assist in the sale.

A written notice of the time and place of the sale shall be posted for not less than five (5) days in three (3) public places, preferably in conspicuous areas of the municipal or city hall, post office and public market in the municipality or city where the sale is to take place.

Said written notice shall be given to the attached party at least three (3) days before the sale.

A certificate of sale is then executed and delivered to the purchaser in the sale.

The proceeds of the sale are distributed in the following order:

- expenses and fees allowed and costs taxed by the court and taxes due to the Government;
- crew's wages;
- general average;
- salvage, including contract salvage;
- maritime liens arising prior in time to the recording of the preferred mortgage;
- damages arising out of tort; and,
- preferred mortgages.

**14. Who is liable under a bill of lading? How is "the carrier" identified? Or is that not a relevant question?**

The party liable is the issuer of the bill of lading. Consequently, the identity of the carrier is put at issue in regard to questions of which party is liable.

There are however no guidelines similar to those set in the dicta in certain English cases including *The Starsin*. Thus, it is common litigation practice that multiple defendants are sued on the bill of lading.

### **15. Is the proper law of the bill of lading relevant? If so, how is it determined?**

Where the carrier is deemed a common carrier, the Philippine Civil Code provision on common carriers applies. Thus, the law of the country to which the goods are to be transported shall govern the liability of the common carrier for their loss, destruction or deterioration.

Where the carriage is private, private international law rules to determine the proper law may apply, including giving effect to the contractual stipulation of the parties. This is however subject to such foreign law not being contrary to Philippine law.

There is no specific Philippine law on private carriers and there is limited jurisprudence on this matter. Based on experience, Philippine courts generally do not consider a shipping company as a private carrier in cargo claims because of the public policy on imposing extraordinary diligence for the transport of cargoes and passengers.

### **16. Are jurisdiction clauses recognised and enforced?**

Generally speaking, rules on private international law apply. Where the goods are destined for the Philippines, this fact is deemed sufficient to establish a link to the Philippine jurisdiction whereby the proper Philippine court takes cognizance of the suit. There is a tendency for Philippine courts to maintain that parties cannot enter into a stipulation ousting a Philippine court of jurisdiction.

### **17. What is the attitude of your courts to the incorporation of a charterparty, specifically: is an arbitration clause in the charter given effect in the bill of lading context?**

Case law has recognized and upheld the arbitration clause contained in a charterparty that is incorporated in the bill of lading.

### **18. Is your country party to any of the international conventions concerning bills of lading (the Hague Rules, Hamburg Rules etc)? If so, which one, and how has it been adopted – by ratification, accession, or in some other manner? If not, how are such issues covered in your legal system?**

No, but the Philippines has the Philippine Carriage of Goods by Sea Act (COGSA) adopted from the US COGSA of 1936. Provisions of Philippine COGSA are still effective provided such is not contrary to later laws.

Under Philippine jurisprudence, the application of the Philippine COGSA is made subject to the provisions on 'common carriers' in the Civil Code of the Philippines. Under the concept of 'common carriers', extra-ordinary diligence is to be observed in the vigilance over the goods transported by said carriers. Thus, many defences available to the carrier as contained in Article IV of the Hague-Visby Rules are not recognised under Philippine law. Instead, under Philippine law, a common carrier will not be responsible for the loss, destruction, or deterioration of the goods, if the same is due to any of the following causes only:

1. Flood, storm, earthquake, lightning, or other natural disaster or calamity;
2. Act of the public enemy in war, whether international or civil;
3. Act or omission of the shipper or owner of the goods;
4. The character of the goods or defects in the packing or in the containers;
5. Order or act of competent public authority.

### **19. Is your country party to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards? If not, what rules apply? What are the available grounds to resist enforcement?**

Yes. The grounds provided in Article V of the Convention have been reproduced in the pertinent domestic law and thus apply to resist enforcement of a Convention Award.

### **20. Please summarise the relevant time limits for commencing suit in your jurisdiction (e.g. claims in contract or in tort, personal injury and other passenger claims, cargo claims, salvage and collision claims, product liability claims).**

The relevant time bars are as follows:

- Written contracts prescribe in 10 years
- Quasi-delicts or torts prescribe in 4 years
- Personal injury claims prescribe in 3 years if in relation to labour claims, but 4 years if based on tort.
- Collision claims are covered by a tort and prescribe in 4 years.
- Cargo claims prescribe in 1 year based on the Philippine COGSA.
- Salvage claims are normally pursued on LOF terms. In any event, voluntary salvage should be deemed a quasi-contract that prescribes in 6 years.

## 21. Does your system of law recognize force majeure, or grant relief from undue hardship?

Yes, Philippine law recognized force majeure to exempt from liability so long as the following requisites are present:

1. The cause of the breach of the obligation must be

independent of the will of the debtor;

2. The event must be either unforeseeable or unavoidable;
3. The event must be such as to render it impossible for the debtor to fulfil his obligation in a normal manner; and
4. The debtor must be free from any participation in, or aggravation of the injury to the creditor.

Contractual stipulations on *force majeure* should also be considered in the determination of its effects to the parties' obligations.

However, an obligor cannot escape liability, if upon the happening of a fortuitous event or an act of God, a corresponding fraud, negligence, delay or violation or contravention in any manner of the tenor of the obligation which results in loss or damage.

Given the foregoing, the surrounding circumstances of each matter needs to be closely evaluated to determine if a Covid-19 related reason can be made the basis for any relief.

## Contributors

**Atty. Joseph Manolo R. Rebano**  
Senior Partner

[joseph.rebano@delrosariolaw.com](mailto:joseph.rebano@delrosariolaw.com)



**Atty. Denise Luis B. Cabanos**  
Partner

[denise.cabanos@delrosariolaw.com](mailto:denise.cabanos@delrosariolaw.com)



**Atty. Saben C. Loyola**  
Partner

[saben.loyola@delrosariolaw.com](mailto:saben.loyola@delrosariolaw.com)

