

## THE PHILIPPINE COASTWISE SHIPPING ACT OF NINETEEN HUNDRED FIFTY-SIX

*REPUBLIC ACT NO. 1909, June 22, 1957*

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

SECTION 1. There is hereby authorized to be appropriated out of any funds in the National Treasury not otherwise appropriated or from the proceeds of the sale of bonds as provided in Republic Act Numbered One thousand, for the fiscal year ending June thirty, nineteen hundred fifty-seven and for each of the four fiscal years thereafter, the sum of twenty million pesos for the purpose of financing the local construction of coastwise vessels or watercrafts of not less than one hundred gross tons.

SEC. 2. The administration and investment of the sum appropriated pursuant to section one of this Act and the local construction of coastwise vessels or watercrafts shall be vested in the National Shipyards and Steel Corporation which is hereby authorized and empowered under its charter to engage in the building of ships, vessels, launches, tugs, barges, ferries, scows, liners and other vessels or marine crafts or equipments.

SEC. 3. Pursuant to section two of this Act, the National Shipyards and Steel Corporation is authorized and empowered to construct and/or to enter into an irrevocable contract for the construction of vessels and watercrafts of no less than one hundred gross tons with any natural-born citizens of the Philippines, or any government agency, or association or corporation organized under the laws of the Philippines, one hundred per cent of the capital (or sixty-seventy-five per cent) of which is owned by natural-born citizens of the Philippines which is engaged in the coastwise shipping business.

Provided, That bids first be opened inviting offers for payments in shorter term than twenty years and in larger installments. If there are two or more desiring to build, preference should be given to those who have made larger investments and contributed more to the growth of the shipping industry in the Philippines.

SEC. 4. All construction, other than of government agencies, authorized under this Act shall be upon the security of a preferred mortgage on the vessel including its equipment and the certificate or any other form of authorization for the operation of such vessel.

SEC. 5. All such funds used for the construction of the vessels or watercrafts herein contemplated shall be self-liquidated within a period not to exceed twenty years and shall bear interest at the rate of not more than four and one-half per cent per annum: Provided, however, That a down payment from owner or operator of not less than twenty per cent of the price of the vessel shall be paid upon the execution of the contract for the construction of such vessels or watercrafts: Provided, further, That such vessels shall be fully insured by the owner or operator: And provided, finally, That no right secured under this Act by the owner of the vessel shall, during the existence of the contractual agreement, be transferred or encumbered to third parties without the consent of the National Shipyards and Steel Corporation.

SEC. 6. All moneys representing payments of principal and interest on constructions made pursuant to this Act shall be considered as revolving fund to be used exclusively to carry out the provisions of this Act.

SEC. 7. The National Shipyards and Steel Corporation is authorized and empowered to bid for and purchase at any foreclosure or the sale, or otherwise to acquire the vessel or watercraft, including all other equipment, certificate or authorization for the operation of such vessel, pledged or mortgaged to secure any construction expenses made pursuant to this Act, to accept title to any vessel or watercraft including all its property and equipment, certificate or authorization and to sell such vessel or watercraft and all its property, certificate or authorization for its operation, so acquired, upon such terms and for such consideration as the National Shipyards and Steel Corporation shall determine to be reasonable.

SEC. 8. The National Shipyards and Steel Corporation is empowered to issue the necessary rules and regulations to carry out the provisions and purposes of this Act subject to the limitations imposed in this Act.

SEC. 9. All laws, executive orders and regulations, or parts thereof, which are inconsistent with this Act are hereby repealed.

SEC. 10. This Act shall take effect upon its approval.

Approved, June 22, 1957.

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