



**Certification No. 21-069  
Series of 2021**

**MEMORANDUM**

**Subject : SUBIC BAY INTERNATIONAL TERMINAL  
CONTAINER (SBITC) - TARIFF INCREASE**

This certifies that:

The records of the Board Secretariat show that during the One Hundred Sixth (106<sup>th</sup>) Meeting of the Board of Directors of the Subic Bay Metropolitan Authority held last 24 March 2021 wherein there was a quorum to validly transact business, the following resolution was approved and ratified:

**Resolution No. 21-03-1985**

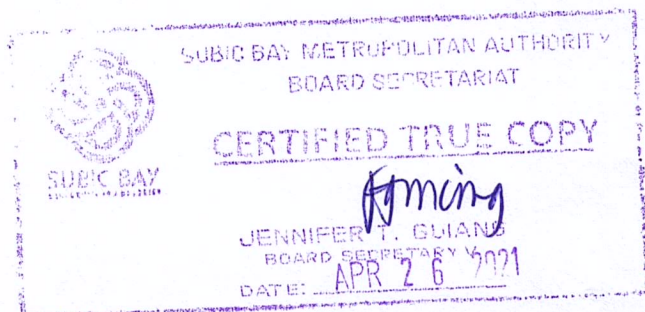
“Resolve, as it is hereby resolved, that upon recommendation of Management, without prejudice to COA Regulations and pertinent laws on the matter, the Board hereby approves the implementation of 20% rate adjustment for cargo handling of containerized cargo in two (2) tranches, to wit:

- First Tranche of ten percent (10%) on May 30, 2021
- Second Tranche of another ten percent (10%) on September 30, 2021

Management’s PowerPoint presentation is incorporated herein by way of reference.”

Issued this 5<sup>th</sup> day of April 2021.

*Jennifer T. Guiang*  
**JENNIFER T. GUIANG**  
Board Secretary V  
21-361



Subic Bay Metropolitan Authority  
**BOARD SECRETARIAT**  
Building 229, Waterfront Road, Subic Bay Freeport Zone, 2222 Philippines  
• Tel: +6347 252.4172/4174 • Fax: +6347 252.4170



[www.mysubicbay.com.ph](http://www.mysubicbay.com.ph)

**SBITG / ISI**

**TARIFF**

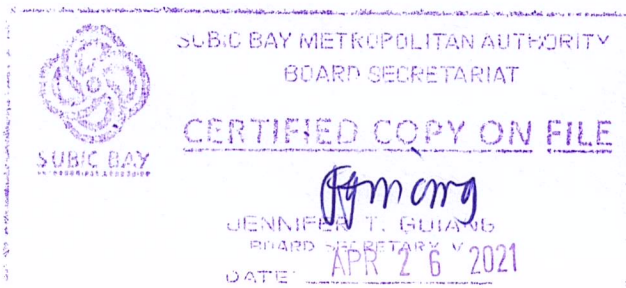
**RATE INCREASE**

**STATUS AFTER**

**PUBLIC HEARING**



MASTER  
COPY: 21-069



# BACKGROUND

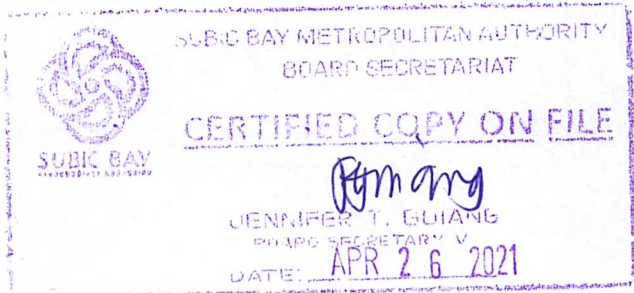


Public hearing was conducted last January 15, 2021 for the proposed 20% adjustment of tariff for containerized cargo.

**Start time: 8:30 AM**

**End time: 9:30 AM**

| Department                  | Headcount | Percentage (%) |           |
|-----------------------------|-----------|----------------|-----------|
| ATTENDEES ON PUBLIC HEARING | 95        |                |           |
| PETITIONER                  | 12        | 12%            | 2/88 = 2% |
| DID NOT FILE PETITION       | 83        | 88%            |           |



MASTER COPY: 21-069



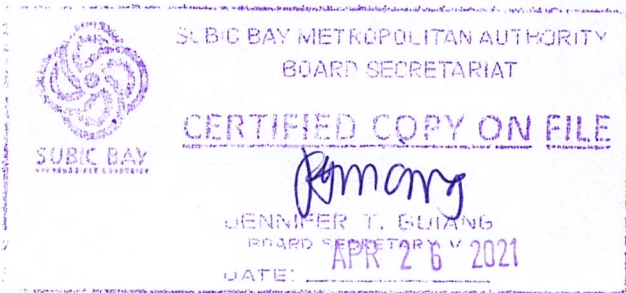
# WAN HAI AND AISL SUMMARY PETITION



Wan Hai Lines (Phils). Inc and the Association of International Shipping Lines Inc. (AISL) submitted their respective position paper for the Proposed 20% Adjustment of Tariff for Containerized Cargoes.

Wan Hai Lines cited that the shipping industry including their company **was affected by the pandemic that resulted to an increased operational cost, space/container and cancellation of services. They are requesting for the postponement of implementation of** the proposed 20% tariff increased in order to maintain and further improve vessel calls to and from the Port of Subic.

While AISL opposes the proposed adjustment. **AISL also cited that, under present conditions, economies of scale is difficult to achieve in the Subic Port.** Carriers servicing Subic Port spend more on operational costs because of limited volume and such costs are expected to increase with the proposed tariff adjustment. **The increase will hurt the port's competitiveness and will dampen the carriers' and port users' enthusiasm to call, and transact, at Subic Port.**



MASTER  
COPY: 21 - 069



# PETITIONER WAN HAI LINES (PHILS.) INC.



**WAN HAI LINES (PHILS.), INC.**

WE CARRY WE CARE

<https://phl.wanhai.com>

January 25, 2021

Subic Bay Metropolitan Authority  
Seaport Department

To: Mr. Jerome Martinez  
Gen. Manager

Re: Position Paper for the Proposed 20% Adjustment of Tariff for Containerized Cargo

Dear GM Martinez,


This is in reference to the public hearing conducted last Jan 15, 2021 for the proposed 20% adjustment of tariff for containerized cargo. We would like to present the following as our position for the subject.

- The shipping industry including our company was affected by the pandemic that resulted to an increase in operational cost, space/container, shortage and cancellation of some services. In view of this and in order for our company to maintain and further improve the vessel calls to and from the Port of Subic we would like to request for the postponement of the implementation of the proposed 20% tariff increase.
- Our office would like to clarify if the affected locators and port users was properly represented in the public hearing. Their position should also be determined for SBMA to assess the full impact to the business sector. Moreover in the previous tariff increases, SBMA usually conducts at least 2 public hearings. Therefore we would like to clarify if another public hearing will be scheduled to include more participants from locators and port users.
- Furthermore we would like to share our experience regarding the Cebu Port Authority who had deferred implementation of the scheduled 5% increase in cargo handling last year. The said initiative is to help aid the income losses due to operational and travel restrictions brought by COVID-19 to the maritime sector. We are hoping that SBMA will conduct further study in considering the same or related initiative that will help the maritime sector in the Port of Subic.

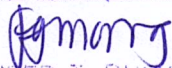
Appreciate your usual support and we thank you for giving us the chance to participate in the discussion for the proposed increase. We trust that the above issues presented will merit your consideration.

Sincerely,

Bernardo P. Fornea Jr.  
Officer in-Charge  
Wan Hai Lines Subic

 SUBIC BAY METROPOLITAN AUTHORITY  
BOARD SECRETARIAT

**CERTIFIED COPY ON FILE**

  
JENNIFER T. GUIANG  
BOARD SECRETARY V  
DATE: APR 26 2021



MASTER COPY: 21-069



# PETITIONER AISL



January 29, 2021

**MR. JEROME M. MARTINEZ**  
General Manager  
Seaport Department  
Subic Bay Metropolitan Authority  
New Seaport Administration Bldg.  
Waterfront Road Cor. Sampson Road  
SBFZ Philippines 2222

Dear GM Martinez:

This refers to the proposed adjustment on tariff for containerized cargoes at Subic Port, subject of the virtual public hearing held on January 15, 2021.

We respectfully submit our position on the proposed increase.

Before we dwell on the merits of the application to adjust tariff for containerized cargoes, let us first take a look at how the cost of Subic container handling services, laden and empty, compares with other Southeast Asian countries as shown below:

### Conclusion and Recommendation

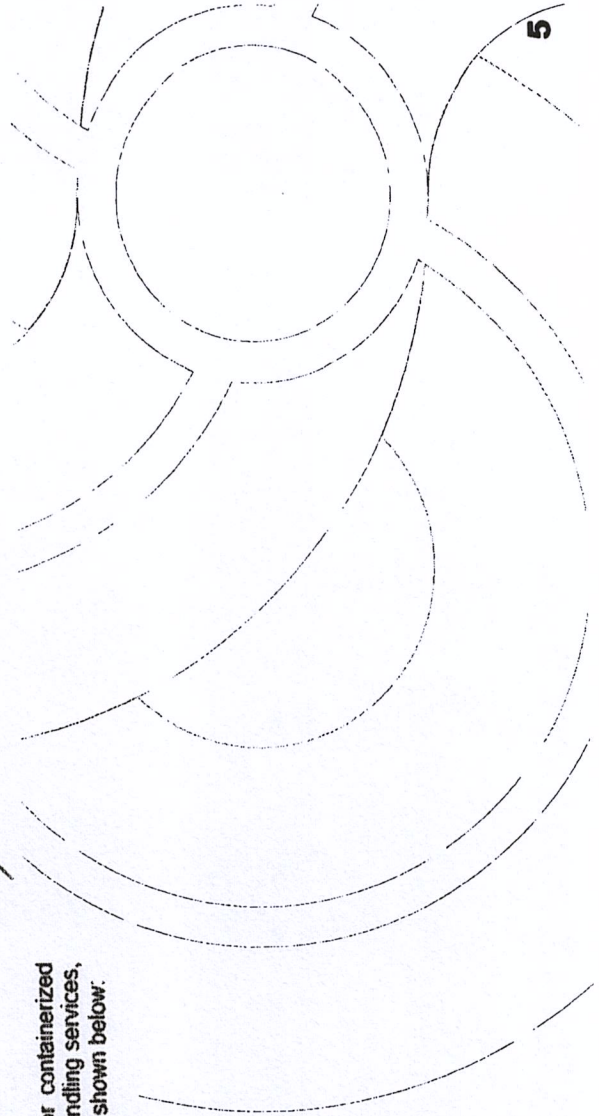
Given the above premises, it is hard to imagine how Subic Port can realistically compete with Manila and Batangas. As has been said, further increases in cargo handling charges will take its toll on the attractiveness of Subic as a port of choice. It will lose whatever advantage it has at present as carriers begin to make a strategic reassessment if it will still be operationally viable for them to maintain their present services in Subic.

Under these circumstances, the Association of International Shipping Lines (AISL) wishes to convey its opposition to the proposed adjustment.

Thank you.

Yours respectfully,

**MAXIMINO CRUZ**  
General Manager



SUBIC BAY METROPOLITAN AUTHORITY  
BOARD SECRETARIAT

CERTIFIED COPY ON FILE

JENNIFER T. GUINING

BOARD SECRETARY

DATE APR 26 2021





MASTER


COPY:  
21-069

# BENEFITS



- Maintain Port of Subic Bay's market share since we are not challenging the market leader (PPA).
- Additional revenues of about Php 2M for the rest of calendar year 2021 and Php 10M for each fiscal year.

  
SUBIC BAY METROPOLITAN AUTHORITY  
BOARD SECRETARIAT  
CERTIFIED COPY ON FILE  
  
JENNIFER L. ELIANO  
BOARD SECRETARY  
DATE: APR 26 2021

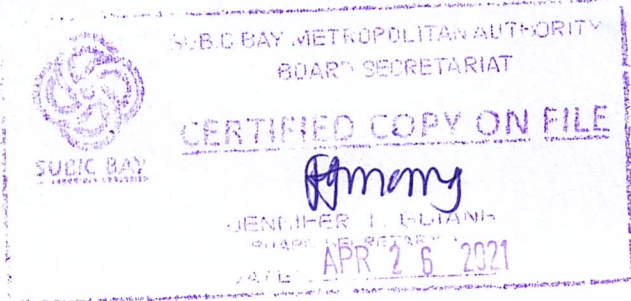
  
MASTER  
COPY: 21 - 069



# SBITC TARIFF IMPLEMENTATION IN TRANCHES



- Tariff Increase request will be applied in two (2) tranches within year 2021.
  - 1<sup>st</sup> tranche of 10% in Q2, which is no later than April 30, 2021.
  - 2<sup>nd</sup> tranche of another 10% in Q3 which will take effect no later than August 31, 2021.







# RECOMMENDATION



- Seaport supports / shares the position of SBITC / ISI and therefore respectfully recommends to pursue the implementation of rate adjustment for cargo handling of containerized cargo in two(2) tranches.
- SBMA is expected to benefit from the rate increase by about P2,000,000.00 for the rest of the calendar year or P10,000,000.00 per fiscal year based on our current projection.

## PROPOSED TEXT OF RESOLUTION

“Resolve, as it is hereby resolved, that upon recommendation of Managements and without prejudice to COA Regulations and pertinent laws on the matter, the Board hereby approves the recommendation of the Seaport Department for the approval of Subic Bay International Terminal Corporation (SBITC) / ICTSI Subic Inc. (ISI) 's proposal for the 20% tariff rate increase for containerized cargo handling.

**The increase shall be implemented in two(2) tranches:**

- 1<sup>st</sup> tranche of 10% in Q2, which is no later than April 30, 2021.
- 2<sup>nd</sup> tranche of another 10% in Q3 which will take effect no later than August 31, 2021.


 SUBIC BAY METROPOLITAN AUTHORITY  
 BOARD SECRETARIAT  
**CERTIFIED COPY ON FILE**  
  
 JENNIFER T. BULANG  
 BOARD SECRETARY  
 DATE **APR 26 2021**



MASTER COPY: 21 - 069

