



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
BUREAU OF CUSTOMS  
MANILA 109

15 September 2015

**CUSTOMS MEMORANDUM ORDER**

No. 32-2015

**Subject: Revised Rules and Regulations for the Establishment, Supervision and Control of Off-Dock Container Yards and/or Container Freight Stations (OCC) and other Off-Dock Customs Facilities (OCF) outside of the Customs Zones**

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Pursuant to Section 608 of the Tariff and Customs Code of the Philippines (TCCP), as amended, the rules and regulations governing Off-Dock Container Yards and/or Container Freight Stations (OCC) and other Off-Dock Customs Facilities (OCF) outside of the Customs Zones, are hereby promulgated:

**1. Objectives**

1.1 This Order is issued for the following purposes:

- To formulate guidelines that shall govern the establishment and supervision of Off-Dock Container Yards/Container Freight Stations (OCC), and Wharves, Warehouses, Examination Areas and other Off-Dock Customs Facilities (OCF) located outside of the customs zones used for the temporary handling and storage of imported goods; and
- To implement the Authorized Economic Operator (AEO) program established under the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) and the WTO Trade Facilitation Agreement (WTO-TFA) by ensuring the integrity and security of cargo in cross-border trade from the supply source to customs clearance to final distribution at the point of destination;
- To harmonize the electronic cargo information requirements on inbound, outbound and transit shipments for use in a risk management approach to address security threats and ensure customs compliance;

- To provide the minimum supply chain security standards and best practices for AEOs through the use of advanced information technologies and the application of the standards in the operations of a company, particularly those activities relating to the documentation, handling, storage and transport of international cargo;
- To promote the utilization of these facilities for the promotion of security in the supply chain, the proper collection of duties and taxes, the prevention of the entry of drugs and other anti-social goods, and the facilitation of the clearance process for imported goods.

## **2. Coverage**

- 2.1 This Order shall cover all Off-Dock Container Yards/Container Freight Stations (OCC) and Wharves, Warehouses, Examination Areas and other Off-Dock Customs Facilities (OFC) located outside of the customs zones used for the temporary handling and storage of imported goods.
- 2.2 This Order shall likewise apply to all OFCs operated by consolidators and freight forwarders of consolidated cargo, including those handling "Balikbayan" Boxes.

## **3. General Provisions**

- 3.1 An OCC or OFC duly established outside the Customs Zone shall be considered an extension of the port subject to customs supervision and control and to be treated like the container terminal inside the Customs Zone in all aspects, subject to whatever additional requirements, rules and conditions which may be imposed by the Commissioner of Customs.
- 3.2 An OCC shall exclusively handle only Less Container Load (LCL) shipments. An OCF shall exclusively only Full Container Load (FCL) shipments. A facility shall either be an OCC or an OCF unless the same is given the authority to operate both as an OCC and an OCF. An application to operate both as an OCC and OCF shall be treated as a single application.
- 3.3 A Certificate of Authority (CoA) to Operate an OCC or OCF shall be valid for a period of three (3) years.
- 3.4 In addition to those prescribed in this Order, these facilities shall be subject to such requirements, rules and conditions which may be imposed by the Commissioner of Customs in the authority issued by BOC allowing the operation of such facilities and shall be made accessible to all authorized Customs officials or representatives upon proper demand for ocular inspection.

- 3.5 Inventory and other management records of imported cargoes handled and stored by authorized operators shall be maintained and kept at all times in their places of business and shall be accessible and available online to the BOC. Such records shall also be subject to inspection by authorized customs officials or representatives and, upon proper demand, shall immediately be produced and submitted to such officials or representatives.
- 3.6 The Bureau shall maintain the number of OCCs and OFCs operating in a port to a number consistent with the business requirements of the port for such facilities as provided for under Section 1901 of the TCCP.

#### **4. Operational Provisions**

##### **4.1 Application to Establish and Operate an OCC or OCF**

- a. *Documentary, Security and Other Requirements.* Any person or firm desiring to establish and operate an OCC or OCF shall apply in writing to the Collection District where the proposed OCC or OCF facilities are to be located and shall submit the following documents:

- Application Letter
- SEC Articles of Incorporation, BIR Certificate of Registration and Mayor's Permit (if not yet filed under the Client Profile Registration System – CPRS)
- Location and layout of facility, including machineries, equipment and x-ray facility as applicable (including lease contract or title to the property)
- Audited Financial Statement for the last two (2) years immediately preceding the date of application
- Web-based inventory management system
- Customs facility for use of customs complement (or proposed facility)

An applicant must likewise have written and verifiable procedures on the following:

- Security procedures for service providers and vendors
- Container security integrity and breach detection measures (e.g. container storage and seals)
- Physical access controls (e.g. security personnel, employee ID system, searches, visitor/vendor verification)
- Personnel security (e.g. pre-employment verification, background checks)
- Procedural Security (e.g. cargo control, shipping and receiving, container opening and release)
- Security Training and Awareness

- Physical Security (e.g. fences, gates, parking, building structures, locks and keys, lighting, alarm systems and video surveillance cameras)
  - IT Security (e.g. password, accountability)
- b. The OCC or OCF management shall cause the mandatory and periodic training of a sufficient number of its personnel for the handling/storage/management of dangerous goods.
- c. Upon receipt of the above documents, the District Collector, through the Deputy Collector for Operations, shall immediately direct an inspection of the proposed OCC or OCF and an evaluation on the merit of the application. The inspection report and evaluation together with the recommendation/s from the concerned customs officers shall be submitted to the District Collector within fifteen (15) working days upon receipt of the directive.
- d. Upon receipt of the evaluation and inspection report, the District Collector shall endorse the report to the Deputy Commissioner, Assessment and Operations Coordinating Group, (AOCG). The Deputy Commissioner shall immediately endorse the report to the Director, Port Operations Service (POS) for review. The Director shall submit its final evaluation report within fifteen (15) working days from receipt of the report.
- e. The Deputy Commissioner, AOCG shall endorse to the Commissioner the report/recommendation for final approval of the application to operate an OCC or OCF, or both, through the issuance of a Certificate of Authority, which shall be valid for three (3) years.
- f. Upon issuance of the Certificate of Authority (CoA), the OCC or OCF shall comply with the following:
- E2M Connectivity. Request from MISTG to provide them with connectivity to e2m/OLRS upon presentation by the operator of the original authority to operate duly approved by the Commissioner of Customs.
  - CPRS Registration. Having been provided with e2m/OLRS, the Commissioner through the Deputy Commissioner for AOCG shall approve its CPRS registration.
  - Interest Bearing Account / Treasury Bond / Insurance from any government financial institution to cover for duties and taxes due on lost or damaged goods transferred to the facilities in the amount of Php1 Million.

- Payment of an Annual Supervision Fee equivalent to Three Hundred Thousand Pesos (Php300,000) per annum.

#### 4.2 Application for Renewal of Certificate of Authority (CoA) to Operate

- a. The license to operate an OCC or OCF shall be valid for the period granted in the Certificate of Authority which shall be for a period of three (3) years.
- b. The application for renewal shall be filed with District Collector concerned, through the Deputy Collector for Operations, not later than six (6) months before the expiration of the authority to operate. Failure to file an application for renewal six (6) months prior to its expiration shall automatically be subject to a penalty in the amount of One Hundred Thousand Pesos only (Php100,000)
- c. The Director, Port Operations Service (POS) shall give proper and timely notice of expiration to the OCC or OCF operator to afford the applicant sufficient time to file its application.
- d. The application shall be submitted together with the updated documentary requirements. The procedures provided in paragraph 4.1 above, as applicable, shall apply in processing of the renewal application.

#### 4.3 Voluntary Closure of an OCC or OCF

- a. Upon written request of the OCC or OCF operator to the District Collector concerned, citing reasons therefor, the facility may be closed voluntarily. The District Collector shall require all cargoes remaining with the operator to be released to its consignee(s) upon payment of all customs duties, taxes and other charges due thereon and after compliance with applicable laws and regulations.
- b. Any overstaying cargoes still remaining with the operator shall be inventoried and transferred to BOC Warehouse at the expense of operator.

#### 4.4 Suspension and Revocation of an OCC or OCF

- a. The OCC or OCF shall be suspended or revoked on any of the following grounds:
  - When used in storing smuggled shipments;
  - If involved in pilferage;
  - Cargoes cannot be accounted;
  - Violation of customs laws, rules and regulations; and

- Other violation of laws of the Philippines.
- b. In case of a customs initiated revocation or cancellation, the District Collector concerned shall order its Deputy Collector for Operations to conduct an investigation, allowing the operator to submit evidence to the contrary.
- c. The administrative proceeding should be summary in nature and should be terminated within thirty (30) working days from receipt of the order to conduct hearing.
- d. After termination of the investigation, the District Collector shall prepare its recommendation and submit the same to the Deputy Commissioner, AOCG.
- e. The procedures provided in paragraph 4.1 above, as applicable, shall apply in processing of the suspension or revocation of the OCC or OCF.

4.5 Application for Relocation / Expansion / Additional Facilities

- a. In case of relocation, expansion or provision of additional facilities, the OCC or OCF operator shall secure approval from BOC.
- b. The procedures provided in paragraph 4.1 above, as applicable, shall apply in processing of the application for relocation or expansion, or for additional facilities.

4.6 Application to Operate additional facilities outside of the Collection District

- a. Additional facilities outside the Collection District where the OCC or OCF acquired its authority to operate may be permitted upon application to the District Collector concerned subject to the approval of the Commissioner, which shall be considered as a new and original application. Hence, a separate accreditation to operate is necessary on new applications to establish and operate an OCC or OCF as provided in this Code shall apply.

4.7 Reportorial Requirements and Annual Compliance Evaluation

- a. All OCC and OCF operators shall submit in to the District Collector concerned and the Director, Port Operations Service, AOCG, a weekly report in electronic format all shipments transferred to their facilities.
- b. The POS shall then conduct an annual compliance evaluation of the performance of all existing OCC and OCF operators.

**5. Transitory Provision**

The existing licenses of CY/CFS-OCZ at the time of implementation of this Order shall remain valid until December 31, 2015. All existing CY/CFS-OCZ are required to submit their application for issuance of a Certificate of Authority (CoA) pursuant to this Order not later than October 31, 2015.

**6. Repealing Clause**

All Orders, Memoranda, Circulars or parts thereof, which are inconsistent with this Memorandum, are hereby deemed repealed and/or modified accordingly.

**7. Separability Clause**

If any part or provisions of this Order is later on declared invalid or illegal, the remaining portion shall remain valid and unaffected.

**8. Effectivity**

This Order shall take effect immediately.

  
**ALBERTO D. LINA**  
Commissioner  
 Bureau of Customs  
ALBERTO D. LINA  
Commissioner  
  
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