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CUSTOMS MEMORANDUM ORDER (CMO)

NO. 9-2020

SUBJECT: IMPLEMENTING THE AUTHORIZED ECONOMIC OPERATOR (AEO) PROGRAM ESTABLISHED UNDER CAO 5-2017 FOR IMPORTERS AND EXPORTERS

Section 1. Scope. This CMO shall cover the pilot implementation of Authorized Economic Operator (AEO) Program for Importers and Exporters.

The roll-out of implementation of AEO for other stakeholders as provided in Section 4.2 of Customs Administrative Order (CAO) No. 5-2017 shall be upon the issuance of subsequent regulations relative thereto.

Section 2. Objectives.

- 2.1. To implement a pilot AEO Program for Importers and Exporters pursuant to Customs Administrative Order (CAO) No. 05-2017;
- 2.2. To operationalize an interim AEO Office tasked to effectively implement the AEO Program; and
- 2.3. To provide the detailed guidelines on the application, processing and approval of application for accreditation as AEO Importer and Exporter, their availment of benefits and audit thereof.

Section 3. Definition of Terms

- 3.1. **Appeal** – shall refer to the remedy by which a person who is aggrieved or adversely affected by any action, decision, order, or omission of the Bureau or the Secretary of Finance may seek redress before the court of competent jurisdiction¹;
- 3.2. **Authorized Economic Operator (AEO)** – shall refer to the importer, exporter, customs broker, forwarder, freight forwarder, transport provider, and any other entity duly accredited by the Bureau based on the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade; WCO Integrated Supply Chain Management Guidelines (ISCM Guidelines); the Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention), the WCO Supply Chain Management Guidelines,

¹cf. Customs Modernization and Tariff Act (CMTA), Title I, Chapter 2, Section 102, Subsection (e).
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the WTO Agreement on Trade Facilitation (WTO-ATF) and the various national best practices to promote trade facilitation and to provide a seamless movement of goods across borders through secure international trade supply chains with the use of risk management and modern technology.²

- 3.3. Customs Administration** – shall refer to the Government Service which is responsible for the administration of Customs laws and the application of other laws and regulations relating to the importation, exportation, movement, or storage of goods³. As far as the Philippines is concerned, Customs Administration shall refer to the Bureau of Customs.
- 3.4. Exporter** – shall refer to a natural or juridical person engaged in the exportation of any goods or commodities to a foreign country from the Philippines⁴.
- 3.5. Importer** – shall refer to a natural or juridical person engaged in the importation of any goods into the Philippines⁵
- 3.6. Mutual Recognition Arrangement (MRA)** – shall refer to a formal document between two or more Customs Administrations outlining the circumstances and conditions in which AEO Programs are recognized and accepted between the signing parties. The MRA sets out the process to implement, evaluate, monitor and maintain mutual recognition and defines the benefits mutually provided to the AEOs by the participating Customs Administrations and lays down the practical arrangements enabling the participating Customs Administrations to provide those benefits.⁶
- 3.7. Trade Documents** – shall refer to the timely, accurate, complete and verifiable documents relating to importation and exportation. This may include commercial records of business processes that facilitate a full audit trail of Customs activities or tax relevant movement of goods or accounting entries⁷.
- 3.8. Validation** – shall refer to a procedure whereby the supply chain of an AEO, and all relevant processes employed by them to reach that

² cf. CMTA, Title I, Chapter 2, Section 102, Subsection (g)

³ cf. General Annex, Chapter 2, E6 of the Revised Kyoto Convention (RKC)

⁴ Customs Administrative Order (CAO) No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 3.9 and cf. CAO 3-2016, Section 3.3

⁵ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 3.11 and cf. CAO 3-2016, Section 3.4

⁶ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 4.1.1 (c) and WCO Guidelines for Developing a Mutual Recognition Arrangement/Agreement

⁷ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 3.18 and cf. WCO AEO Template, Part III, Section 2.2.1.1., p. II/10

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status, are subject to full and transparent review by a Customs Administration⁸.

Section 4. Collection of Fees. The fees to be collected in relation to the application for accreditation and supervision as Authorized Economic Operator, if any, shall be in accordance with the approved rates provided for under Customs Administrative Order on Customs Dues, Service Fees and Charges.

Section 5. Application of Information and Communications Technology (ICT). In accordance with international standards, the Bureau shall utilize information and communications technology to enhance customs control and to support a cost-effective and efficient customs operations geared towards a paperless customs environment⁹.

Section 6. Risk Management. In the implementation of the AEO Program, the Bureau shall employ audit-based controls and risk management systems, use automation to the fullest extent possible, and adopt a compliance measurement strategy to support risk management¹⁰.

Section 7. Audit of AEOs. The audit of AEO shall be made in accordance with the parameters as may be set by the Post Clearance Audit Group (PCAG) of the Bureau.

Section 8. Organizational Structure.

8.1. Interim AEO Office. Pending the creation of a permanent AEO Office, an interim AEO Office is hereby created to be headed by a Division Chief, manned by a minimum of five permanent staff and at least five personnel under contract of service, who will be assigned to work full time to implement the AEO program.

8.2. The AEO Office shall be supervised by a Deputy Commissioner to be designated by the Commissioner.

8.3. The Chief, AEO Office and Heads of its Units shall be designated by the Commissioner of Customs.

8.4. The AEO Office shall be composed of the following Units:

8.4.1. Accreditation Unit;

8.4.2. Post Validation Unit; and

8.4.3. Mutual Recognition, Statistical and Records Management (MRSRM) Unit

⁸ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 3.19 and cf. SAFE Framework, Annex IV/2, Definitions

⁹ CMTA, Title I, Chapter 2, Section 109

¹⁰ CMTA, Title III, Chapter 2, Section 301

8.5. Functions. The AEO Office and its Units shall perform the following functions:

8.5.1. AEO Office.

a. Manage the overall implementation of the AEO Program, including the strengthening of the core competency of the Bureau of Customs to effectively operationalize the AEO Program.

b. Make optimum use of information and communication technology in carrying out its mandate under this CMO, in coordination with the Management and Information System Technology Group (MISTG), to help create an AEO database, the configuration, access to, usage, maintenance, and management of which shall be determined by regulation.

Establish an efficient, fair, and transparent system of evaluating applications for AEO membership accreditation through a set of criteria laid down in this CMO;

c. Accept, evaluate and process AEO application for membership accreditation, and endorse any action thereon to the Chief, AEO Office for approval;

d. Monitor and/or post-review the lodgement and processing of AEO shipments in coordination with the Post Clearance Audit Group (PCAG) and other concerned offices as well as the level of compliance with the AEO policies, rules and regulations both by concerned customs personnel and the AEO member;

e. Promptly resolve any issue or dispute arising from the implementation of the AEO rules and regulations;

f. Initiate study, recommend strategy and negotiate MRAs with other countries.

g. Evaluate the performance of the AEO Program through continuous data gathering, research and study, including periodic consultation with customs stakeholders, industry groups, AEO program users, other government agencies and other Customs Administration;

h. Develop and recommend policies to enhance the AEO Program towards attaining its twin objectives of cargo security and trade facilitation;

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- i. Conduct periodic information and educational campaign to promote the AEO program;
- j. Conduct continuing educational and training program with foreign counterparts to make the AEO Program at par with international standards and best practices; and
- k. Ensure the activation and yearly renewal of an AEO member's Client Profile in the Client Profile Registration System (CPRS). For ease of monitoring and operations, the AEO Office shall have access to the CPRS.
- l. Perform such other functions necessary for the effective and efficient implementation of the AEO Program.

8.5.2. Accreditation Unit.

- a. Accept, process, review and recommend for approval applications as required by regulation;
- b. Create and maintain a database for all accreditation applications filed with the AEO Office and documentary files of each AEO member;
- c. Validate information with other government institutions, among others, provided in the application through cross referencing with available data, site visit, system or process walk-through, or personal interview of applicant or duly designated and competent representative;
- d. Evaluate the level of risk to cargo security and customs compliance of the applicant's business profile and operations based on information gathered vis-à-vis the guidelines and criteria set down by policy and recommend action on the application to the Chief, AEO Office;
- e. Submit on a regular basis to the MRSRM Unit any information on its file as may be required by the latter office in connection with the discharge of its functions as provided for in this CMO; and
- f. Perform such other functions as may be assigned from time to time by the Chief, AEO Office.

8.5.3. Post Validation Unit.

- a. Monitor and/or post-review compliance of AEO member pursuant to the criteria in Section 9.1 of this CMO;
- b. Check and ensure that all critical information, such as those pertaining to the entity's ownership and business profile, import

or export process flow, financial status, list of importable items, and the like, as provided by the AEO accredited entity during the application period, are current or are promptly updated;

- c. Record issues, concerns, and problems encountered in the processing of AEO shipments in coordination with the Post Clearance Audit Group and other concerned offices and recommend compliance enhancement measures;
- d. Identify violations and recommend corrective or punitive action as the evidence may warrant, such as suspension or revocation of accreditation, full customs audit and administrative and/or criminal investigation as may be provided for in this CMO or other applicable laws, rules and regulations;
- e. Conduct on-site visits to the premises of the AEO entity to ensure continuous compliance with the standards laid down by regulation;
- f. Submit periodic report to the Chief, AEO Office copy furnished the MRSRM Unit on the results of all actions, evaluation, and assessment undertaken in relation to the discharge of the foregoing functions; and
- g. Perform such other functions as may be assigned from time to time by the Chief, AEO Office.

8.5.4. Mutual Recognition, Statistical and Records Management (MRSRM) Unit.

- a. Monitor the individual performance of each AEO accredited entity and the performance as a whole of the AEO Program through an ICT-enabled database which may be sourced from the AEO application forms and evaluation reports, data from import clearance system for AEO shipments; reports of the Units under the AEO Office; and such other relevant data or information obtained by the Units from other official sources and generate statistical report on:
 - i. Number and status of applications filed, accreditations granted or denied, warnings, suspensions or revocations made or any disciplinary action taken;
 - ii. Statistics obtained from the individual and collective import operations of the AEO accredited members pertaining, as may be applicable, to the number of entries filed; origin, volume, customs value, and tariff heading declared; and

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preferential rate availed of, among other relevant customs data;

iii. Revenue collection statistics involving the individual and collective payment of duties and taxes of the AEO accredited members arising from their operations; and

iv. Average clearance time in the processing of imports under the AEO Program vis-à-vis the standard set down by policy;

b. Initiate study, recommend strategy and if authorized by the Commissioner, negotiate MRAs with other countries; and

c. Perform such other functions as may be assigned from time to time by the Chief, AEO Office.

Section 9. Accreditation.

9.1. Criteria.

9.1.1. General Criteria:

- a. Business ownership, structure, and organization;
- b. Corporate or business profile and projected business activity;
- c. End-to-end import or export process (goods, documentation, and payment flow) and local distribution system, if any;
- d. Entities involved in foreign supply and/or local distribution chain;
- e. List of goods imported or exported including the nature, specific description in tariff terms, customs value, preferential rates to be availed of, and volume (over time);
- f. Internal customs compliance control;
- g. Customs compliance history;
- h. Business process continuity mechanism;
- i. Financial Viability; and
- j. Other similar factors to be determined by the Commissioner

9.1.2. Security Infrastructure:

- a. Cargo handling and safekeeping;
- b. Record keeping and IT System;
- c. Supply and trading partner;
- d. Physical premises and access control;
- e. Personnel complement;
- f. Security training, threat awareness and outreach;
- g. Conveyance Security; and
- h. Other similar factors to be determined by the Commissioner

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- 9.1.3. The applicant entity must have been in operation for at least one (1) year prior to the date of application.¹¹
- 9.1.4. That none of the executive officers and directors directly engaged in customs procedures and shareholders, as applicable, have not been found to have violated customs laws and procedures and/or found criminally liable for violation of any Philippine laws, rules and regulations within three (3) years from date of application.
- 9.1.5. The applicant must have a dedicated office or unit or responsible officer whose main function is to ensure the applicant's compliance with its duties and responsibilities under the AEO Program as an accredited member.
- 9.2. For applicants with multiple services in the International Supply Chain (e.g. applying as AEO Importer and Exporter), one (1) application form may be submitted for several categories but the AEO Certificate of Accreditation shall be per category.
- 9.3. **Pre-Screening.** The AEO Office shall conduct a pre-screening process for all interested AEO candidate to determine their readiness and compliance with the criteria and standards set for AEO prior to their application for accreditation.
 - 9.3.1. **Pre-Screening Procedure.**
 - a. An AEO candidate may signify its intention to be an AEO by submitting the following through the AEO Online Portal or the office of the supervising Deputy Commissioner for AEO:
 - i. Notarized Pre-Screening Form (*Annex A*)
 - ii. Notarized Self-Assessment Questionnaire (*Annex B*);
 - iii. Risk Evaluation Sheet (*Annex C*)
 - iv. Notarized Undertaking (*Annex D*)
 - v. Financial documents (e.g. Annual BIR Returns, Financial Report, etc.)
 - vi. SEC/DTI Registration, as applicable;
 - vii. Mayor's Permit and/or Certificate of Registration (i.e. BOI, PEZA, SBMA, etc.), as applicable; and
 - viii. General Information Sheet (GIS)
 - b. Once received, the Chief, AEO Office shall assign an Account Manager assisted by AEO Inspector(s). The Account Manager shall review and provide feedback and recommendations to the AEO Candidate within fifteen (15) calendar days from receipt of complete documents.

¹¹ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 4.3.3
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- c. The Account Manager may schedule consultation meetings and inspections to guide the AEO candidate on the standards required to be an AEO Importer and/or Exporter within five (5) days from issuance of feedback and recommendation.
- d. The AEO Candidate shall be given a reasonable period to comply with the recommendations of the Account Manager.
- e. The Account Manager shall prepare an evaluation report determining the level of readiness of the applicant and submit the same to the Head, Accreditation Unit within five (5) days from evaluation.
- f. The Chief, AEO Office shall review the recommendation and issue a Pre-screening Clearance to AEO candidates who have been determined to meet the criteria within ten (10) calendar days from receipt of recommendation. The same shall be recommended to proceed for AEO application.
- g. AEO candidates who fail to meet the criteria of the AEO Program shall be recommended for further trainings and consultations by the AEO Office.

9.4. Application. An AEO applicant shall submit its application form together with the following documentary requirements through the AEO online portal:

- 9.4.1. Notarized Application Form (*Annex A*)
- 9.4.2. Pre-screening Clearance
- 9.4.3. Notarized Self-Assessment Questionnaire (*Annex B*);
- 9.4.4. Risk Evaluation Sheet (*Annex C*)
- 9.4.5. Notarized Undertaking (*Annex D*)
- 9.4.6. Financial Documents (e.g. Annual BIR Returns, Financial Report, etc.)
- 9.4.7. SEC/DTI Registration, as applicable;
- 9.4.8. Mayor's Permit and/or Certificate of Registration (i.e. BOI, PEZA, SBMA, etc.), as applicable;
- 9.4.9. General Information Sheet (GIS); and
- 9.4.10. Secretary's Certificate designating the authorized person to process the application.

9.5. Evaluation. Evaluation shall be conducted within ten calendar (10) days from receipt of complete documents. This may include verification of information with other government institutions and through cross referencing with available data, among others.

9.6. Validation.

- 9.6.1. The Account Manager shall prepare the Validation plan based on the initial findings in the document evaluation and notify the

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applicant of the required Validation within five (5) calendar days from evaluation.

- 9.6.2. The Validation shall be conducted within fifteen (15) calendar days from receipt of notice through the AEO Online Portal. The notice shall contain the name/s of the authorized inspectors who shall conduct the on-site inspection.
- 9.6.3. The authorized officer of the applicant and the designated Account Manager from the AEO Office may discuss the detailed schedule and other preparations for the on-site inspection.
- 9.6.4. During the conduct of the Validation, the Account Manager and/or the authorized AEO inspector shall verify if the security measures and other required criteria are complied with. This may include system walkthrough or personal interview of applicant or duly designated and competent representative.
- 9.6.5. In case the applicant has more than one place of business, application should be submitted after preparing and classifying them according to each place of business with respect to the areas directly related to the application for AEO authorization.

9.7. Decision.

- 9.7.1. The AEO Inspector shall submit the report of findings within five calendar (5) days from the end of the Validation to the Account Manager.
- 9.7.2. The Account Manager shall prepare document evaluation, Validation reports and his/her recommendation which shall be submitted to the Head, Accreditation Unit within ten (10) calendar days from the end of the Validation.
- 9.7.3. The Head, Accreditation Unit shall forward the recommendation to the Chief, AEO Office for indorsement to the supervising Deputy Commissioner.
- 9.7.4. The supervising Deputy Commissioner shall meet with the Chief and Unit Heads of the AEO Office and the Account Manager within five (5) calendar days from receipt of the indorsement to deliberate the application.
- 9.7.5. After the deliberation, the Account Manager shall prepare a resolution within five (5) calendar days for signature of the Chief and Unit Heads of the AEO Office and supervising Deputy Commissioner who shall review the same within ten (10) calendar days from receipt.

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- 9.7.6. If approved, the AEO Office shall notify the applicant in writing of his accreditation as Level 1 AEO member within three (3) calendar days from receipt of the decision and issue an AEO Certificate of Accreditation.
- 9.7.7. If disapproved, the AEO Office shall notify the applicant in writing stating the grounds for denial of application within three (3) calendar days from receipt of the decision.
- 9.8. An AEO applicant whose application for accreditation was disapproved by the supervising Deputy Commissioner may re-apply within one year, allowing the applicant to complete the deficiencies, if any, or upgrade its security systems/requirements, as may be needed.
- 9.9. The processing of an AEO application may be extended upon reasonable grounds (e.g. further review and validation, etc.) but should not exceed the ninety (90) day period for Level 1 accreditation.
- 9.10. Complete records of Level 1 AEO members should be provided by the Accreditation Unit to the Post Validation Unit for monitoring and subsequent Validation.

Section 10. Monitoring of Compliance

- 10.1. Revalidation of the security measures and supply chain security practices of the accredited Level 1 member shall be in accordance with the criteria referred to in Section 9.1 of this CMO. It shall include on-site assessments at appropriate foreign locations utilized by the Level 1 member in its supply chain and shall, to the extent practicable, be completed no later than one (1) year after certification as a Level 1 member¹².
- 10.2. Revalidation shall commence six (6) months from Level 1 accreditation of an AEO member.
- 10.3. The AEO Office, may *motu proprio*, consider a Level 1 Member for upgrading of status to Level 2 or 3 depending on its degree of compliance with the requirements for accreditation as an AEO.
- 10.4. For an entity which has been in operation for less than three (3) years prior to application, a compliance history of at least three (3) continuous years must be established before being eligible to be upgraded to Level 2 status. As such, the revalidation process shall immediately commence after accreditation as Level 1 member for a period of at least one (1) year. The period shall be extended as may be necessary to establish the required record of compliance.

¹² Customs Administrative Order (CAO) No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 4.4.1.b.

10.5. Revalidation Process.

10.5.1. Head, Post Validation Unit shall assign Account Manager/s and AEO Inspectors to conduct revalidation of Level 1 AEO members.

10.5.2. Local revalidation process shall be conducted pursuant to Section 9.6 of this CMO.

10.5.3. Conduct of on-site assessment at appropriate foreign locations shall be determined based on the risk determined by the Post Validation Unit after local revalidation and evaluation.

10.5.4. If a foreign site company used by the Level 1 AEO member in its supply chain is certified in another AEO program by the Customs Administration of said country, on-site assessment may not be conducted.

10.5.5. The AEO Office shall identify the following, as applicable:

- i. Issues pertaining to nature of business, transactions, etc. subject to improvements;
- ii. Required actions to maintain the criteria for its membership in the AEO Program; and
- iii. Level adjustment, as may be applicable for Level 2 or 3 certification and benefits

10.5.6. The decision and approval process of the Level 2 accreditation shall be pursuant to Section 9.7 of this CMO, except that evaluation, inspection report, recommendation and other actionable documents shall be forwarded by the Account Manager to the Head, Post Validation Unit.

10.6. Level 3 Accreditation. The Commissioner, subject to the approval of the Secretary of Finance, shall designate a criteria for validating an AEO member as a Level 3 member.

Section 11. AEO Membership Responsibilities¹³.

11.1. To maintain the standards set in accordance with the criteria referred to in Section 9.1 of this CMO.

11.2. To update the Bureau on any change in the member's status as recipient of certain official privileges, general information sheet, name of contact person/s and contact number/s and/or email addresses, importation process flow, product sourcing, list of imported items, pricing structure, terms of trade, product description, tariff

¹³ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 4.5
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classification, security policy or profile, and such other information as may be material in enabling the Bureau to monitor and evaluate the continuing eligibility of the accredited member.

- 11.3. Full disclosure at all times of information as required or requested by Customs under the AEO Program. Information, particularly those bearing on trade or business secrets or advantage, provided by the member in the course of the application or as a result of AEO import clearance operations shall be deemed confidential and shall not be disclosed to anyone without the written consent of the applicant, except in the context of judicial proceedings.
- 11.4. To designate an office or unit and personnel in the member's organization that shall be responsible for ensuring full and prompt compliance with AEO regulations and serve as a liaison with the AEO Office to ensure prompt exchange of information and close cooperation necessary for a smooth AEO operation.¹⁴
- 11.5. To submit a yearly Statement of "No Material Change", if such is the case, in relation to the information referred to in the immediately preceding provision.
- 11.6. To voluntarily disclose to the Bureau any inadvertent errors or innocent deviation from the AEO procedure with an undertaking and concrete proposal to rectify the lapse. The disclosure is without prejudice to the application of any sanction or action provided for in existing rules and regulations applicable in the premises.
- 11.7. Complete, up-to-date, and accessible record keeping system for all documents in electronic or hard copies pertaining to business and import operations.¹⁵
- 11.8. Such other requirements as may be determined by the AEO Office.

Section 12. Suspension and Revocation of Accreditation. Once granted, accreditation under the AEO Program shall last until suspended, revoked or cancelled through voluntary withdrawal from the program as provided in Section 13 hereof.

- 12.1. **Grounds.** The accreditation may be suspended or revoked, depending on the degree of culpability and resulting injury to the government, under any of the following conditions, after due notice and hearing¹⁶:

¹⁴ cf. SAFE Framework, Annex IV/16, Application and Authorization, 1st par, 4th to 5th sentence.

¹⁵ cf. SAFE Framework, Annex IV/19, Process outline for business involved in the handling of cargo within the international trade supply chain, No. 9.

¹⁶ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 4.6.1.

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12.1.1. For suspension:

- a. If at any time an AEO member's security measures and supply chain security practices fail to meet any of the requirements under Section 9.1 hereof¹⁷.
- b. Repeated and unjustified failure or refusal to comply with official directives or mandates from the Bureau;
- c. Habitual delinquency in complying with AEO regulations or in abiding by the terms and conditions of AEO membership;
- d. Recommendation based on periodic evaluation by the Post Validation Unit of the member's performance in its AEO operations over a given period of time indicating the existence of significant risk to customs revenue or to the cargo supply chain security.
- e. Member violates any provision of the CMTA, or related laws, rules and regulations;

12.1.2. For revocation:

- a. Member violates any provision of the CMTA, or related laws, rules and regulations resulting in significant loss of customs revenues or serious injury to public health and welfare;
- b. If an AEO member knowingly provides false or misleading information to the Bureau during the Validation process provided for under this CMO;
- c. Any other violations that would constitute fraudulent intent or gross negligence.

12.2. Procedure.

12.2.1. Notice of Violation. The Post Validation Unit shall prepare a Notice of Violation, for approval of the Chief, AEO Office, specifying the violation/s committed by the AEO member within five (5) calendar days from the determination of the violation/s committed. The AEO member shall submit its response on the Notice of Violation within ten (10) calendar days from receipt of the Notice.

12.2.2. Prior Consultation. To determine if resolution other than suspension and revocation is appropriate,¹⁸ the Post Validation Unit shall review the response and schedule consultation meeting/s with the AEO member within ten (10)

¹⁷ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 4.4.2 (a).

¹⁸ WCO AEO Model Appeal Procedures 2010.

calendar days from receipt thereof. The consultation should be completed not later than fifteen (15) calendar days from the date of the initial consultation.

12.2.3. Recommendation for Suspension and Revocation.

- a. If the Post Validation Unit determines under the preceding section that an alternative resolution is not appropriate, it shall prepare a recommendation to the Chief, AEO Office within five (5) calendar days from the end of the consultation recommending the suspension and revocation of an existing AEO accreditation or alternative resolution determined,¹⁹ as applicable.
- b. The Chief, AEO Office shall review the recommendation and indorse the same to the supervising Deputy Commissioner within five (5) calendar days from receipt thereof.
- c. The supervising Deputy Commissioner shall review and indorse the recommendation to the Commissioner for final approval within five (5) calendar days from receipt thereof.
- d. The Commissioner shall review the recommendation and issue an Order of Suspension or Revocation, as appropriate, within five (5) calendar days from receipt of the recommendation. Such Order should specifically set forth the grounds for the action, and would be final and conclusive upon the party served unless the AEO member files a written request for reconsideration with the Commissioner.

12.2.4. Order of Suspension and Revocation. The Order of Suspension or Revocation shall specify the grounds for which the AEO membership was suspended or revoked. In case of suspension, the same shall be effective for a maximum period of six (6) months and may be lifted when the reasons or grounds for the suspension have ceased or have been corrected.

Section 13. Withdrawal as Member of AEO Program. AEO accreditation may be withdrawn at the instance of the accredited member without prejudice to re-application, should the AEO member decide in the future. The withdrawal shall, however, be without prejudice to any liability it may have incurred while still a member of the AEO Program.

¹⁹cf. WCO AEO Model Appeal Procedures 2010.

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- 13.1. Letter of Withdrawal.** The AEO member shall submit a Letter of Withdrawal to the AEO Office specifying the reason(s) for the withdrawal from the AEO Program.
- 13.2. Consultation.** The AEO Office shall review the letter and may schedule consultation meeting/s with the AEO member pursuant to Section 12.2.2 prior to giving final action on the withdrawal.
- 13.3.** The withdrawal shall be processed pursuant to Section 12.2.3 of this CMO, except that an Order of Cancellation of AEO membership will be issued.

Section 14. Reconsideration.

- 14.1.** In case of suspension or revocation of accreditation of an AEO member for any of the grounds above mentioned, an AEO member may file a request for reconsideration with the Commissioner not later than thirty (30) calendar days from receipt of the decision, and the Commissioner shall issue a resolution not later than one hundred eighty (180) calendar days after the request for reconsideration is filed²⁰.
- 14.2.** The request for reconsideration should set forth the response of the AEO member on the Order of Suspension or Revocation.
- 14.3. Procedure²¹.**
- 14.3.1.** The Office of the Commissioner shall indorse the request for reconsideration within three (3) calendar days from receipt thereof to the supervising Deputy Commissioner of the AEO Office for its review and recommendation.
- 14.3.2.** The supervising Deputy Commissioner shall forward the request within one (1) calendar day from receipt thereof to the AEO Office for review and appropriate action.
- 14.3.3.** AEO Office shall review the request and schedule a hearing within five (5) calendar days from receipt of the indorsement. The AEO Office shall notify the AEO member of the time and place of the hearing at least five (5) calendar days prior thereto.
- 14.3.4. Conduct of Hearing.**
- a. The Unit Head, Post Validation Unit shall act as the hearing officer for the proceedings.

²⁰ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 4.4.3 (a).

²¹ WCO Appeal Procedure 2010 edition.

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- b. The AEO member may have a representative of his or her choice at the hearing for suspension or revocation.
- c. All evidence and testimony of witnesses in such proceeding, including substantiation of charges and the answer thereto, should be presented with both parties having the right to cross examination.
- d. A record of the proceedings should be made and a copy thereof be delivered to the AEO member within ten (10) calendar days from the end of the hearing(s).
- e. Following a hearing and within five (5) calendar days after delivery of a copy of the record, the AEO member may submit additional views and arguments on the basis of such record to the AEO Office.
- f. At the conclusion of such proceedings or if neither the AEO member nor any designated representative appears for a scheduled hearing, the hearing officer should conclude the hearing, draft a recommendation and transmit all papers for final action to the Chief, AEO Office within fifteen (15) days from conclusion of the final hearing, as applicable.

14.4. Decision.

- 14.4.1.** The Chief, AEO Office shall review the recommendation and indorse the same to the supervising Deputy Commissioner within fifteen (15) calendar days from receipt thereof.
- 14.4.2.** The supervising Deputy Commissioner shall review and indorse the recommendation to the Commissioner for final approval within fifteen (15) calendar days from receipt thereof.
- 14.4.3.** The Commissioner shall review the recommendation and issue a decision, in writing, stating the reasons therefor, with respect to the action proposed by the supervising Deputy Commissioner within fifteen (15) calendar days from receipt of the recommendation.
- 14.4.4.** In case the Commissioner fails to act on the reconsideration within thirty (30) calendar days from receipt of complete

records, the decision of the supervising Deputy Commissioner shall be deemed affirmed²².

- 14.5. The Bureau, after the completion of the process, may publish a list of members who have been suspended or expelled from the AEO Program pursuant to this CMO, and shall make such list available to AEO members²³.

Section 15. Appeal. The decision of the Commissioner affirming the suspension or revocation of the member's accreditation may be appealed to the Secretary of Finance within fifteen (15) calendar days,²⁴ pursuant to the doctrine of exhaustion of administrative remedies. An AEO member adversely affected by the decision of the Bureau or the Secretary of Finance may seek redress before the court of competent jurisdiction.

Section 16. Confidentiality of Information.

16.1. All business document and/or proprietary information are for BOC purposes only. It shall remain confidential and will not be disclosed to a third party without the companies' prior written consent.

16.2. Every officer, agent, or employee of the Bureau who shall be found guilty of unlawfully disclosing confidential information gained during any investigation or audit, or using such information for personal gain or to the detriment of the government²⁵, the Bureau, or third parties shall be penalized pursuant to Section 1431 of the CMTA and Data Privacy Act, as applicable.

Section 17. Benefits

17.1. Level 1 Benefits.

17.1.1. **Exemption from Renewal of Accreditation.** An AEO member shall not be required to renew its membership under any customs accreditation system. In lieu of the annual renewal of accreditation, AEO member shall only be required to periodically update its information and corresponding documentary requirements pursuant to the membership responsibilities of an AEO member in Section 11 hereof. The AEO Office shall review the updates and documentary requirements provided by an AEO member pursuant to Section 11 hereof.

17.1.2. For AEO members with a satisfactory system for managing their Trade Documents, the Bureau may allow the use of

²² CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 4.4.3 (c).

²³ CAO No. 5-2017 "Establishment of Authorized Economic Operator Program (AEO)", Section 4.4.2 (b).

²⁴ CMTA, Title I, Chapter 2, Section 114.

²⁵ cf. CMTA, Title XIV, Chapter 2, Section 1431 (j)

Trade Documents (e.g. bill of lading, invoice) to self-assess their duty and tax liability and, where appropriate, to ensure compliance with other customs requirements. For this purpose, information declared by an AEO member in its Goods Declaration based on its self-assessment shall be accepted by the Bureau of Customs, provided that information declared thereto are consistent with the Trade Documents provided by the AEO member. Nothing in this Order shall prevent the Bureau from the conduct of compliance audit of an AEO member pursuant to the CMTA and other existing laws, rules and regulations.

17.1.3. Dedicated help desk for AEO applicants.

- a. An AEO online portal shall be created for exclusive use of AEO members and interested applicants which shall handle the acceptance and processing of AEO applications.
- b. The AEO Help Desk shall also utilize the online portal to answer all customs related concerns of AEO members in coordination with the concerned offices of the Bureau of Customs.
- c. The Management Information System and Technology Group (MISTG) shall assist the AEO Office in setting-up said on-line facility.

17.1.4. AEO members shall be accorded recognition by the BOC as trusted trade partners. The AEO Office, through the Public Information and Assistance Division, shall publish the list of approved AEO Importers and Exporters at the official website, social media accounts and other available information platform of the Bureau of Customs.

17.2. Level 2 and 3 Benefits. Supplementary rules and regulations shall be issued to operationalize Level 2 and Level 3 Benefits pursuant to CAO 5-2017.

Section 18. Periodic Review. Unless otherwise provided, this CMO shall be reviewed every three (3) years and be amended or revised, if necessary.

Section 19. Separability Clause. If any part of this CMO is declared by Courts as unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Section 20. Repealing Clause. Customs Memorandum Orders (CMOs) 11-2012 and 14-2013 are deemed revoked, amended and/or modified accordingly.

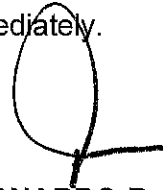
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Section 19. Separability Clause. If any part of this CMO is declared by Courts as unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

Section 20. Repealing Clause. Customs Memorandum Orders (CMOs) 11-2012 and 14-2013 are deemed revoked, amended and/or modified accordingly.

Section 21. Effectivity. This CMO shall take effect immediately.



REY LEONARDO B. GUERRERO
Commissioner

MAR 16 2020



BOC-02-01254



Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
1099 Manila

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J. Lopez C.

**AUTHORIZED ECONOMIC OPERATOR PROGRAM:
PRE-SCREENING/ APPLICATION FORM**

IMPORTANT: Please complete this form and submit electronically to the AEO Online Portal or the Office of the supervising Deputy Commissioner for the AEO Office. Applications shall not be considered as filed without completion of mandatory fields of this form and the submission of relevant documents.

I. GENERAL INFORMATION (all fields are mandatory, unless otherwise stated)		
1. Company Name:		
2. Business Type/s:	<input type="checkbox"/> Importer <input type="checkbox"/> Exporter <input type="checkbox"/> Others (please specify): _____	
3. TIN:		
4. Customs Client No. (if applicable):		
5. Contact Information:	Primary	Alternate
a. Focal Person:		
b. Designation:		
c. Tel. No.:		
d. Fax No.:		
e. Mobile No.:		
f. Email Address		
6. Company Addresses:		
a. Company web site address		
b. Full address where the entity was established		
c. Mailing address (if different)		
d. Full address where main activities of the business are carried out		
e. Full address of office where Customs documentation is kept		
f. Full address of the office where the full accounts are kept (If the offices have the		

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same address, indicate 'same')		
g. For multiple locations, list all locations and their addresses in country covered by this application:	Site Contact Person	Complete Address
a. Locations where a third party executes outsourced activities for the applicant/candidate		

II. DECLARATION

I hereby declare under the penalty of perjury and falsification of public documents under RA 3815 otherwise known as the Revised Penal Code of the Philippines and RA 8792 otherwise known as the E-Commerce Act of 2000 that all the information contained in this application are true and correct to the best of my knowledge.

1. Name	
2. Signature	3. Date

FOR OFFICIAL USE ONLY

Date received:

Date(s) additional information requested:

Accepted Rejected

Reasons for rejection:

Name and position of Account Manager:

Signature of Account Manager:

Republic of the Philippines)
 _____)s.s.

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20__ in _____, affiant exhibited to me his Community Tax Certificate No. _____ issued at _____ on _____.

Notary Public

Doc. No. : _____
 Page No. : _____
 Book No. : _____
 Series of : _____



Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
1099 Manila

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[Signature]

**AUTHORIZED ECONOMIC OPERATOR PROGRAM:
SELF-ASSESSMENT QUESTIONNAIRE**

IMPORTANT: Please accomplish this form as truthfully as possible. Please attach pertinent documents evidencing or further explaining your answers.		
I. GENERAL INFORMATION		
Company Name:		
II. GENERAL CRITERIA		
1. Business ownership, structure, and organization		
a. Date of Establishment (yyyy-mm-dd)		
b. Owner Type (Corporation, Partnership, Sole Proprietor, Wholly Owned Subsidiary, Joint Venture, etc.)		
c. Organizational Chart	<i>(attach Organizational Chart)</i>	
d. Principal Businesses (e.g. manufacturers, importers, exporters)		
e. Office/Department Functions	<i>(attach relevant documents)</i>	
f. Senior Management Personnel responsible for areas relevant to application (e.g. Security, Customs Procedure, Finance, Human Resource)	Full Name	Designation
g. Total No. of Employees		
2. Corporate or business profile and projected business activity;		
a. Brief Corporate or Business Profile	<i>(attach Company profiles and relevant documents)</i>	
a. Detail the country/ies in which the applicant has been admitted to an AEO or similar programme.	Country	Authorization Code, if any:
a. If your company is part of a group, please indicate if any other entities in the group:		
i. already have an AEO certificate; or;		
ii. have applied for AEO status and are currently undergoing an AEO		

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audit by a national Customs authority.		
b. List certifications under other security-related programmes, standards or other national agencies or authorities if applicable	<i>(attach relevant documents, as necessary)</i>	
c. Please describe any known planned changes to the company's business practices or relationships that will impact the handling of goods or the supply chain currently being used.	<i>(attach relevant documents, as necessary)</i>	
3. End-to-end import or export process (goods, documentation, and payment flow) and local distribution system, if any: <i>(attach relevant documents)</i>		
4. Entities involved in foreign supply and/or local distribution chain;		
	Foreign Supplier/Principal	Local Distributor/Agent
a. Company Name		
b. Owner Type (Corporation, Partnership, Sole Proprietor, Wholly Owned Subsidiary, Joint Venture, etc.)		
c. Business Type		
d. Company Address		
e. Tel. No.		
f. Email Address		
g. Website		
h. AEO Accredited? (If yes, please indicate:)		
i. Country		
ii. AEO Authorization Code		
i. Other related certification, if any		
5. List of goods imported or exported including the nature, specific description in tariff terms, customs value, preferential rates to be availed of, and volume (over time)		
6. Internal Customs compliance control		
a. Please describe the internal control system for the relevant departments of your company to identify, report to responsible management and rectify discrepancies in process and assure proper implementation of customs		

J. L. Lopez

procedures and legislation.	
b. Have your internal control processes been subject to any internal/external audit, including audit of your Customs routines?	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please specify details of the audit.
c. Describe in brief your procedures for checking your computer files (standing data or master files)?	
d. How do these procedures cover the following risks from your perspective?	
i. Incorrect and/or incomplete recording of transactions in the accounting system.	
ii. Use of incorrect permanent or out-of-date data such as number of articles and tariff codes.	
iii. Inadequate control of the company processes within the applicant's business, if applicable.	
7. Customs compliance history.	
a. If you trade in goods that are subject to economic trade licences e.g. textiles, agricultural goods, dual-use goods please describe briefly your procedures for administering the licences related to the import and/or export of such goods.	
b. Do you deal in goods subject to anti-dumping duties or countervailing duties? If, yes, please briefly provide further information.	
c. Do you perform Customs formalities in your own name and for your own behalf?	<input type="checkbox"/> Yes <input type="checkbox"/> No
d. Are you being represented by someone regarding customs formalities (e.g. customs broker / agent)?	<input type="checkbox"/> Sometimes <input type="checkbox"/> Always <input type="checkbox"/> Never
i. If sometimes/always, how?	<input type="checkbox"/> Directly <input type="checkbox"/> Indirectly
ii. If sometimes/always, name the most significant companies	
e. Please describe your procedures for verifying the accuracy of Customs declarations, including those submitted on	

J. Lopez C.

your behalf by, e.g., a Customs agent or a freight forwarder.	
f. Please provide information on the instructions and guidelines for the internal reporting and investigation of breaches in connection with customs-related procedures, and mechanisms for appropriate recording and reporting to Customs	
g. Please provide information on the procedures in place on the establishment of Customs value.	
h. What quality assurance measures do you take to ensure that the Customs value is correctly established (e.g. checks, plausibility checks, internal working instructions, regular training, and other means)?	
i. Regarding country of origin:	
i. Give an overview of process followed to establish the preferential or non-preferential origin of the imported goods.	
ii. What internal actions have you implemented to verify that the country of origin of the imported goods is declared correctly?	
iii. Describe your approach in the issuing of proof of preferences and certificates of origin for exportation.	
j. How and by whom, is the tariff classification of goods decided?	
k. What quality assurance measures do you take to ensure that the Customs tariff is correctly established (e.g. checks, plausibility checks, internal working instructions, regular training, and other means)?	
l. Is documentation retained supporting the measures relating to the procedures referred to in questions 7(g) to (k)?	<input type="checkbox"/> Yes <input type="checkbox"/> No

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<p>m. Do you regularly monitor the effectiveness of your quality assurance measures relating to the procedures referred to in questions 7(g) to (k)?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>n. Do you have procedures in place regarding the quality assurance measures relating to the procedures referred to in questions 7(g) to (k)? If yes, please describe the procedures in place.</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>o. Demonstrated record of compliance over the last three (3) years, as applicable:</p> <ul style="list-style-type: none"> • BOC Validated External Audit on Customs Compliance • Regular Post-Clearance Audit 	<p><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>p. Have any applications for Customs authorizations/certifications been refused, or existing authorizations been suspended or revoked because of breaches of Customs rules in the last three (3) years, as applicable?</p>	
<p>8. Business process continuity mechanism</p>	
<p>a. Describe briefly the crisis management, business continuity and security recovery plans in place.</p>	
<p>b. Describe briefly the training provided for employees in crisis management and any drill conducted for the contingency plan.</p>	
<p>9. Financial Viability</p>	
<p>a. Do you have a good financial standing which is sufficient to fulfil your customs related obligations with due regard to the characteristics of the type of your business activity?</p>	
<p>b. If applicable, please provide financial evaluation parameters (e.g., asset liability ratio, leverage ratio, asset turnover ratio), which you generally use to assess your financial situation</p>	
<p>c. Please provide profit and loss statements and balance sheet for the last three sets. If a new business, state N/A.</p>	
<p>d. Have insolvency proceedings been initiated in respect of your company in the last three years?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, please provide details</p>
<p>e. If applicable, please provide information about your financial standing over the</p>	

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<p>last three years such as a letter from your audited financial statements, a copy of your finalized accounts (if your accounts have not been audited) or bank or financial institution statements that demonstrate financial viability.</p>	
<p>f. If you are a newly established business provide all records and information in relation to your financial status e.g. latest cash flow, balance sheet and profit and loss forecasts approved by the directors/partners/sole proprietor.</p>	
<p>g. Please provide any information that you are aware of, which will impact the financial solvency of your business in the foreseeable future (for example, whether company has lost/will lose a major project or a major supplier/buyer).</p>	
<p>III. SECURITY CRITERIA</p>	
<p>1. Cargo handling and safekeeping.</p>	
<p>a. Describe briefly the procedures in place to protect against the introduction of unauthorized material and persons?</p>	
<p>b. Documentation Processing and Verification.</p> <p>i. Describe briefly the procedures in place to ensure that information in all documentation used in the movement and clearance of cargo, both electronic and manual, including those documents prepared by third parties such as Customs house brokers, are legible, complete and protected against the exchange, loss or intentional introduction of erroneous information and available for examination.</p>	
<p>ii. Describe briefly the procedures in place in directing staff on what should be done if they encounter a suspicious document.</p>	
<p>c. Receipt and Release of Cargo.</p> <p>i. Describe briefly the procedures in place to ensure that arriving and</p>	

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<p>departing cargo is reconciled against relevant documents, for example, cargo manifest, packing list, bill of lading, purchase order and delivery order.</p>	
<p>ii. Describe briefly the procedures in place to compare, where feasible, the cargo with delivery documents when receiving and releasing cargo and to inform the appointed security officer if a discrepancy is detected.</p>	
<p>iii. Describe briefly the procedures in place to ensure that persons / drivers delivering or receiving cargo are positively identified before cargo is received or released and to provide supervision to cargo handling processes.</p>	
<p>d. Procedural Documentation: i. Describe briefly the documented procedures in place for critical process handover points (e.g., document preparation processes, issue of seals, breaking of seals, physical count of cargo, conveyance inspection, cargo delivery, cargo receipt).</p>	
<p>ii. Describe briefly the documented procedures in place pertaining to custody and responsibility over cargo when a party takes receipt of the cargo or when a service is provided.</p>	
<p>iii. Describe briefly the documented procedures in place in monitoring on a continuous basis the movement of the cargo.</p>	
<p>iv. Describe briefly the documented procedures in place for controlling the movement of cargo within the port or airport prior to exit or the movement prior to entry, where applicable.</p>	
<p>v. Describe briefly the documented procedures in place for monitoring the loading of cargo for export, as applicable.</p>	

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<p>e. Inspection of Cargo Conveyance:</p> <p>i. Describe briefly the documented procedures in place to verify the physical integrity of the cargo conveyance prior to stuffing, including the reliability of the locking mechanisms of the doors.</p>	
<p>ii. Describe briefly the documented procedures in place for inspecting the structure of the transport conveyance including the reliability of the access controls</p>	
<p>iii. When appropriate to the type of conveyance is a seven-point inspection process carried out for all dedicated transport conveyances prior to stuffing, including:</p> <p>a) Front wall; b) Left side; c) Right side; d) Floor; e) Ceiling; f) Inside/outside doors; and g) Outside/undercarriage?</p>	
<p>f. Container Seals:</p> <p>i. Do you use ISO 17712 compliant high security seals?</p>	
<p>ii. Describe briefly the procedures in place on how seals are to be controlled²⁶, affixed and checked to ensure only designated authorized person(s) distribute seals.</p>	
<p>iii. Do you require haulers to have documented procedures for regular vehicle inspections after stops in journey; that drivers ensure the integrity of the load whilst other consignments are added or removed; and that drivers have been trained in prompt reporting of incidents?</p>	
<p>iv. Describe briefly the procedures in place to periodically review compliance with these requirements.</p>	

²⁶ Controlled might mean received, securely stored, assessed, used and accounted for.
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<p>g. Storage of Conveyances, Containers and Cargo:</p> <p>i. Describe briefly the procedures in place to prevent unauthorized access and/or tampering of conveyances, containers and cargo in your custody stored in a secure area.</p>	
<p>2. Record keeping and IT System</p>	
<p>a. Accounting and logistical system</p> <p>i. Please describe the essential elements of your business processes that facilitate a full audit trail of your Customs activities or tax relevant movement of goods or accounting entries²⁷.</p>	
<p>ii. Describe briefly your procedures for back-up, recovery, fallback, archiving and retrieval of your business records</p>	
<p>iii. How long are the data saved in the production system and how long are these data archived?</p>	
<p>b. Information Technology:</p> <p>i. Describe briefly the procedures in</p>	

²⁷ The accounting system would normally include:

- general ledger
- sales ledger
- purchase ledger
- assets
- financial statements (balance sheet, income statement, statement of cash flows and statement of stockholders equity)
- management accounts

The logistical system would normally include:

- sales order processing
- purchase order processing
- manufacture
- inventory – storage, warehousing
- shipping/transport
- supplier/customer lists

The audit trail would normally include:

- sales
- purchases and purchase orders
- inventory control
- storage (and movements between storage locations)
- manufacture
- sales and sales orders
- customs declarations and documentation
- shipping
- transportation accounting e.g. invoicing, credit and debit notes, remittances/payments

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<p>place to maintain confidentiality and integrity of data and information systems used in the supply chain including protection against misuse and unauthorized alteration.</p>	
<p>ii. Describe briefly the procedures in place to ensure proper transfer, storage and final disposal of data and information.</p>	
<p>c. Documentation Security: i. Describe briefly what actions have been taken in order to protect (e.g. constricted access rights, creation of electronic backup) information/documents from unauthorized access, abuse, intended destruction and loss?</p>	
<p>ii. Have there been any cases of unauthorized access to documents in the last year, and if so what measures have been taken to prevent this from happening again?</p>	
<p>iii. Which categories of employees have access to detailed data about the flow of materials and goods?</p>	
<p>iv. Which categories of employees are authorized to change detailed data about the flow of materials and goods? Are changes comprehensively documented?</p>	
<p>d. Information Security Procedures: i. Describe briefly how access rights for the computer systems are issued and who is responsible for the running and protection of the computer system?</p>	
<p>ii. Describe briefly the information security procedures and/or security related controls in place to protect information systems from unauthorized access?</p>	
<p>e. Accountability: i. What computer system (hardware/software) do you use for your business in general, and for Customs matters in particular?</p>	

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<p>ii. Provide information on the following:</p> <ul style="list-style-type: none"> o separation of functions between development, testing and operation; 	
<ul style="list-style-type: none"> o separation of functions between users; 	
<ul style="list-style-type: none"> o access controls (which ones/to whom); 	
<ul style="list-style-type: none"> o traceability between business system and declaration system. 	
<p>iii. At what locations are your Customs related computer activities undertaken?</p>	
<p>iv. Have Customs related computer applications been outsourced? If yes, to which company were the applications outsourced and how do you manage access controls for the outsourced applications?</p>	
<p>v. Describe briefly the procedures/systems in place to identify the detected abuse of IT including improper access, tampering or the unauthorized altering of business data?</p>	
<p>f. Data Back-ups and Recovery Plans:</p> <p>i. Please describe where your main server is located and give details of how it is secured.</p>	
<p>ii. Describe briefly the actions you have taken in order to protect your computer system from unauthorised intrusion (Firewall, antivirus programme, password protection, etc ...)?</p>	
<p>iii. Describe briefly the procedures and back-up capabilities in place to protect against the loss of information?</p>	

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<p>iv. Does the company have a contingency plan for system disruption/failure?</p>	
<p>3. Supply and trading partner</p>	
<p>a. Please provide a list of regular business partners including the modes of transportation and modes.</p>	
<p>b. Selection of Business Partners. Describe briefly the procedures in place for the selection of and working with business partners taking into account elements that can identify and rectify security weaknesses?</p>	
<p>c. Security Requirements for Business Partners. As far as possible and in accordance with the business model, describe briefly the procedures in place for business partners to demonstrate they are meeting the company's supply chain security requirements (e.g. through written or electronic confirmation; through contractual obligations; through a letter from a senior business partner officer attesting to their compliance; through a written statement demonstrating their compliance with Customs supply chain security programme(s); or by providing a completed supply chain security profile)?</p>	
<p>d. Security Certification. For business partners who have obtained certification in a supply chain security programme administered by the Customs administration of another country describe briefly the procedures in place to maintain documentary proof of the business partners' certification?</p>	
<p>e. Review of Business Partners' Compliance to Security Requirements. Describe briefly the procedures in place to review business partners' compliance to security requirements?</p>	
<p>f. Storage Facilities. If you use storage</p>	

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<p>facilities and they are not owned by you please indicate who you rent/lease the storage facilities from.</p>	
<p>g. External Services i. Describe briefly the 'external services' under contract, such as security guards, cleaning companies, suppliers, maintenance companies, etc., which are based at your premises?</p>	
<p>ii. Are there written agreements with the external service providers containing security requirements (i.e. restricted access controls etc.)?</p>	
<p>iii. Describe briefly how compliance with the procedures included in these agreements is checked?</p>	
<p>4. Physical premises and access control</p>	
<p>a. Perimeter Fencing: i. Describe the perimeter fencing and/or appropriate peripheral barriers in place to enclose the areas around cargo handling and storage facilities.</p>	
<p>ii. Briefly describe the procedures in place for the following: o segregation of high value and hazardous cargo</p>	
<p>o to ensure that all fencing is regularly inspected for integrity, damage and repaired.</p>	
<p>o for perimeters identifiable (signage) as controlled areas for authorized personnel only.</p>	
<p>b. Gates and Gate Houses: i. Briefly describe the procedures in place: o to control the movement of all vehicles and/or personnel entering or</p>	

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<p>exiting the gates.</p>	
<ul style="list-style-type: none"> o to protect premises against unauthorised access by private vehicles 	
<ul style="list-style-type: none"> o that specify when and how searches of vehicles or personnel entering or exiting controlled areas of the premises are to be performed 	
<p>ii. Are gates through which vehicles and/or personnel enter or exit manned, monitored or otherwise controlled?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>c. Parking. Briefly describe the procedures in place to prohibit the parking of employees and visitors' vehicles in close proximity to cargo handling and storage areas.</p>	
<p>d. Building Structure:</p>	
<ul style="list-style-type: none"> i. Is the building constructed of materials that resist unlawful entry and protected against external intrusion? 	
<ul style="list-style-type: none"> ii. Briefly describe the procedures in place to ensure that the integrity of the structures is maintained by periodic inspection and repair. 	
<p>e. Locking Devices and Key Controls:</p>	
<ul style="list-style-type: none"> i. Briefly describe the procedures in place to ensure that all external and internal windows, doors, fences and gates are secured with locking devices or alternative access monitoring or other control measures. 	
<ul style="list-style-type: none"> ii. Briefly describe the procedures in place for issuance and access to locks and keys 	
<ul style="list-style-type: none"> iii. Briefly describe the procedures in place for conducting periodic inventory of locks and keys. 	
<p>f. Lighting:</p>	
<ul style="list-style-type: none"> i. Describe briefly the procedures in 	

J. Lopez C.

<p>place to ensure adequate lighting inside and outside company facilities including the following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas.</p>	
<p>ii. Describe the processes in place to maintain equipment and retention of recordings.</p>	
<p>g. Alarm Systems and Video Surveillance Cameras. Are alarm systems and video surveillance cameras utilized to prevent potential intruders from attempting to gain entry, detect possible intrusion, expand the area of security surveillance and assist in post-incident investigations?</p>	
<p>h. Security Personnel and Organization:</p> <p>i. If personnel is in charge of the security of the company please describe briefly the procedures in place?</p>	
<p>ii. If an organization/unit is in charge of the security of the company please describe briefly the procedures in place.</p>	
<p>i. Access Controls for Employees:</p> <p>i. Describe briefly company's employee access controls to the premises/site at all times</p>	
<p>ii. Is an employee identification system in place that provides positive identification for access control purposes and while working in restricted areas?</p>	
<p>iii. Are employees only given access to those areas needed for the performance of their duties?</p>	
<p>j. Access Controls for Visitors and Vendors / Contractors:</p> <p>i. Describe briefly the positive identification procedures and access controls to the</p>	

J. Lopez C.

premises/site at all times for visitors, vendors and contractors	
ii. Are visitors, vendors and contractors, etc. registered and controlled?	
iii. Are visitors, vendors and contractors, etc. required to present photo identification or proper vendor ID for positive identification and access control purposes?	
iv. Are visitors, vendors and contractors, etc. required to visibly display identification passes?	
k. Challenging and Removing Unauthorized Persons. Describe briefly the procedures in place for employees to report and challenge any unauthorized or unidentified persons?	
5. Personnel complement	
a. Pre-Employment Verification and Background Checks:	
i. Describe briefly the procedures in place to ensure the application information for both permanent and temporary personnel, such as employment history and references, verified prior to employment.	
ii. Describe briefly the procedures in place to ensure background checks conducted on prospective permanent and temporary personnel as appropriate and to the extent allowed for by law	
b. Periodic Background Checks / Reinvestigations for Current Personnel:	
i. Describe briefly the procedures in place for the provision of periodic checks to the extent allowed by law performed on current permanent employees	

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<p>ii. Describe briefly the procedures in place as to whether the periodic checks are based upon the position and responsibilities of the personnel in the company.</p>	
<p>c. Resignation and Termination of Personnel:</p> <p>i. Describe briefly the procedures in place to remove identification cards, as well as premises and information systems access for terminated and resigned permanent and temporary personnel.</p>	
<p>ii. Describe briefly the procedures in place to control the employee's ability to compromise security standards, if company policy, national law, employment contract or union agreement allows for a period of continued employment between termination/resignation notice and last work day</p>	
<p>d. Temporary personnel security standards:</p> <p>i. Describe briefly the procedures in place to ensure temporary employees are checked regularly according to security standards.</p>	
<p>ii. Please specify how and by whom the temporary employees are checked.</p>	
<p>iii. Please specify the areas where these employees are used.</p>	
<p>iv. Please specify the security instructions for these employees</p>	
<p>6. Security training, threat awareness, and outreach</p>	
<p>a. Education, Training and Awareness</p> <p>i. Describe briefly the procedures in place to educate your personnel with regard to the risks associated with movements of goods in the</p>	

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international trade supply chain	
ii. Describe briefly what educational material, expert guidance and appropriate training on the identification of potentially suspect cargo is provided to all relevant personnel involved in the supply chain.	
iii. Describe briefly what procedures are in place for employees to identify and report suspicious incidents.	
iv. Describe briefly any specific training conducted to assist employees in maintaining cargo integrity, recognizing potential internal threats to security and protecting access controls.	
<p>b. Crisis Management and Incident Recovery.</p> <p>i. Describe briefly the procedures in place identifying such threats as terrorism, contraband/Human Smuggling, Organized Crime or other Conditions which may increase the probability of a security breach</p>	
ii. Describe briefly the procedures in place to report and respond an incident or risk situation and identify root causes so that actions can be taken to protect against recurrences.	
7. Conveyance Security	
a. Describe briefly the procedures in place to protect, to the extent and scope of your authority and responsibility, conveyances (e.g. trucks, prime movers, trailers) against the introduction of unauthorized personnel and material	
b. Describe briefly the procedures in place to consider potential places of concealment on conveyances and	

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ensure that these are regularly inspected.	
<p>c. Describe briefly the procedures in place to train drivers on subjects such as:</p> <ul style="list-style-type: none"> i. Inspection of conveyance; ii. Confidentiality of load, route and destination; iii. Policy on keys, parking area, refuelling and unscheduled stops; iv. Reporting for accident or emergency; v. Reporting of any irregularity in loading, locking and sealing; and vi. Testing of security alarms and tracking devices, if any. 	
IV. DECLARATION	
I hereby declare under the penalty of perjury and falsification of public documents under RA 3815 otherwise known as Revised Penal Code of the Philippines and RA 8792 otherwise known as the E-Commerce Act of 2000 that all the information contained in this application are true and correct to the best of my knowledge.	
1. Name	
2. Signature	3. Date
FOR OFFICIAL USE ONLY	
Date received:	
Date(s) additional information requested:	
<input type="checkbox"/> Accepted	<input type="checkbox"/> Rejected
Reasons for rejection:	
Name and position of examining officer:	
Signature of examining officer:	

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Republic of the Philippines)
_____)s.s.

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20__ in _____, affiant exhibited to me his Community Tax Certificate No. _____ issued at _____ on _____.

Notary Public

Doc. No. : _____
Page No. : _____
Book No. : _____
Series of : _____

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South Harbor, Gate 3, Port Area Manila 1099 Tel. Nos. 527-4537; 527-1935 (OCOM)
Website: www.customs.gov.ph . Email: boc.cares@customs.gov.ph



Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
1099 Manila

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[Signature]

RISK EVALUATION GUIDE

IMPORTANT NOTICE: This reference guide contains some of the basic tools, resources, and examples AEO applicants should consider using when conducting a risk assessment on their international supply chain(s). The information contained herein is intended to serve as a guide, and is not "all inclusive" of what should be included in an international supply chain security risk assessment.

The Five (5) Step Risk Assessment Process includes:

1. Mapping Cargo Flow and Identifying Business Partners (directly or indirectly contracted);
2. Conducting a Threat Assessment focusing on: Terrorism, Contraband Smuggling, Human Smuggling, Organized Crime, and conditions in a country/region which may foster such threats and rate threat – High, Medium, Low;
3. Conducting a Vulnerability Assessment in accordance with AEO Minimum Security Criteria and rate vulnerability – High, Medium, Low;
4. Preparing an Action Plan; and
5. Documenting How Risk Assessments are conducted

PART I. MAPPING CARGO FLOW AND IDENTIFYING BUSINESS PARTNERS.

Illustrate herein or attach illustration of your end to end cargo flow including all business partners directly or indirectly involved in the process.

A. CARGO FLOW:

B. IDENTIFY BUSINESS PARTNERS. Identify each of the parties involved in the movement of cargo or documents and their role, such as but not limited to manufacturers, government agencies, freight forwarders:

Business Partner	Process involved	End to End Cargo Flow	Known Details About Provider	Risk Rating (High, Medium, Low)

II. THREAT ASSESSMENT. It is recommended to assign a threat risk rating based on the following.

1. **Low Risk** - No recent incidents/intelligence/information
2. **Medium Risk** – No recent incidents/some intelligence/information on possible activity
3. **High Risk** – Recent incidents and intelligence/information

A Score of 3 in any of the following areas would deem the supply chain as "High Risk"

- 1) Terrorism
- 2) Contraband Smuggling
- 3) Human Smuggling
- 4) Organized Crime

III. VULNERABILITY ASSESSMENT

One method that may be used to conduct a vulnerability assessment is sending security surveys to Business Partners who are not eligible or do not participate in the AEO program. Security surveys should be based on the process performed by the business partner in the international supply chain (e.g. Procurement, Production, Packing, Storage, Loading/Unloading, Transportation, and Document Preparation). Questions should ask the business partner to describe security measures used, and not only be "Yes/No" questions. The survey should address whether or not a system of checks, balances, and accountability are in place, particularly in areas of Securing Instruments of International Traffic, Tracking and Monitoring Cargo, Seal Security, and Business Partner Screening (sub-contracted).

The following are recommended risk rating of vulnerabilities for minimum-security criteria categories: Business Partner Requirements, Securing Instruments of International Traffic, Procedural Security, Physical Security, Physical Access Controls, Personnel Security, Security and Threat Awareness Training, and Information Technology Security.

- 1 - Low Risk - Meets all applicable Minimum Security Criteria (Musts and Shoulds)
- 2 - Medium Risk - Meets all applicable "Musts" Minimum Security Criteria, but does not meet all "Should"

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IV. Develop an Action Plan

V. Enumerate the procedure of how risk assessment is conducted.

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City of _____) S.S.

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AFFIDAVIT OF UNDERTAKING

I, *(Name of Applicant)*, of legal age, Filipino, *(designation)* of *(name of Company)* with principal office at *(complete address)* in relation to my application as Authorized Economic Operator (AEO) do hereby undertake:

1. That none of the executive officers and directors directly engaged in customs procedures and shareholders, as applicable, have not been found to have violated customs laws and procedures and/or criminally liable for violation of any Philippine laws, rules and regulations within three (3) years from date of application.
2. To provide a dedicated office or unit or responsible officer whose main function is to ensure the applicant's compliance with its duties and responsibilities under the AEO Program as an accredited member;
3. To maintain the standards set in accordance with the criteria referred to in Section 9.1 of this CMO.
4. To update the Bureau on any change in the member's status as recipient of certain official privileges, general information sheet, name of contact person/s and contact number/s and/or email addresses, importation process flow, product sourcing, list of imported items, pricing structure, terms of trade, product description, tariff classification, security policy or profile, and such other information as may be material in enabling the Bureau to monitor and evaluate the continuing eligibility of the accredited member.
5. Full disclosure at all times of information as required or requested by Customs under the AEO Program. Information, particularly those bearing on trade or business secrets or advantage, provided by the member in the course of the application or as a result of AEO import clearance operations shall be deemed confidential and shall not be disclosed to anyone without the written consent of the applicant, except in the context of judicial proceedings.
6. To designate an office or unit and personnel in the member's organization that shall be responsible for ensuring full and prompt compliance with AEO regulations and serve as a liaison with the AEO Office to ensure prompt exchange of information and close cooperation necessary for a smooth AEO operation.

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- 7. To submit a yearly Statement of "No Material Change", if such is the case, in relation to the information referred to in the immediately preceding provision.
- 8. To voluntarily disclose to the Bureau any inadvertent errors or innocent deviation from the AEO procedure with an undertaking and concrete proposal to rectify the lapse. The disclosure is without prejudice to the application of any sanction or action provided for in existing rules and regulations applicable in the premises.
- 9. To provide complete, up-to-date, and accessible record keeping system for all documents in electronic or hard copies pertaining to business and import operations.

IN WITNESS WHEREOF, I have hereunto affixed my signature this ____ day of _____, _____ at _____.

(Signature)
(Applicant's Printed Name)
(Designation)

SUBSCRIBED AND SWORN to before me this _____ of _____, _____ affiant exhibited to me his _____ issued on _____ at _____.

Doc. No. _____
Page No. _____
Book No. _____
Series of _____