



# BUREAU OF CUSTOMS

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PROFESSIONALISM

INTEGRITY

ACCOUNTABILITY

ADCG Memo No. 251-2022

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## MEMORANDUM

TO : ALL DISTRICT/SUBPORT COLLECTORS

ATTN : ALL DEPUTY COLLECTORS FOR ASSESSMENT  
ALL CHIEFS, ASSESSMENT DIVISION  
PREFERENTIAL RATE UNIT (PRUS)

FROM : *[Signature]*  
ATTY. EDWARD JAMES A. DY BUCO  
Deputy Commissioner

SUBJECT : ASSIGNMENT OF EXPORT COORDINATION DIVISION (ECD)  
REPRESENTATIVE TO DESIGNATED EXAMINATION  
AREA (DEA) TO WITNESS THE CONDUCT OF  
EXAMINATION FOR SHIPMENTS ESPECIALLY THOSE  
COVERED BY CERTIFICATE OF ORIGIN (CO)

DATE : 15 August 2022



BOC-01-07019

One of the administrative provisions under CMO 2-2010 explicitly provides that *ECD shall exercise oversight function on all activities related to the issuance and utilization of CO whether unilateral, bilateral, regional or multilateral. Likewise, ECD, in coordination with Formal Entry Division and/or its equivalent units in all collection districts shall design a post evaluation system of CO's that cover imported products to ensure that proper and appropriate duties and taxes are collected.*

Further, in reference to Memorandum dated 23<sup>rd</sup> of October 2020 duly signed by this Office, ECD is vested with the authority to conduct post-evaluation of CO's pursuant to Administrative Provision nos. 01 and 03 of CMO 2-2010 for purposes of verification and validation of their authenticity.

This Office, in the exercise of the aforementioned oversight function, has issued a Memorandum dated September 8, 2020 to the Preferential Rate Units (PRUs) to submit a monthly report of all importation with COs for the purpose of monitoring its utilization to protect the integrity and correct application of the same. This process, however, proved to be lacking and insufficient because in order to accurately verify whether or not the HS CODE availed of in the utilization of CO in importation is in accordance with the rules, it is imperative that we reconcile or counter the same HS CODE with the actual contents of the importation by viewing the same. Otherwise,





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there is no way we can verify whether or not the same HS CODE is correctly utilized. There might be a possible presence of misclassification of correct tariff rates.

The ECD, during the conduct of post-evaluation of Certificates of Origin (COs) utilized in the importation, observed that several importers had submitted CO's with generic description of imported goods. Thus, not specifically specified in said COs despite being required by the Trade Agreements such as in Form D Overleaf Notes, to wit, **"the description of products must be sufficiently detailed to enable the products to be identified by the Customs Officers examining them. Name of manufacturer and any trademark shall also be specified."**

In such a case, granting of preferential treatment under CO with generic description would result to possible abuse of preferential tariff treatment since imported goods in generic terms could not be identified and verified as to its originating criteria against the Pre-Evaluation Report accomplished by the Exporting Country which would prejudice the accurate determination of applicable rate of duty.

In essence, the Philippines, as a third-world country, revenue generation is vital to improve or hasten the government's effectiveness in its primordial task to serve the best interest of its people. As such, the abuse of CO would greatly affect the revenue collection of the Bureau as a whole. Further, it is worthy to note that almost 70% of our importation utilizes CO for purposes of exemption from payment of customs duty.

In effect, proper classification and valuation of imported goods especially covered by COs are of necessity and will become an important exponent in the trade qualifications and specific assessment of customs duty, taxes and other charges.

Furthermore, as the Head Secretariat of the FTA Oversight Committee, ECD is clothed to provide support and technical assistance to the Committee in accordance with the FTA Oversight Functions provided for under CMO No. 16-2011.

Appurtenant thereto, in order to ensure that imported goods described in the COs are the actual contents of the shipments and the HS Code availed therein is accurate, this Office authorizes the ECD to designate its representative to perform said purpose during the conduct of every physical examination in the Designated Examination Area (DEA).

For information and strict compliance.