



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA 1099

October 6, 1998

**CUSTOMS MEMORANDUM ORDER**

NO. 40-98

TO : The District Collector, NAIA  
Deputy Collectors of Customs;  
Express Cargo Operators;  
Courier Services Operators; and  
All Others Concerned

SUBJECT : **EXPEDITED CLEARANCE/RELEASE PROCEDURES  
AND GUIDELINES ON EXPRESS CONSIGNMENTS**

By the authority of Section 608 of the Tariff and Customs Code of the Philippines, as amended, and in the exercise of the powers of the Bureau of Customs under Section 602 of the same Code, the following procedures and guidelines governing express consignment inbound are hereby prescribed:

**I. OBJECTIVES**

1. To establish operational procedures for the expedited clearance/release of express consignments in response to the continually changing international trading requirements in the global market place, taking into consideration the Guidelines set by the World Customs Organization (WCO).
2. To set uniform standards and operational guidelines in the transport and documentation of express consignments.
3. To further facilitate international trade and commerce, principally within the APEC/ASEAN member economies/states, by promoting the use of electronic data interchange (EDI) systems in the processing in the clearance/release of express consignments.
4. To ensure the collection of lawful government revenues as well as the proper compliance with all other laws and regulations administered and enforced by the Bureau of Customs.

## II. SCOPE

This Order applies only to express consignments as herein defined and carried either as freight or as baggage by accredited Operators. This Order does not apply to other shipments handled by airfreight forwarders/consolidators which are traditionally transported as ordinary freight (whether shipped individually under one airline airway bill or as part of a consolidated shipment) which shall continue to be processed and cleared under existing informal and formal entry procedures.

## III. ADMINISTRATIVE PROVISIONS

1. **Definitions** – For the purposes of and as used in this Order, the following term shall mean as follows:

a. **Express Consignments** – consolidated air shipments of articles/goods which are time-sensitive in character, usually under a door-to-door service arrangement with on-time delivery commitment, which are shipped under a master air waybill (MAWB).

b. **Express Cargo Operator (ECO)** – a company which provide and arrange, by order and in the interests of shippers/consignors, for the fast and rapid transport and delivery of express consignment (either as a direct common carrier or an indirect air carrier) and as such issues its own air waybill to shippers/consignors of shipments under its solicitation.

c. **Courier Services Operator (CSO)** – a company which, by itself or in concert with affiliates or subcontractors, provide for the fast and rapid transport (as an indirect air carrier) and delivery of express consignments being brought and arriving as accompanied baggage of its courier flying as passenger of commercial airlines. (The passenger is commonly known and referred to as On-Board-Courier or OBC).

d. **Package** – a closed container (i.e. box/carton/envelope) or covering in which the contents of a consignment is packed ready for shipment or transport subject to weight and size limits imposed in Art. V hereof.

e. **Consignment/Shipment** (the terms are used interchangeably) – one or more packages received from one shipper/consignor at one address and addressed to one consignee at one final destination, receipted for in one lot and shipped under one air waybill (AWD). (Consignments consisting of two or more packages are referred to as "Multiple Package Shipments").

f. **Master air waybill (MAWB)** – an air waybill showing, among other data elements, the consignee (nominal) at destination of a consolidated shipment, the total number of packages and total weight of the consolidation.

g. **House air waybill (HAWB)** – an air waybill showing all essential data elements of an individual consignment and its consignee (ultimate) at destination.

h. **Customs** – refers to the Bureau of Customs, an agency of the Government of the Republic of the Philippines, and its duly authorized officials and employees.

## 2. Express Consignments Clearance Office (ECCO)

a. For uniformity and consistency in the application and enforcement of customs laws and regulations, the composite units presently established in Customs Bonded Warehouses (CBWs) of Express Cargo Operators (ECOs) shall hereafter be named and referred to as Express Consignments Clearance Office (ECCO), including the existing OBC-ECCO. These ECCOs shall be under the operational supervision and control of the Deputy Collector for Assessment and shall separately be headed by a Special Deputy Collector.

b. The ECCO shall receive all shipping documentations transmitted electronically or manually covering express consignments in their area of responsibility and the processing and clearance/release of the consignments. It shall keep and maintain records of all express consignments. A methodology which will provide an effective audit trail of each and every consignment cleared/released by the ECCO shall be formulated and prescribed by the Deputy Collector for Assessment.

b. Each ECCO shall gather, collate and maintain an electronic database of values from invoices of consignments, in close liaison and coordination with the other ECCOs, which database shall be updated from time to time as the need arises and interlinked with the Valuation Section central database. Values established shall be uniformly applied in the appraisal and valuation of subsequent importations of the same, like, or similar articles goods from the same country of origin until officially revised.

## IV. CATEGORIES OF EXPRESS CONSIGNMENTS AND RESTRICTIONS

1. Consignment Categories – Express consignments shall be categorized as follows:

a. Documents (DOCS) – those generally considered as business, inter-office, or personal (BIP) in character which have no commercial value. Also falling under this category are diplomatic bags/pouches with official seal and international letter-mail (excluding parcels) for entry into the Philippine postal system. Representative examples of these consignments are listed in Appendix “A” hereof.)

b. Non Documents (NON-DOCS) – Consignments which do not fall under the DOCS category, further sub-categorized as follows:

1. Low value non-dutiable consignments – Consignments whose aggregate amount of duties, taxes and other charges collectible is less than ten pesos (P10.00).
2. Low value dutiable consignments – Consignments above the duty, tax and charges limit whose value is not more than the established low value threshold FOB.
3. High value consignments – Consignments whose value is above the established low value threshold FOB.

2. Restrictions – No express consignments shall include any of the following:

- a. Prohibited/Regulated imports under the Philippine Laws;
- b. Dangerous Goods;
- c. Valuable cargo;
- d. Animal, fish and fowls (live or frozen);
- e. Foodstuff and highly perishable articles;
- f. Human remains/cadavers;
- g. Money (coins, cash, paper money and negotiable instruments equivalent to cash); and
- h. Personal effects of Balikbayans, OFWs (Overseas Filipino Workers) and other travelers.

## V. STANDARDS AND DOCUMENTATION

1. Package Weight Limits – Unless compliance is not feasible due to the nature, size, or dimensions of the articles/goods to be transported, each express consignment package shall weight not more than thirty (30) kilograms.
2. Package Size Limit – Unless compliance is not feasible due to the nature, size, or dimensions of the articles/goods to be transported, each express consignment package shall not exceed 1.50 meters for any one dimension or 3 meters for the sum of the length and the greatest circumference measured in a direction other than that of the length.

3. Description and Limit on Commodities

- a. Articles/goods shall be described on commercial/pro-forma invoices in their normal trade description expressed in sufficiently precise terms to enable immediate and unambiguous identification and tariff classification of the commodity, preferably with correct H.S. Code for each commodity.
- b. Low-value consignments (dutable or non-dutable) shall not contain more than five (5) commodities with different tariff classification or H.S. Codes per HAWB.

4. Method of Transport

- a. DOCS and NON-DOCS consignments shall not be commingled in one bag/sack but placed in separate bags/sacks or other containers.
- b. DOCS consignments shall be placed in Green-colored bags/sacks and NON-DOCS in bags/sacks of a different color. Any bag/sack not of Green color shall be presumed to contain NON-DOCS consignments and shall be treated accordingly.

5. Manifest Requirements

- a. A consolidated manifest copy shall be prepared and submitted for all DOCS and both low-value dutiable and non-dutiable NON-DOCS consignments. High value NON-DOCS consignments require submission of a separate Manifest.
- b. Consol (consolidation) manifest shall contain, among others, the following data elements:
  1. HAWB numbers of the consignments, with corresponding –
  2. Number of packages
  3. Brief description of commodities;
  4. Weight of the consignment (in kgs.);
  5. Value of the consignment;
  6. Name of shipper/consignor; and
  7. Name and address of consignee.



- c. OBC consol manifest shall contain, among others, the following data elements:
1. Flight number of carrying aircraft;
  2. Name and passport of the courier;
  3. Airport of origin;
  4. Original airport of origin of a consignment (if a consignment/s originates from another airport);
  5. Total number of bags/sacks;
  6. Gross weight of all bags/sacks brought in; and
  7. Baggage claim tag number of each bag/sack.
- d. Each consignment shall be accompanied by the covering HAWB and commercial pro-forma invoice placed inside a transparent self-adhesive plastic document pouch which shall be securely affixed to the consignment with the face of the HAWB readable from the outside for easy identification of the consignment. For multiple package consignments, the document pouch shall be affixed to the #1 package, the rest of the packages to be properly identified or marked.

## VI. EXPEDITED OPERATIONAL PROCEDURES

### 1. Post-Arrival Routines

#### a. For consignments carried as freight:

- (1) Upon arrival, the consignment shall be immediately transferred underguard to the CBW of the Operator concerned. In cases where short-shipment is noted, a Cargo Irregularity Report (CIR) shall be prepared by the representative of the airline. The CIR shall be noted by the assigned Customs Guard who shall secure a copy for record purposes.
  - (2) Receiving Customs Warehouseman and Operator shall check the completeness of the consignments transferred before they are received and in-bonded, after which the Green-colored bags/sacks shall be segregated from the rest of the consignments.
- d

b. For consignments carried as OBC baggage:

- (1) Assigned Customs Guard, guided by the pre-alert copy of the OBC consol manifest electronically or manually transmitted, shall upon arrival of the carrying aircraft segregate at the cargo break-down area the baggage of an arriving OBC in the presence of a CSO representative who shall make proper accounting of the consignments unladen. In cases where bag/sack is short-landed or cannot be accounted for, a Property Irregularity Report (PIR) shall be prepared by the CSO representative. The PIR shall be noted by the assigned Customs Guard who shall secure a copy for record purposes.
- (2) Receiving Customs Warehouseman and OBC-ECCO shall verify the bags/sacks transferred and check the baggage claim tag numbers against the pre-alert OBC consol manifest and transfer Boatnote. For consignments with discrepancy, the OBC-ECCO shall secure a copy of the PIR from the CSO representative.

1. Expedited Clearance/Release Procedures

a. For DOCS and low-value non-dutiable NON-DOCS consignments:

- (1) These categories of consignments shall be processed and cleared/released using the consol manifest as the entry document with the covering MAWB as supporting document pursuant to Customs Administrative Order (CAO) No. . . . ; provided, that they are placed and transported in properly identified bags/sacks. The consignments shall be cleared/released only after each bag/sack has undergone an X-ray scan. Customs retains the right to physically examine packages as required.
- (2) Any consignment found to contain dutiable articles/goods shall be segregated and cleared/released only after payment of duties and taxes; provided, that the articles/goods found were not misdeclared or undeclared on the consol manifest or HAWB, otherwise appropriate enforcement action shall be taken including seizure. For purposes of clearance/release of any dutiable consignment, the form STATEMENT AND RECEIPTS OF DUTIES COLLECTED ON INFORMAL ENTRY (BC Form 116) shall be used.

b. For low value dutiable NON-DOCS consignments:

- (1) This category of consignments shall be processed and cleared/released under consolidated informal entry or individually in cases where certain documentary requirements from other government agencies are



still being secured or for some valid reason. Until such time when a consolidated informal entry form is officially prescribed, the INFORMAL, IMPORT DECLARATION AND ENTRY (BC Form 177) shall be used and filed together with the copy of the HAWBs and corresponding commercial pro-forma invoice as supporting documents. A consolidated informal entry shall cover not more than ten (10) individual HAWBs with different consignees.

- (2) These consignment shall be cleared/released based on selective documentary examination but shall undergo an X-ray scan prior to release if found in order. Customs, however, may conduct physical examination of contents of any suspect package or at random prior to release.
- (3) If any consignment forming part of a consolidated informal entry was found with a discrepancy, the consignment shall be segregated from the others and shall be separately cleared/released after appropriate action has been taken by Customs or the consignee concerned; provided there is no misdeclaration or nondeclaration involved, otherwise appropriate enforcement action shall be taken including seizure.

c. For high value NON-DOCS consignments:

- (1) This category of consignments shall be individually processed and cleared/released under existing formal entry procedures and shall pass the selectivity process based on ACOS. No physical examination shall be made of consignments in the Green-Lane category unless based on derogatory information or Alert Notice received. Customs may conduct document examination of consignment channeled to the Yellow-Lane category but shall in all cases conduct physical examination of consignments in the Red-Lane category.
- (2) Consignments with a value of USD\$500.00 FOB or more shall be cleared/released only if covered by a Clean Report of Findings (CRF) unless it is one of those exempt from the pre-shipment inspection under Amended Joint Order No. 1-91.

d. Advance Processing of Entries:

- (1) Advance processing of entries covering express consignments may be allowed; provided a pre-alert copy of the consol manifest has been electronically transmitted in advance through the BOC-SITA network as provided in NAIA CMO 3-94 and CMO 19-95. However, numbering of entries shall be made only after arrival of the consignments, and clearance/release authorized only upon submission



of hard copies of the consol manifest submitted to the Customs Boarding Officer upon arrival of the carrying aircraft as well as other supporting documents.

- (2) To avail of the privilege of advance processing, the pre-alert consol manifest must be received at the ECCO concerned at least one hour prior to arrival of the carrying aircraft but not later than 4:00 P.M. during regular working days. For consignments arriving on Saturdays, Sundays or other non-working Holidays, the pre-alert shall be received before the close of office hours of the preceding Friday or last work day of the week; otherwise, the consignments will be processed and cleared/released the following working day.
- (3) In the case of consignments arriving as baggage, their clearance/release shall be authorized only upon receipt by the OBC-ECCO of hard copies of the required supporting documents. No bag/sack shall be cleared/released unless the corresponding baggage claim tag has been surrendered to the OBC-ECCO for verification and record purposes.
- (4) At the sound discretion of the District Collector, release of low value dutiable (except a HAWB) NON-DOCS consignments without certain supporting documents may be authorized as a matter of privilege; provided, the Operator concerned presents a written undertaking under oath that the lacking documentary requirement shall be submitted within twenty-four (24) working hours after the clearance/release. In such cases, final liquidation of the entries shall be made only after submission of the required documents. Failure on the part of an Operator to faithfully comply with this undertaking shall be sufficient ground for cancellation of the privilege.
- (5) Advance processing of entry shall not be allowed for the following consignments:
  - (a) Those subject of an Alert Notice/Hold Order;
  - (b) Those with a value of USD\$500.00 FOB or more or its equivalent in other foreign currency and without a CRF, unless exempt;
  - (c) Those requiring import clearance/permit from the concerned government agency, unless submitted together with the entry;
  - (d) Conditionally-free importations falling under sub-sections "d", "f", "j", "q", "r" and "x" of Section 105 of the Tariff and Customs Code of the Philippines, as amended; and

of hard copies of the consol manifest submitted to the Customs Boarding Officer upon arrival of the carrying aircraft as well as other supporting documents.

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  - (c) Those requiring import clearance/permit from the concerned government agency, unless submitted together with the entry;
  - (d) Conditionally-free importations falling under sub-sections "d", "f", "j", "q", "t" and "x" of Section 105 of the Tariff and Customs Code of the Philippines, as amended; and

(e) Those for transshipment to another local or foreign port.

## VII. GENERAL PROVISIONS

### 1. Determination of Freight for Shipment Arriving as Baggage.

For the Express consignments arriving as baggage, the freight component shall be based on the IATA Area from whence the consignment came from, to wit:

(1) IATA Area 1	-	USD\$ 5.00/kg or fraction thereof
(2) IATA Area 2	-	USD\$ 4.00/kg or fraction thereof
(3) IATA Area 3	-	USD\$ 2.00/kg or fraction thereof

### 2. Treatment of Split Consignments.

Two or more low value NON-DOCS consignment which appears on the consol manifest to have the same shipper/consignor and the same consignee, whose aggregate value is USD\$ 500.00 FOB or more or its equivalent in other foreign currency, shall be treated as a single consignment for customs purposes and cleared/released under one formal entry. Unless exempt from the pre-shipment inspection, a CRF shall be submitted upon filing of the entry.

### 3. Holding of consignments.

- a. Customs law enforcement officers/agents shall not hold and stop delivery of express consignments after their release has been authorized, unless based on positive information that its clearance/release was attended with irregularity or its documentation is not in order or fraudulent.

All held or alerted consignments shall be transferred to the Collector's Corral or similar facility in the CBW of the operator pending final resolution of the matter.

- b. In the case of DOCS and low value non-dutiable NON-DOCS consignments, the corresponding HAWB number of a particular consignment whose delivery is held shall be highlighted with a colored textliner with proper notation of the ground for holding its delivery. After said action, the rest of the consignments shall be cleared/released if found in order.

### 4. Supplemental and Amendments to Consol Manifests.

- a. Supplemental consol manifest for consignments not listed on the consol manifest originally submitted upon arrival of the carrying aircraft: Provided, however, that the supplemental consol manifest is submitted by

the Operator concerned within six (6) hours from the time of arrival of the carrying aircraft or OBC. Supplemental consol manifest shall contain a notation of the time and date it was submitted and shall first be approved by the Chief, Aircraft Operations Division or OIC, OBC-ECCO, before it will be given due course.

b. Consol manifests shall be amended in accordance with the provisions of Paragraph 4, Part II of CAO 4-89 using the form prescribed in MTA CMO 33-76. Amendment to consol manifest shall, before it shall be given due course, be approved by:

- (1) Deputy Collector for Operations – if the purpose is to amend any information appearing in the consol manifest to have it conform with pertinent data element shown on the MAWB or HAWB; or
- (2) Deputy Collector for Assessment – if the purpose is to correct clerical errors or other discrepancy in the consol manifest committed in its preparation, without fraudulent intent, and discovered only after completion of the examination of the consignment.

5. Overtime Services of the Customs Personnel.

- a. Customs personnel at the ECCOs shall be assigned, on rotation basis, to render overtime service after regular office hours and during Saturdays, Sundays and other non-working Holidays. Such services shall be requested by the Operator in advance and in writing, specifying the number of personnel required and other relevant information.
- b. The Operator for whom such services has been rendered shall pay such services, including transportation and meal allowances based on rates prescribed in CAO 7-92 and pursuant to existing regulations.

6. Clearance of Express Consignments Through Customs.

- a. Customs clearance of DOCS and low value NON-DOCS consignments shall be handled by the ECO concerned through contracted licensed customs brokers, being part of their integrated customer service. For consignments arriving as baggage, customs clearance of consignments may handled by the CSO concerned at the OBC-ECCO.
- b. For high value NON-DOCS consignments, customs clearance may be handled by the ECO/CSO concerned except in cases where the shipper/consignor indicates the name of the customs broker to handle clearance of the consignment appearing on the broker select option box of the HAWB or when the consignee authorizes a particular customs broker to handle customs clearance of his consignment.

## VIII. SPECIAL PROVISIONS

### 1. Prepayment Deposits for Duties and Taxes

- a. Payment of duties, taxes and other charges due on express consignments maybe charged to and debited from a Cash Deposit made by the ECO or CSO in a Customs nominated bank under a special account to be opened for this specific purpose. The nominated bank shall put up an on-line computer link-up with ECCO for instant electronic issuance of a Duty-Paid Credit Memo prior to the release of consignments.
- b. This privilege may be availed of upon written request and submission of an undertaking under oath by the Operator addressed to the District Collector of Customs, NAIA, favorably endorsed by nominated bank. The District Collector may, at his sound discretion, approve the request depending on the credibility and financial position of the Operator.

### 2. X-ray and Field Test Kits (For narcotics and dangerous drugs)

Each ECCO shall provide the Customs with X-ray and field test kits (for narcotics and dangerous drugs) in order to prevent the entry of illegal and anti-social goods.

### 3. Sanction Against Violations.

- a. Express consignments arriving as baggage without an accompanying OBC shall be seized as unmanifested cargo pursuant to a ruling of the Supreme Court. If the bags/sacks containing such consignments are inadvertently brought to the Customs Arrival Area at the Passenger Terminal Building, it shall be immediately transferred underguard with Boatnote to the OBC-ECCO for appropriate action. No airline shall accept express consignments as check-in baggage unless verified to be accompanied by a duly authorized courier/passenger; otherwise, it may be held liable for carrying unmanifested cargo and subject to administrative sanctions.
- b. Expedited clearance/release procedures may be discontinued if an Operator is found to repeatedly violate or fail to comply with any provision of this Order unless it demonstrates to show willingness to address them in a manner that will substantially preclude such violations or non-compliance, without prejudice to whatever administrative or criminal action which Customs may take for violations of the Customs laws and regulations if warranted.

CMO-40-98

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- b. This privilege may be availed of upon written request and submission of an undertaking under oath by the Operator addressed to the District Collector of Customs, NAIA, favorably endorsed by nominated bank. The District Collector may, at his sound discretion, approve the request depending on the credibility and financial position of the Operator.

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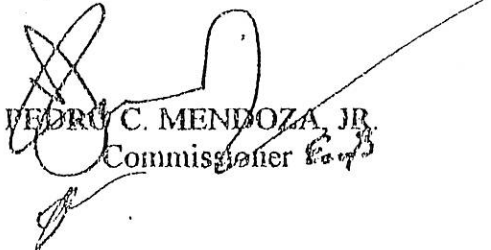
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**IX. REPEALING CLAUSE**

This Order repeals and recalls CMO 23-96 and revokes NAIA CMOs 59-91 and 14-94. All other issuances inconsistent or in conflict with this Order are hereby superceded, amended or modified accordingly.

**X. EFFECTIVITY**

This Order shall take effect after its publication in two (2) national newspapers of general circulation.



PEDRO C. MENDOZA, JR.  
Commissioner

Attachments: Appendix "A"