



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

MAR 16 1998

CUSTOMS MEMORANDUM ORDER
NUMBER 5-98

To: All Collectors of Customs
All Importers, Brokers and Representatives
All Authorized Agent Banks
All Others Concerned

Subject: *Rules and Regulations Implementing Joint Order 1-91 as Amended*

- 1.0 Attached marked Annex "A" is the list of commodities making up paragraphs 3b (goods requiring laboratory or complex test procedures) and 3e (other shipments ascertained to be high risk) and are therefore subject to pre-shipment inspection (PSI).
- 2.0 As for paragraphs 3c and 3d, the presence of the key words "waste", "seconds", "stocklots", "off-grade", "off-specs", "used", "surplus" and other terms connoting non-prime shall be the basis of determining whether or not PSI is required.
- 3.0 Attached marked Annex "B" is the flowchart for the submission, reception and processing of the Import Advice Notice (IAN) application. The features of this work process are the following:
 - 3.1 In D1 of Annex "B" and as with the previous Comprehensive Import Supervision Scheme or CISS, the importer or his representative must first determine whether or not the commodity to be imported is covered by the SPACS (Selective Pre-shipment Inspection Advance Clearance System, the new CISS) and therefore, CRF is required. Para 5 of the Amended Joint Order 1-91 enumerates the shipments not covered by SPACS. The two new ones are:
 - a) all those entered under warehousing into Customs Manufacturing Bonded Warehouse (CBMWs)
 - b) all duty and tax exempt shipments

If the shipment is altogether exempt from SPACS, the process ends there.

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- 3.2 If the shipment is covered by SPACS, the importer shall proceed depending on the mode of financing of the shipment:
- 3.2.1 In D2 if the mode of financing the import is NON-LC, the IAN application shall be submitted to an SGS office for processing
 - 3.2.2 If the mode of payment is thru Letters of Credit, the importer has the choice (D3) of determining himself whether or not his shipment requires PSI or as in 3.2.1, leaving the matter to SGS by forwarding the IAN application to said office.
 - 3.2.3 If the importer makes the decision himself in D3 he submits his IAN application to the agent bank indicating therein whether or not his importation is subject to PSI
 - 3.2.4 In P1, the bank opens the LC as applied for. In D4 if the IAN application indicate PSI is not required, the Bank after opening the LC (P2) forwards the IAN application to SGS.
 - 3.2.5 If the IAN application indicates that PSI is required, the bank opens the LC with a condition that shipment is subject to Pre-shipment inspection. (P3) and forward the documents to SGS.
 - 3.2.6 In P4, SGS receives the IAN application either from the importer or from the bank
 - 3.2.7 In D5, SGS determines whether or not PSI is required
 - 3.2.7.1 If PSI is required, the SGS officially informs the importer (P6), amending the LC opened as needed (P5)
- 4.0 Attached marked Annex 'C' is the flowchart for determining whether or not CRF is required and the kind of CRF needed at the Assessment offices, BOC
- 4.1 In P1 entry is verified as to whether or not there is a CRF attached.
 - 4.2 In D1, if CRF is attached, CRF must be verified as to whether or not PSI was undertaken (D2)



- 3 -

- 4.2.1 If the shipment requires PSI but the CRF attach does not show that PSI was undertaken, proceed as in CMO 9-95 as amended.
- 4.3 In D3, since no CRF is attached to the entry, Assessment officer must verify if the shipment is among those exempted from the coverage of SPACS.
- 4.3.1 Should the shipment not be SPACS exempt and there is no CRF proceed as in CMO 9-95 and its amendments.
- 5.0 Effectivity. - The provisions of this order shall apply as follows
- 5.1 LC Shipment - Those which LC dates beginning 16 March 1998
- 5.2 NON LC Shipment - Those with IAN's received beginning 16 March 1998.
- 6.0 Recission Clause. - All orders inconsistent with this order are hereby deemed amended or modified accordingly.


GUILLERMO L. PARAYNO Jr.
Commissioner

ANNEX A

List A: **GOODS REQUIRING LABORATORY TESTS**

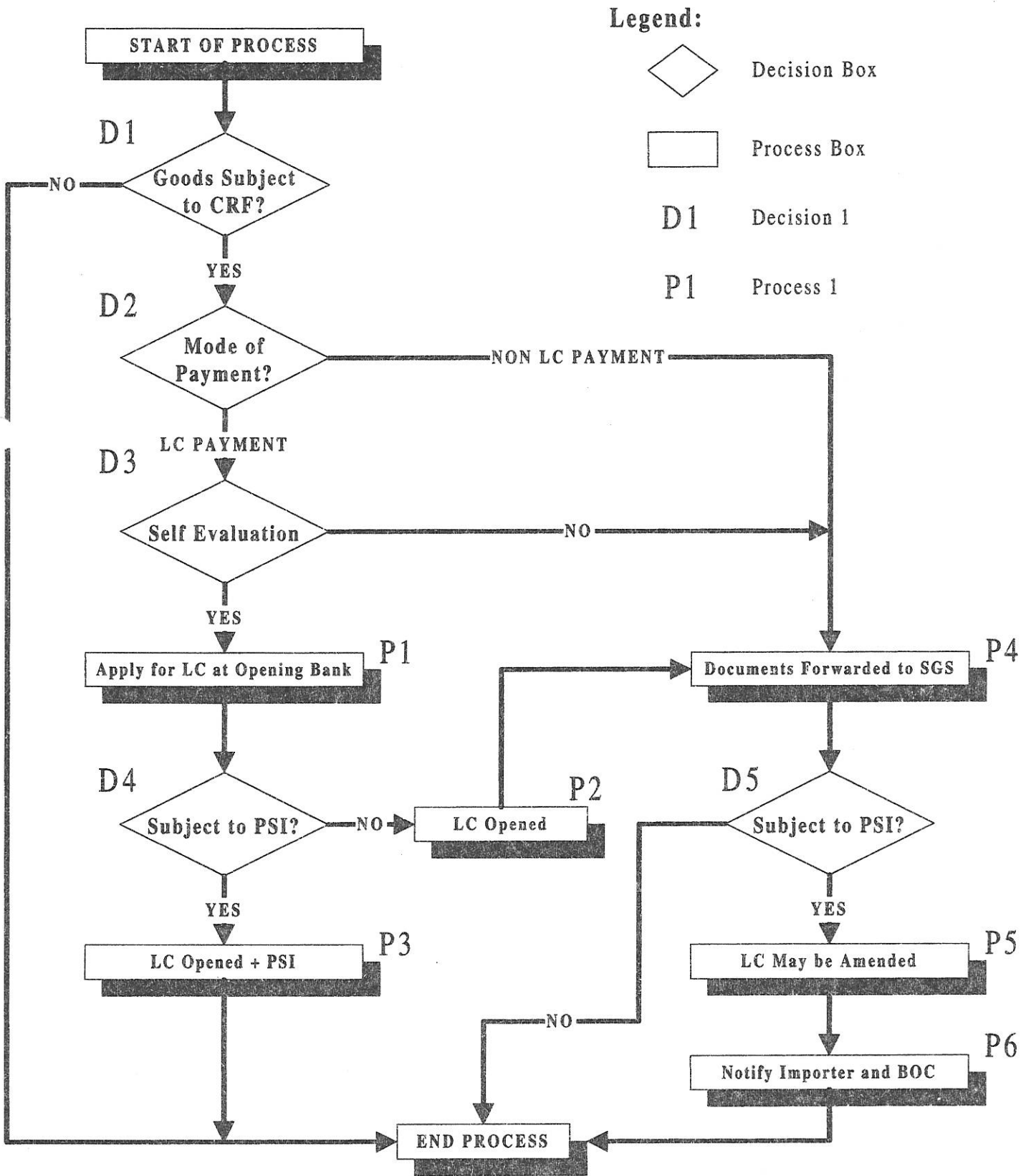
<u>Goods</u>	<u>Test Required</u>
Permethrin	To determine purity of substance
Sugar	To distinguish whether raw or refined
Honey	To distinguish whether artificial or natural
Tapioca	To distinguish whether animal or food grade
Polyethylene/Ethylene Copolymer	To determine polymer content
PVC Homopolymer	To determine monomer content
Silicon Emulsion	To determine surface tension
Gases declared as Butane, Pentane	To detect ozone depleting substances
Iron and steel:	To determine carbon content
Flat-rolled products of iron or non-alloy steel, clad, plated or coated except when plated or coated with tin	
Bars and rods	
Angles, shapes and sections of iron or non-alloy steel	
Wires of iron or non-alloy steel.	
Hydrogenated Vegetable Fats in Solid Form	To determine whether wholly or partially hydrogenated

List B: **HIGH RISK SHIPMENTS**

- Pharmaceutical Products
- 7-wire PC Strands
- Textile Materials
- Ready to Wear (RTW) Clothing
- Truck/Auto Replacement Parts (Surplus)
- Toys

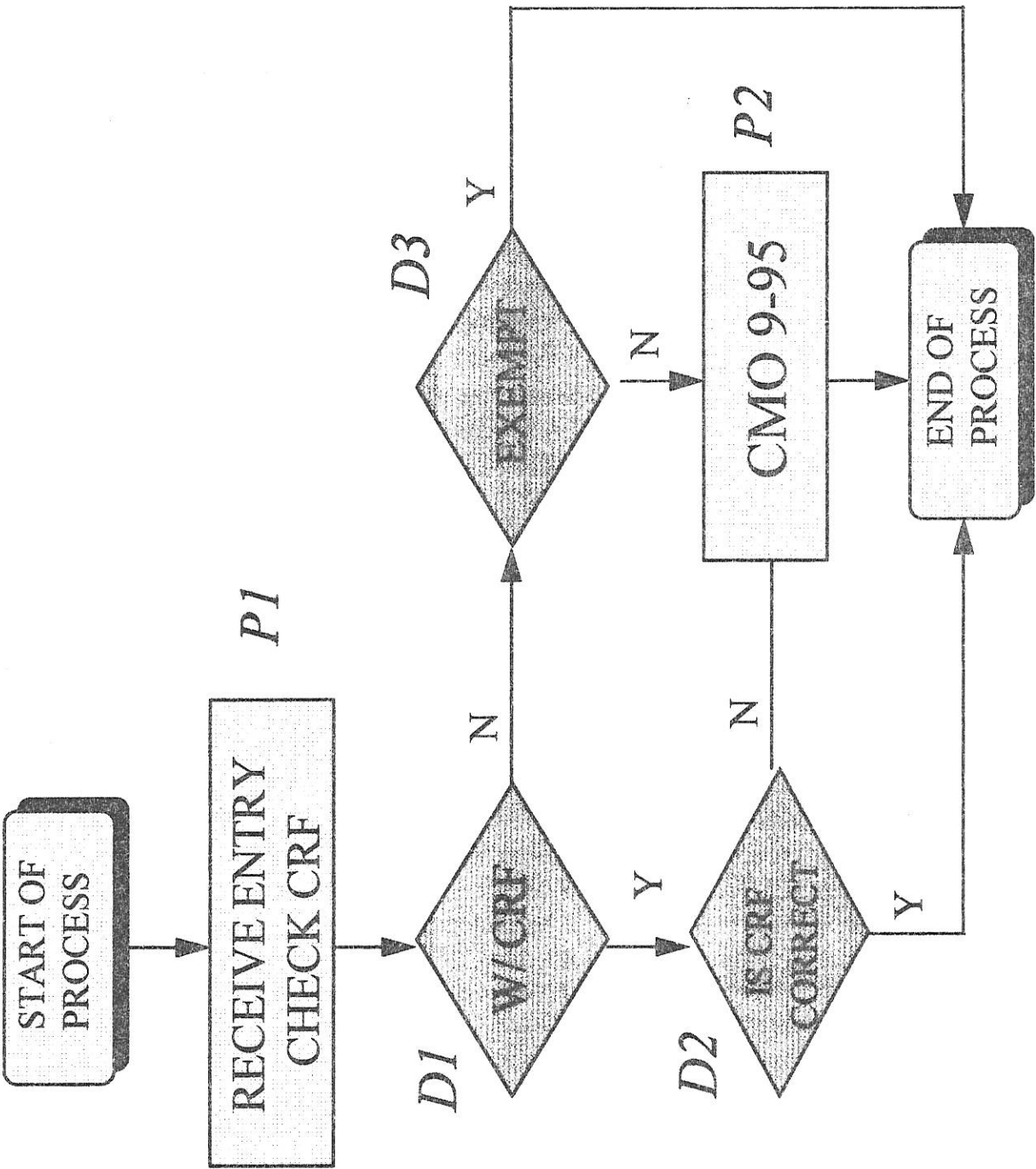


EXTENDED CONTRACT WORK PROCESS



Alparag

DOCUMENT PROCESSOR/COO III & V WORK PROCESSES



Approved