



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
COLLECTION DISTRICT III
NINYO AQUINO INTERNATIONAL AIRPORT

August 6, 2002

CUSTOMS MEMORANDUM ORDER

NO. 37-2002

Subject: Clearance of Air Express Consignments of
DHL WORLDWIDE EXPRESS PHILS. CORP.
at the Ninoy Aquino International Airport

Pursuant to Sec. 608 of the Tariff and Customs Code, as amended and the exercise of the powers of the Bureau of Customs under Sec. 602 of the same Code, the following procedures and guidelines governing Customs clearance of air express consignments of DHL Worldwide Express Phils. Corp. at the Ninoy Aquino International Airport are hereby prescribed:

1. OBJECTIVES

- 1.1 To attune existing operational procedures for the clearance of all express consignments by DHL in line with the World Customs Organization (WCO) "Guidelines for the Immediate Release of Consignments by Customs: in conjunction with other international agreements or covenants.
- 1.2 To adopt the salient applicable provisions of CMO No. 18-2002 that best suits DHL's operations at NAIA with the end in view of ensuring fair competition thru a leveled playing arena amongst air express companies, enhancing efficiency as well as guaranteeing the delivery of expeditious service to their customers.

2. ADMINISTRATIVE PROVISIONS

- 2.1 Cargo Categories – for Customs purposes DHL's import consignments shall be generally categorized as follows:
 - a. DOCS or Document Shipments - Shipments of documents generally considered as business, interoffice or personal in

character of no commercial value, to include diplomatic shipments in pouches or bags officially sealed containing official documents. It may include printed matters consisting of not more than ten (10) copies per shipment which have no appreciable commercial value.

- b. NON-DOCS or Non-Document Shipments – Shipments which do not fall under the DOCS category. For Customs clearance purposes, the shipments shall be sub-categorized as follows:

b.1. Low Value Non-Dutiable Import Consignments – This category comprises consignments excluding prohibited or restricted items, where duties and taxes are remitted or waived as the amount of duties and taxes payable would be negligible or below the minimum waivable duty under the Tariff and Customs Code of the Phils., as amended. This category covers low-value goods which are not dutiable in their own right, the filing of which can be consolidated in one Consolidated Manifest Entry.

b.2. Low Value Dutiable Import Consignments – This category comprises consignments excluding prohibited or restricted items, which are above the value and/or duty/tax limits of b.1. These are consignments that do not qualify for duty and tax remission/waiver and the filing of which can be made under one Consolidated Manifest Entry.

b.3. High Value Dutiable Import Consignments – Refers to shipments whose declared value ranges from USD500.00 and above. This is subject to ACOS and therefore should be covered by Formal Entry.

3. SPECIAL PROVISION

3.1 Misrouted Shipments

Any shipment misrouted or whose final destination is a foreign country but mistakenly sent to the Philippines, must immediately be re-sorted to the final or correct destination country and loaded on the next available flight. A separate log will be maintained for monitoring purposes.

3.2 Request for Return to Shipper (RTS)

In the event the shipper decides to have the shipment returned, the shipment may returned to shipper without having to undergo any other Customs formalities. Shipments subjected to this provision shall only be allowed under the following circumstances:

- 3.2.1 If the address indicated in the air waybill is not for the Philippines

- 3.2.2 If the articles do not conform with order or shipper made an error in the consignment wherein the same is not really intended for consignee in the Philippines.
- 3.2.3 If the consignee refuses to accept and/or cancel the order for whatever reason. In no case shall RTS be allowed after filing of either informal or formal import entry.

3.3 EXPORT DECLARATION

All Export Declaration (ED) shall be filed after the export consignments have been exported subject however to the following:

- 3.3.1 All export manifests must be submitted to Customs before the actual departure of the flights.
- 3.3.2 All export licenses shall be completed before export except shipments with declared value of USD1,000 and below.

4. REPEALING CLAUSE

All Customs rules, regulations, orders and other issuances which are in conflict or inconsistent with this Order are hereby revoked, repealed or superseded accordingly.

5. EFFECTIVITY CLAUSE

This Order shall take effect upon signing.

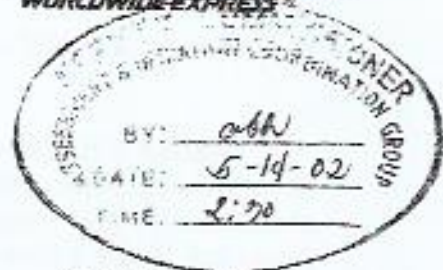

ANTONIO M. BERNARDO
Commissioner

Date: _____



13 May 2002

ATTY. GEORGE JEREOS
Deputy Commissioner, AOG
Bureau of Customs
Port Area, Manila



CMO - 37-02

Dear DepCom Jereos:

This refers to our letter addressed to NAIA District Collector Celso P. Templo (copy enclosed) requesting that some salient provisions of Customs Memorandum Order No. 18-2002 dated 26 March 2002 re: "Customs Control and Clearance of United Parcel Service, Inc. (UPS) at Clark, Angeles, Pampanga", be similarly accorded to our company, DHL WORLDWIDE EXPRESS PHILS. CORP.

In his reply of 29 April 2002, Collector Templo realized the merits of our petition pointing out that "DHL WORLDWIDE EXPRESS is no less in the same footing as UPS, subject of CMO 18-2002 and going by the objective cited in 1.2, applicable provisions must similarly apply to them, if we are to enforce uniform standard and operational guidelines, under the equal protection doctrine of our laws, thus levelling the business playing field". He advised us however to make the necessary representation with the Office of the Commissioner so that our request can be appropriately acted upon.

We believe that CMO 18-2002, while it refers to control and clearance of UPS shipments, is not exclusive and discriminatory. Rather, the ORDER is more for attaining the WCO guidelines for immediate release of consignments and to give the Bureau of Customs full responsibility in formulating procedures in setting uniform standard guidelines in the documentation of all express consignments, both import and export, operating in an electronic environment. These goals are clearly laid down in Part 1 (OBJECTIVES) of the ORDER.

DHL deserves a similar treatment, being the biggest Express Air Cargo Operator worldwide. When the new DHL management took over operational control last 01 January 2002, they brought along with them the time-honored vision of making Philippine air express cargo operations at par with international best practices, consistent with the company's global reputation to deliver service to customers at the highest level and most respectable standard. We adhere to the belief that in pursuit of our goals, efficiency must grow with the times and must be measured based on the dynamics of change. Being time-sensitive, air express companies cannot countenance delay. The slightest glitch in their precision timing mechanism would mean millions of revenues foregone once customers' confidence is eroded.

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Towards this end, we would like to request that the following provisions of CMO 18-2002 be made applicable to us:

1. Cargo Categories – (Administrative Provisions – II.3.b.2 & b.3)

Under the new CMO, high value import consignment refers to shipments whose declared values range from USD 500.00 and above. Low value dutiable consignments, on the other hand, refer to shipments whose values are below USD 500. For low value dutiable consignments, filing can be done under one Consolidated Manifest/Informal Entry while high value consignments shall be covered by Formal Entries since these shipments are subject to ACOS or the Automated Customs Operating System.

This procedural reform is beneficial to the air express industry since this specifically addresses the need to simplify further Customs clearance requirements on time-sensitive consignments.

2. Misrouted Shipment – (Special Provisions – V.1)

"Any shipment misrouted or whose final destination is a foreign country but mistakenly sent to the Philippines must be immediately re-sorted to the final or correct destination country and loaded on the next available flight. A separate log will be maintained for monitoring purposes."

The above procedure assures reshipment to final country of destination quickly thus doing away with unnecessary costs in safekeeping and at the same time, preserving the integrity of the shipment. DHL has a computerized system that can provide access to the Bureau at any given time in monitoring the status and whereabouts of misrouted shipments.

3. Request for Return to Shipper (RTS) – (Special Provisions – V.2)

"In the event the shipper decides to have the shipment returned, the shipment may be Returned to Shipper without having to undergo any other customs formalities. Shipment subjected to this provision shall only be allowed under the ff. circumstances:

1. If the address indicated in the air waybill is not for the Philippines.
2. If the article does not conform with the order, or shipper made an error in the consignment wherein the shipment is not really intended for consignee in the Philippines.
3. If the consignee refused to accept and/or cancelled the order for whatever reason.
4. In no case shall RTS be allowed after filing of either informal or formal import entry"/

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CMO-37-02

As demonstrated by past experience, it takes time before RTS cases can be finally acted upon. The present bureaucratic procedure is hurting the global reliability of air express companies. The new procedure is a welcome note for the industry, as this will improve delivery forecast and timing. It is likewise suggested that, for the purpose of enhancing operational efficiency, RTS cases be decided upon by the Special Deputy Collector assigned at the warehouse facility concerned.

4. Export Declaration – (Special Provisions – V.3)

"All export declaration shall be filed after the export consignments have been exported subject to the following:

1. All export manifests must be submitted to customs before the actual departure of the flights.
2. All other export licenses at the destination country shall be completed before export except shipments with declared value of USD 1,000.00 and below."

The submission of Export Declaration (ED) before export has continuously hobbled the air express industry's operations. As volume grows, the pre-departure submission of ED for each shipment has become physically impossible for air express companies like us. Pre-departure submission of EDs holds true for ordinary exports shipments but when it comes nonetheless to the execution of a special undertaking that is time-bound and where speed is the core of its very nature, compliance with this requirement becomes extremely difficult to achieve.

We hope for your favorable consideration. Your approval of our request would send positive signals to multinational investors like us that the government policy of leveling the playing field is in place and being vigorously pursued.

Thank you and warmest regards.

Truly yours,

BRAD HARRIS
National Operations Manager

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