



**CUSTOMS ADMINISTRATIVE ORDER  
NO. 4-2008-A**

**SUBJECT:                    Creating Parameters for the Rationalized Application  
of CAO No. 4-2008 on the Non-Importation of Resin  
Through the Customs Bonded Warehouse Scheme**

**I.     OBJECTIVES:**

1.1. To address the concerns of a great number of legitimate importers/exporters operating in the country, whose consolidated business substantially contribute to and account for the Philippine's economic stability and positive global competitiveness.

1.2. To balance the government's exercise of police power under CAO No. 4-2008 with the interest of legitimate business as far as the importation of resin through the customs bonded warehouse system is concerned considering that it is not the government's intent to stifle legitimate business but rather to promote it.

**II.    GENERAL PROVISIONS:**

Under Article 39(I) of EO 226 or the Omnibus Investment Code registered export-oriented companies are granted access to the utilization of the bonded warehousing system. Said provision states the following:

*"Art. 39. (I). Access to Bonded Manufacturing/Trading System – Registered export-oriented enterprises shall have access to the utilization of the bonded warehousing system in all areas required by the project subject to such guidelines as may be issued by the Board upon prior consultation with the Bureau of Customs."*

Bonded Trading Warehouses were converted to Industry Specific Customs Bonded Warehouses under CAO No. 7-2002, "Establishing of Industry-Specific CBWs and the Rules and Regulations Governing its Operations."

Recognizing that the indiscriminate implementation of CAO No. 4-2008 will have dire consequences on the business of legitimate importers/exporters operating in the Philippines, which has no adequate petrochemical industry of its own and is highly reliant on imported resin, the creation of certain parameters for its rationalized application is warranted in the light of the spiraling cost of the said oil-based commodity and other production costs.

  
(05-09240)

**III. ADMINISTRATIVE PROVISIONS:**

3.1. The application for exemption of CBWs to import resin shall be filed with the Bonded Warehouse Committee upon favorable recommendation from the Office of the District Collector concerned.

3.2. The application shall be accompanied by a Prior Disclosure Statement which must be under oath by the President of the Company, the proprietor or managing partner which contains the following details, among others:


- 3.2.1. Maximum cubic space of applicant CBW's raw materials and finished products compartments at any given time for manufacturing including all members for Common Bonded Warehouse and all accredited clients/end-users for ICBW;
- 3.2.2. No Sub-contracting of the subject resin;
- 3.2.3. Number of equipment indicating their rated and actual capacities;
- 3.2.4. Number of factory workers directly involved in the production;
- 3.2.5. Percentage of outright and constructive exports, indicating buyers, and respective volume and value;
- 3.2.6. Monthly resin requirements, indicating types, grades, volume, value, as well as names of local suppliers if sourced through bonded to bonded transfer or constructive exports.

3.3. The following parameters shall be considered in determining who may continue to import resin through the Customs Bonded Warehousing system:

- 3.3.1. BOI-registered manufacturing companies; or,
- 3.3.2. Industry Specific Customs Bonded Warehouses directly supplying the resin requirements of their clients involved in the semiconductor/electronic/automotive industry; or,
- 3.3.3. Manufacturing Customs Bonded Warehouses or members of Common Bonded Warehouses which are registered as exporters by the Export Development Council; or,
- 3.3.4. Such other CBWs established to be legitimate exporters after due consultation with the BOI, EDC, DTI, PEZA, Freeport Authorities, and other relevant agencies and stakeholders.

3.4. The Bonded Warehouse Committee shall approve the application as endorsed by the District Collector, subject to clearance from the Office of the Commissioner of Customs.

3.5. Those entities which are excluded from the foregoing enumeration but import resin may do so through consumption and may avail of the refund or drawback mechanism cited under Section 106 of the TCCP, as amended, if they utilize the article in their manufacture of the products exported.

  
(08-04048)

**IV. ADMINISTRATIVE SANCTIONS:**

Changes/amendments to the Prior Disclosure Statement without prior approval of the Customs Bonded Warehouse Committee upon favorable recommendation of the District Collector concerned shall be a ground for closure of the CBW without prejudice to the institution of appropriate administrative or criminal proceedings against the individuals concerned.

**V. IMPLEMENTING RULES:**

The Commissioner of Customs shall issue rules and regulations to effect the foregoing.

**VI. REPEALING CLAUSE:**

All other customs rules, regulations and issuances or parts thereof inconsistent with this Order are hereby deemed modified/repealed accordingly.

**VII. EFFECTIVITY:**

This Order shall take effect fifteen (15) days after its due publication.

  
**NAPOLEON L. MORALES**  
Commissioner



**APPROVED:**



**MARGARITO B. TEVES**

Secretary of Finance

Date: Aug 19 2008

006328

Thursday, August 21, 2008



Republic of the Philippines Department of Finance Bureau of Customs 1000 Manila

CUSTOMS ADMINISTRATIVE ORDER No. 4-2008-A

SUBJECT : Creating Parameters for the Rationalized Application of CAO No. 4-2008 on the Non-Implementation of Resin Through the Customs Bonded Warehouse Scheme

I. OBJECTIVES:

- 1.1 To address the concerns of a great number of legitimate importers/exporters operating in the country... 1.2 To balance the government's exercise of police power under CAO No. 4-2008 with the interest of legitimate business...

II. GENERAL PROVISIONS:

Under Article 30(1) of E.O. 226 or the Omnibus Investment Code registered export-oriented companies are granted access to the utilization of the bonded warehousing system.

Art. 39. (f). Access to Bonded Manufacturing/Trading System - Registered export-oriented enterprises shall have access to the utilization of the bonded warehousing system in all areas...

Bonded Trading Warehouses were converted to Industry Specific Customs Bonded Warehouses under CAO No. 7-2002, 'Establishing of Industry-Specific CBWs and the Rules and Regulations Governing its Operations.'

Recognizing that the indiscriminate implementation of CAO No. 4-2008 will have dire consequences on the business of legitimate importers/exporters operating in the Philippines, which has no adequate petrochemical industry of its own...

III. ADMINISTRATIVE PROVISIONS:

3.1 The application for exemption of CBWs to import resin shall be filed with the Bonded Warehouse Committee upon favorable recommendation from the Office of the District Collector concerned.

3.2 The application shall be accompanied by a Prior Disclosure Statement which must be under oath by the President of the Company, the proprietor or managing partner which contains the following details, among others:

- 3.2.1 Maximum cubic space of applicant CBWs raw materials and finished products... 3.2.2 No Sub-contracting of the subject resin; 3.2.3 Number of equipment indicating their rated and actual capacities; 3.2.4 Number of factory workers directly involved in the production; 3.2.5 Percentage of outright and constructive exports, indicating buyers, and respective volume and value; 3.2.6 Monthly resin requirements, indicating types, grades, volume, value, as well as names of local suppliers...

3.3. The following parameters shall be considered in determining who may continue to import resin through the Customs Bonded Warehousing system:

- 3.3.1 BCI-registered manufacturing companies; or 3.3.2 Industry Specific Customs Bonded Warehouse directly supplying the resin requirements of their clients involved in the semiconductor/electronic/automotive industry; or 3.3.3 Manufacturing Customs Bonded Warehouses or members of Common Bonded Warehouses which are registered as exporters by the Export Development Council; or 3.3.4 Such other CBWs established to be legitimate exporters after due consultation with the BCI, EDC, DTI, PEZA, Freeport Authorities, and other relevant agencies and stakeholders.

3.4. The Bonded Warehouse Committee shall approve the application as endorsed by the District Collector, subject to clearance from the Office of the Commissioner of Customs.

3.5. Those entities which are excluded from the foregoing enumeration but import resin may do so through consumption and may avail of the refund or drawback mechanism cited under Section 105 of the TCCP, as amended, if they utilize the article in their manufacture of the products exported.

IV. ADMINISTRATIVE SANCTIONS:

Charges/penalties to the Prior Disclosure Statement without prior approval of the Customs Bonded Warehouse Committee upon favorable recommendation of the District Collector concerned shall be a ground for closure of the CBW without prejudice to the institution of appropriate administrative or criminal proceedings against the individuals concerned.

V. IMPLEMENTING RULES:

The Commissioner of Customs shall issue rules and regulations to effect the foregoing.

VI. REPEALING CLAUSE:

All other customs rules, regulations and ordinances or parts thereof inconsistent with this Order are hereby deemed modified/repealed accordingly.

VII. EFFECTIVITY:

This Order shall take effect fifteen (15) days after its due publication.

NAPOLEON L. TORALES Commissioner

APPROVED: MARGARITA B. TEVES Secretary of Finance Date: August 19, 2008