



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

07 August 2002

CUSTOMS ADMINISTRATIVE ORDER
NO. 5-2002

**SUBJECT : Rules and Regulations in the importation of articles through
the Customs Bonded Trading Warehouse**

I. Objectives:

- 1.1 To rationalize the operations of Customs Bonded Trading Warehouses (CBTWs).
- 1.2 To ensure that CBTWs are not utilized as shield for non-payment of the rightful duties and taxes due to the Government.

II. Definition:

- 1.1 Customs Bonded Trading Warehouse is a warehouse operated by a registered Export Trading Company duly registered with the BOI or the Export Development Council and licensed by the Bureau of Customs to receive imported cargoes except fabrics and accessories in the manufacture of garments, for storage and subsequent sale to an export producer operating a Customs Bonded Manufacturing Warehouse or for transfer to a duly accredited export producer.

III. Administrative Provisions:

1. Applicability of Rules Governing other CBWs
 - 1.1 The application, documentary requirements, evaluation of applications, responsibilities of the operator and all the other provisions governing other CBWs shall also apply to a CBTW.
 - 1.2 No finished article shall be allowed to be imported through a CBTW except when such finished article will be used in the manufacture or production of another finished product for export.

IV. OPERATIONAL PROVISIONS:

1. Importable Articles:
 - 1.1 CBTWs may import articles not among those found in the Negative List of Importable Materials of CBTWs which is attached as Annex "A" hereof.
 - 1.2 If articles, as listed in Annex "A" hereof, are found to have been imported by a CBTW after the effectivity of this Order, the first such importation in violation of No. IV 1.1 of this Order shall be

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made to pay full duties and taxes and suspension of the operation of the warehouse for one month For the second importation/offense, the importation shall be made to pay full duties and taxes and audit by the Warehouse Audit and Monitoring Unit and for the third importation/offense, payment of full duties and taxes and closure of the warehouse in accordance with rules and regulations. 2

- 1.3 The concerned operating division shall maintain a data bank of all articles imported by CBTWs, which shall at all times be made accessible to WAMU-IEG for monitoring and/or audit purposes.
- 1.4 There will be a periodic review of the importable articles that could be included in or excluded from the Negative List.

2. Requirements for Transfers:

- 2.1 Unless the Commissioner of Customs allows direct transfer, articles imported by bonded trading warehouses shall be examined, appraised and bonds filed before these are transferred.
- 2.2 Transfers of articles to the bonded trading warehouses shall be through a warehousing or transshipment permit. In the case of transshipments, the operator shall file the warehousing entry within five (5) days from date of transfer, which period may be extended for another five days by the District Collector as provided for under CMO 39-91. The transfer of imported articles from the Customs zone to the warehouse shall be under continuous guarding by customs guards until delivery at the warehouse is acknowledged in the covering boatnote by the customs personnel assigned thereat or by the duly designated accountable officer of the operator.

3. Withdrawal of Articles from the CBTWs.

- 3.1 Imported articles may be withdrawn from the warehouse either for manufacture into export products; for repacking for distribution to foreign markets; or for sale to manufacturing bonded warehouses or to Common Bonded Warehouse operator for use in the manufacture of goods for export. Withdrawal for domestic consumption shall only be allowed pursuant to No. IV 1.2 of this Order and for wastages. Any article as listed under ANNEX "A" of this Order shall not be excluded from this provision but shall be treated under No. IV 1.2 abovementioned.

4. Liquidations of Articles.

- 4.1 Export products which are manufactured in an accredited customs bonded manufacturing warehouse or are repacked in a multi-national regional warehouse shall be exported within the prescribed period otherwise the operator shall pay duties and taxes and other charges for articles not exported, but only after the prescribed period to re-export shall have lapsed or the remaining materials shall be surrendered to the Bureau of Customs within three months after the lapse of the prescribed period of nine months.

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ANNEX "A"

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NEGATIVE LIST OF IMPORTABLE MATERIALS OF CBTWs

1. Umbrella
2. Frozen Port/Beef/Poultry
3. Footwears (Shoes, Sandals, Slippers, etc)
4. Assorted Dinner Wares
5. Skim Milk/Butter Milk Preparations
6. Candy
7. Knocked-Down Furnitures, Wooden Furnitures
8. Disposable Lighters
9. Auto Parts
10. Tires
11. Bed Sheets, Towels
12. Mixed Groceries
13. Perfumes
14. Bar Soaps, Toothpaste
15. Floor Coverings (tiles, carpets, vinyl, etc)
16. Speakers
17. Cigarettes
18. Assorted Liquors
19. Canned Goods
20. Assorted Toys
21. Onions/Garlic
22. Appliances such as VCD Players, Televisions, Stereo, Blender, Oven, Kettle, Coffee Makers, and the like
23. Computers/Computer Parts
24. Vermicelli
25. Bean Noodles
26. Clothing Apparel (pants, shirts, shorts, polo, dresses, socks, etc.)
27. Articles which are not among the importable materials enumerated in the CBTWs Authority to Operate Issued by the BOC
28. Materials whose importation is prohibited under the law, rules, and regulations

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- 4.2 Wastages and by-products in the manufacture of export products shall be properly accounted for and disposed of in accordance with existing rules and regulations. 3
- 4.3 Before bonds are cancelled, the raw materials must be liquidated first together with the entry within the prescribed period.

V. Repealing Clause.

All Customs Administrative Orders, Customs Memorandum Orders which are inconsistent herewith are hereby modified, amended and/or superseded accordingly.

VI. Effectivity Clause.

This Order shall take effect immediately.


ANTONIO M. BERNARDO
 Commissioner

APPROVED :


JOSE ISIDRO N. CAMACHO
 Secretary
 Department of Finance

Approved as/rales on 10/10/02.

