CUSTOMS MEMORANDUM ORDER

TO : All Collector of Customs
Service/Division Chiefs
And All Concerned

RE : Rules and Regulations for the Implementation of
Executive Order No. 133

1. OBJECTIVES :

1.1 GENERAL OBJECTIVES :

1.1.1 To promulgate the necessary rules and regulations for the effective
and orderly implementation of Executive Order (EO) No. 133.

1.1.2 To ensure the application of proper Harmonized System (HS) codes
and rates of duties on articles enumerated in Annex "B" and "C" of
the order.

1.2 SPECIFIC OBJECTIVES :

1.2.1 To provide a clear procedure in the transmittal and reception of
documents necessary to qualify a shipment for a zero percent (0%) rate of duty.

1.2.2 To provide a procedure by which customs offices concerned can
authenticate the qualifying documents from the issuing and/or
transmitting office.

1.2.3 To provide feedback mechanism to the Department of Agriculture or
other offices concerned on the reconciliation process between the
document issued and received.

2. COVERAGE :

This Orders shall apply to articles covered by EO No. 133.

3. GENERAL PROVISIONS :

3.1 EO No. 133 otherwise known as the Agriculture and Fisheries
Modernization Act of 1997 modifying the rates of duty on certain imported
articles under Section 104 of the Tariff and Customs Code of 1978
(Presidential Decree No. 1464) as amended in order to implement Section
109 of Republic Act No. 8435.
Section 104 and 401 of the Tariff and Customs Code of 1978 (Presidential Decree No. 1464) as amended, empower the President of the Republic of the Philippines, upon recommendation of the National Economic and Development Authority, to increase, reduce, or remove existing rates of import duty, as well as to modify the form of duty.

3.1.1 Under EO No. 133 certain articles listed therein, i.e., in Annex "B" shall be accorded a zero percent (0%) rate of duty up to 08 February 2003 and the rules and regulations under Annex "A" thereof shall not apply, including the requirements for Certificate of Eligibility or Accreditation.

3.1.2 Under EO/133 certain articles listed therein, i.e., in Annex "C" thereof shall be accorded a zero percent (0%) rate of duty up to 08 February 2003 and shall be in accordance with the rules and regulations outlined in Annex "A" thereof.

3.1.3 Unlike the Annex "B" list, Annex "C" list both of EO 133 required for the importing enterprise to secure a Certificate of Eligibility (CE) or Certificate of Accreditation (CA).

3.1.3.1 The CE is required from eligible agriculture and fisheries enterprises availing of the incentives which will be presented to the Bureau of Customs. The Department of Agriculture (DA) Regional Field Units (RFUs), or the Bureau of Fisheries and Aquatic Resources (BFAR) or its regional offices, or the Cooperative Development Authority (CDA) and its regional offices, or the Department of Trade and Industry's (DTI) regional and provincial offices, or the Board of Investments (BOI) and its regional offices, as the case may be, shall issue CE to qualified agriculture and fisheries enterprises importing agriculture and fisheries inputs, machinery and equipment.

The CE shall contain the information provided under Annex "A", Rule IV, Section 4 of EO No. 133.

3.1.3.2 The CA is required for import consolidators that will assist and represent those eligible agriculture and fisheries enterprises that are unable to undertake direct importation of articles due to the smallness of their requirements and lack of direct import experience. The DA through any of its RFUs shall issue the CA.

The CA shall contain the information provided under Annex "A", Rule V, Section 5 of E.O. 133.

3.2 Section 109 of Republic Act No. 8435 provides that all enterprises engaged in agriculture and fisheries as duly certified by the Department of Agriculture (DA), in consultation with the Department of Finance and Board of Investments shall for five (5) years after the effectivity of R.A. 8435 be exempted from payment of tariff and duties for the importation of all types of agriculture and fishery inputs, equipment and machinery which shall be for the exclusive use of the importing enterprises.
4. APPLICATION/CERTIFICATION PROCEDURES:

4.1 Agriculture and Fisheries enterprises can avail of tariff exemption of its importation of agriculture and fisheries inputs, machinery and equipment for five (5) years listed in Annex “B” of E.O. 133 without CE or CA.

4.2 Agriculture and Fisheries enterprises availing of tariff exempt importation shall apply for a CE from the DA or its deputized agencies. The CE for an enterprise for duty free importation of agriculture and fisheries inputs, machinery and equipment are listed in Annex “C” of E.O. 133.

4.3 An import consolidator (as defined in Rule 1g) shall represent and assist all those eligible agriculture and/or fisheries enterprise/s that are unable to undertake direct importation of articles listed in Annex “C” of E.O. 133 due to the small size of orders/needs or lack of direct import experience.

4.4 The DA shall issue the CA within three working days from the time its issuing office receives the application provided that the documents submitted referred to in Section 3 of Rule V are complete and are in order.

4.5 The CA is not transferable and only good for single import transaction, which shall remain valid for five (5) months. A valid CA that is about to expire on the date of the arrival of the article imported may be extended for another month upon re-application and surrender of the original CA to the same issuing DA office.

5. OPERATIONAL PROVISIONS:

5.1 Tariff Exempt Import Procedure

5.1.1 Upon arrival of the imported agricultural and fisheries inputs, machinery and equipment listed in Annex “C” at the point of entry into the Philippines, the importing agriculture and fisheries enterprises or import consolidator shall include the following documents in the filing of the EIRD to the Collector of Customs Office to facilitate processing of the shipment represented as exempt from tariff:

a. Commercial Invoice
b. Bill of Lading
c. In the case of agriculture and/or fisheries enterprise, original plus two copies of valid CE, or
d. In the case of an import consolidator, original plus a copy of valid CA.

5.1.2 In processing the import transaction, the COO V shall record on the space provided in the CE and CA the information required in Sec. 4 f of Rule IV and Section 5 g of Rule 5 of EO 133 provided that:

a. In the case of agriculture and/or fisheries enterprises, the CIF peso value of each import transaction shall not equal or exceed available balance of the total allowable peso value reflected in the valid CE, or
b. In the case of import consolidator, the CIF peso value of each import transaction shall not equal or exceed the total allowable peso value reflected in the CA required in Rule II of EO No. 133.

5.1.3 A copy of the CE or CA shall be retained by the BOC. The other copy of the CE shall be forwarded by the BOC to the DA central office and the original copy of the CE shall be returned to the agriculture or fisheries enterprise for future use. The original copy of the CA shall likewise be returned by the BOC to the DA Central Office.

5.1.4 All tariff-exempt importation of articles shall be subject to all existing import rules, regulations and requirements, as the case may be.

5.2 Assessment: Processing Procedure

5.2.1 The COO V upon receipt of import entries covered by RA 8435/EO 133 shall assign a COO III to process the subject entry.

5.2.2 The COO III assigned will conduct document examination in case of entries under yellow lane channel. Entries under red lane channel shall be processed as in yellow lane (documentary examination) plus actual examination as additional measure in the processing of high risk shipments.

5.2.3 In the course of processing of the entry, the COO III shall check the correctness of the tariff heading used in the declaration as against the tariff heading as appearing in Annex "B" or "C" of EO 133.

5.2.4 If after document examination and/or actual examination, it has been found not qualified under Annex "B" or "C", the privilege of AFMA shall not be granted and the shipment must be classified and assessed accordingly.

5.2.5 The COO III shall then register the entry at the computer provided therefore.

5.2.6 However, if the shipment falls under Annex "C", the COO III assigned shall verify the authenticity of the Certificate of Eligibility in case of agriculture and fisheries enterprises and the Certificate of Accreditation in the case of import consolidator.
5.2.7 The COO III shall stamp the following in Box 31 located at the back page of the entry and to be filled up by him/her.

AFMA Annex
CF/CA No.
Description:

Tariff Heading & Rate

5.2.8 accomplish the attached Certificate of Eligibility and/or Certificate of Accreditation issued by the DA or its deputized agencies (Form No. II Part II).

5.2.9 All import entries filed availing of RA 8435/EO 133 shall be subject to clearance from the Office of the District Collector and the Bureau of Plant Industry, Bureau of Animal Industry and/or Bureau of Fisheries and Aquatic Resources, as the case may be.

6. ADMINISTRATIVE PROVISIONS:

6.1 The District Collector of Customs shall be responsible in the effective implementation of this Order.

7. EFFECTIVITY:

This Order shall take effect immediately and shall last until revoked.

Titus B. Villanueva
Commissioner