



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS

26 June 2012

CUSTOMS ADMINISTRATIVE ORDER

No. 1-2012

**SUBJECT: ESTABLISHING AN AUTHORIZED ECONOMIC OPERATOR
(AEO) PROGRAM FOR EXPORTERS**

Pursuant to Section 608 of the Tariff and Customs Code of the Philippines, as amended (TCCP), the following rules and regulations are hereby promulgated:

1.0 OBJECTIVES

- 1.1 To comply with the commitment of the Philippines to implement the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework, for brevity)
- 1.2 To establish a voluntary certification program, initially for exporters, to be known as the AEO Philippines Program, consistent and aligned with the WCO's AEO Program which shall be administered by the Bureau of Customs (BOC) to help certain economic operators in the international supply chain adopt acceptable control measures to enhance the security of such chain.
- 1.3 To enhance BOC-Business partnership on trade security and trade facilitation based on trust and mutual respect.
- 1.4 To establish accreditation procedures that offer certain benefits and incentives to certain economic operators considered as BOC's trusted allies.

2.0 SCOPE AND PHASE OF IMPLEMENTATION

- 2.1 This Order shall initially apply to exporters inside the Clark Freeport Zone that are within the jurisdiction of the Port of Clark.



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Subsequently, and upon the directive of the Customs Commissioner, this Order shall cover exporters in other selected air/sea ports.

3.0 GENERAL PROVISIONS

- 3.1 The Commissioner of Customs shall constitute a Committee headed by a Deputy Commissioner in charge of the accreditation of AEOs that shall perform such other functions as may be assigned by the Commissioner from time to time.
- 3.2 Application for the AEO Program must include the following:
 - 3.2.1 Duly filled up Application Form
 - 3.2.2 Disclosure of certain information on the following:
 - 3.2.2.1 Organizational Characteristics
 - 3.2.2.2 Compliance Record
 - 3.2.2.3 Volume of Business
 - 3.2.2.4 Goods
 - 3.2.2.5 Internal Procedures related to Declaration
 - 3.2.3 The company's security profile which comprises the following:
 - 3.2.3.1 A summary of the company's security management system;
 - 3.2.3.2 A summary of the company's risk assessment process; and
 - 3.2.3.3 Security measures put in place by the company to enhance the security of the company's supply chain.
 - 3.2.4 Supporting documents which include:
 - 3.2.4.1 Process map(s) that illustrates the flow of goods and documentation / information through the company's supply chain.

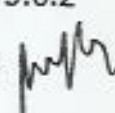


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- 3.2.4.2 Site plan(s) that shows the layout of the company's premises and clearly identifies all perimeters, access areas, buildings, structures, security and access controls.
- 3.2.5 Copy of the company's relevant security accreditations; and
- 3.2.6 Any other relevant supporting documents.
- 3.3 The summary of security management system must contain the following information:
 - 3.3.1 The company's security policy, security objectives and commitment to security;
 - 3.3.2 The procedures for ensuring that pertinent security management information is communicated to and from relevant employees and other stakeholders;
 - 3.3.3 The procedures for the review of the company's security profile at planned intervals, to ensure its continuing suitability, adequacy and effectiveness; and
 - 3.3.4 Any other relevant information.
- 3.4 The summary of risk assessment must contain the following information:
 - 3.4.1 A flow chart to illustrate the company's risk assessment process;
 - 3.4.2 The risks and vulnerabilities identified from the company's risk assessment process;
 - 3.4.3 The countermeasures put in place to reduce the identified risks and vulnerabilities;
 - 3.4.4 When the risk assessment was conducted;
 - 3.4.5 Who conducted the risk assessment; and
 - 3.4.6 Any other relevant information.
- 3.5 The security measures under this Order comprise eight (8) elements that a company must address:
 - 3.5.1 Premise security and access controls;
 - 3.5.2 Personnel security;



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- 3.5.3 Business partner security;
 - 3.5.4 Cargo security;
 - 3.5.5 Conveyance security;
 - 3.5.6 Information and Information Technology (IT) security;
 - 3.5.7 Incident management and investigations; and
 - 3.5.8 Crisis management and incident recovery.
- 3.6 Aside from the consequent benefits resulting from the implementation of robust security measures in the forms of increased visibility of goods in the supply chain, reduction in pilferages and greater efficiency in their supply chain management, companies accredited under the AEO-Philippines Program shall be recognized as trusted allies by the BOC and shall be entitled to the following benefits:
- 3.6.1 Dedicated processing lanes for AEO accredited exporters resulting in reduced processing period;
 - 3.6.2 Renewal of accreditation as exporter not on an annual basis but for a longer period;
 - 3.6.3 Last priority on post-entry audit;
 - 3.6.4 Recognition as a low risk company i.e. enhanced branding;
 - 3.6.5 Reduced inspection or expedited clearance by other Customs authorities should certified status be also recognized by overseas countries under a mutual recognition program established by bilateral or multilateral arrangement; and
 - 3.6.6 Such other trade facilitation benefits that may be afforded by BOC under existing laws and regulations.
- 3.7 In addition to the terms and conditions stated in the Application Form, a trusted partner under the AEO-Philippines Program shall have the following responsibilities:
- 3.7.1 To update BOC as and when there are significant changes to the company's security profile and information required to be disclosed under Section 3.6.2 hereof;
 - 3.7.2 To submit an annual statement of commitment; and 



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- 3.7.3 To inform BOC of any non-conformities by the company with AEO-Philippines Guidelines;
- 3.7.4 To renew its accreditation as trusted partner every two (2) years.
- 3.8 Accreditation under the AEO-Philippines Program shall be suspended and/or revoked if:
 - 3.8.1 The company does not abide by the terms and conditions of the AEO-Philippines certification; or
 - 3.8.2 There is non-compliance by the company with Philippine Customs laws and regulations and/or with the laws and regulations of other relevant Philippine government authorities; or
 - 3.8.3 Supply chain security weaknesses in the company or nonconformity by the company with this Order and its Implementing Rules and Regulations are discovered and not rectified to BOC's satisfaction; or
 - 3.8.4 The company opts to withdraw from the program.
- 3.9 A company can lodge an appeal against a BOC decision denying a company's application and participation in the AEO-Philippines Program by lodging its appeal with the Commissioner of Customs within 15 calendar days from the date of receipt of the relevant decision communicated to the company by BOC.
- 3.10 The business documents/information are for BOC purposes only and will not be disclosed to a third party without the companies' prior written consent. All business documents/ information provided by the companies will remain confidential.
- 3.11 A third party validator may be authorized to assist the BOC in the accomplishment of security assessment reviews and related validation procedures.
- 3.12 The cost involved in the security assessment reviews and related validation procures shall be borne by the applicant to the Program.



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4.0 IMPLEMENTING RULES AND REGULATIONS

The Commissioner of Customs, upon due consultation with the private sector/stakeholders, shall issue the necessary rules and regulations for the effective implementation of this Order.

5.0 REPEALING CLAUSE

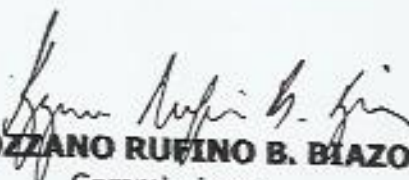
All Orders, Memoranda, Circulars or parts thereof, which are inconsistent with this Order, are deemed revoked, amended and/or modified accordingly.

6.0 SEPARABILITY CLAUSE

If any part of this Order is declared by Courts as unconstitutional or contrary to existing laws, the other parts not so declared shall remain in full force and effect.

7.0 EFFECTIVITY

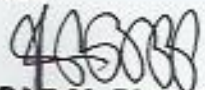
This Order shall take effect fifteen (15) days after publication in a newspaper of general circulation.


ROZZANO RUFINO B. BIAZON
Commissioner



26 JUN 2012

APPROVED:


CESAR V. PURISIMA
Secretary
005414
_____, 2012

CLASSIFICATION	SGL PLUS	AEO PROGRAM
NATURE	Is an Import Processing Facility established to enhance the SGL Facility under CAO No.002-00	- Is established by the WCO to implement the SAFE Framework provisions and guidelines providing for security and facilitation of the global supply chain. - An AEO is a party involved in the international movement of goods in whatever function that has been approved by or in behalf of a national Customs administration complying with WCO or equivalent supply chain security standards. - Authorized Economic Operators include inter alia manufacturers, importers, exporters, brokers, carrier, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses and distributors.
ORGANIZATION AND FUNCTION	SGL Plus Task Group headed by Deputy Commissioner for Intelligence Group who shall: - Identify importers and recommend for membership - Conduct post clearance checks or declarations - Ensure compliance with rules and regulations - Others as may be assigned by the Commissioner.	AEO Unit directly under the Commissioner (to be headed by Deputy Commissioner of Internal Administration Group) - Accreditation of the AEOs - Others that may be assigned by the Commissioner
CRITERIA AND ACCREDITATION	- An applicant importer/SGL user has transacted with BOC for at least (1) year prior to date of application - An applicant must have a good reputation based on track record - Must not have misused customs facilities for at least one (1) year prior to its application or subject to	- Compliance records/documents - Ability to conduct operations - Compliance program - Disclosure of certain information about the company

CLASSIFICATION	SGL PLUS	AEO PROGRAM
	derogatory information 4. Willing to undergo compliance audit	
BENEFITS	1. Three(3) year suspension on the conduct of audit 2. Five (5) year validity of the of the importer's accreditation 3. Allowed to import articles not included in the list of importables 4. Exemption from Selectivity System 5. 24-Hour Client Coordination Service on SGL Plus concerns.	IMPORT 1. Pre-arrival lodgement of import declaration and pre-arrival import permission-early release cargo 2. Reduced number of elements for import declaration 3. Reduced examination and inspection at the time of import 4. Periodical lodgement of duty/tax payment declaration EXPORT 1. Export procedures are completed while keeping the cargo in their own premises 2. Reduced examination and inspection at the time of export WAREHOUSE 1. Establishment of a new Customs warehouse only by notification 2. Free monthly fee
COVERAGE	Importers only	1. Importers 2. Exporters 3. Warehouse Operators 4. Manufacturers 5. Etc.

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Republic of the Philippines

DEPARTMENT OF FINANCE

Roxas Boulevard Corner Pablo Ocampo, St. Street

Internal Admin. Group Manila 1004

Received by: *Rainy*

Date: *8/9/12*



Manila 2012
4th ANNUAL MEETING
BOARD OF CUSTOMS
TRAINING INSTITUTIONS

01 August 2012

MEMORANDUM

FOR : Commissioner ROZZANO RUFINO B. BIAZON
BUREAU OF CUSTOMS

SUBJECT : Proposed Customs Administrative Order (CAO)
Establishing an Authorized Economic Operator
Program for Exporters

We are transmitting herewith the aforementioned Customs Administrative Order, duly signed by Secretary Cesar V. Purisima, for circularization to all offices and parties concerned, for their information and guidance.

Thank you.

Pamela Angeli M. Solis
PAMELA ANGELI M. SOLIS

Chief of Staff

Office of the Undersecretary

Revenue Operations & Legal Affairs Group



120106

8/9/12
To: Alphonse Taniola
for appropriate
action.
msk

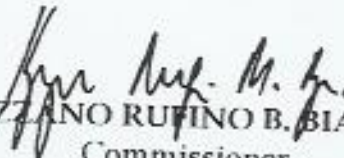


Republic of the Philippines
Department of Finance
Bureau of Customs
1099 Manila

1st Indorsement
26 June 2012

Respectfully forwarded to the *Honorable Secretary, Department of Finance*, for *his approval*, the herein unnumbered Customs Administrative Order dated 20 June 2012 bearing the subject "Establishing an Authorized Economic Operator (AEO) Programs for Exporters", relative to the letter sent to the Honorable Secretary dated 25 May 2012, in line with the commitment of the Philippines to implement the World Customs Organization (WCO) Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) and the Revised Kyoto Convention on the Harmonization and Simplification of Customs Procedures.

Respectfully submitted,


ROZZANO RUFINO B. BIAZON
Commissioner
12-03586
6/26/12 

Encl: a/s

IndorsementDOF/CAO/AF 006261222