



MEMORANDUM

MASTER COPY

TO : DEPUTY COMMISSIONER, MISTG
 ALL DISTRICT AND SUB-PORT COLLECTORS
 ALL DEPUTY COLLECTORS
 ALL OTHERS CONCERNED

FROM : REY LEONARDO B. GUERRERO
 Commissioner *RG*

SUBJECT : OPERATIONAL GUIDELINES ON THE IMPOSITION OF
 PROVISIONAL SAFEGUARD DUTIES ON IMPORTED
 VEHICLES IN THE FORM OF CASH BOND

DATE : 08 February 2021



BOC-02-04738

FEB 16 2021

As provided under Customs Memorandum Order No. 06-2021, the Bureau hereby imposes provisional safeguard duties on imported vehicles in the form of a cash bond amounting to Seventy Thousand Pesos (P70,000.00) per unit of any four-wheeled passenger cars (PCs) designed to transport less than ten (10) persons and not primarily to transport goods classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Code 8703 and One Hundred Ten Thousand Pesos (P110,000) per unit of imported light commercial vehicles (LCVs) whether four-wheeled drive or not which are designed to carry both passenger and cargo that are classified under AHTN Codes 8704.21.19 and 8704.21.29.

In relation thereto, all concerned are hereby informed of the following operational guidelines:

1. Upon lodgment of the goods declaration for goods under the AHTN Codes covered by CMO 06-2021, Box 13 (Tentative Release) of the Single Administrative Document (SAD) will be prompted **mandatory** by the system.
2. The Customs Examiner shall indicate the letter "B" in Box 13 of the SAD upon registration/updating of the goods declaration.
3. The Customs Examiner shall determine the amount of the provisional safeguard duty due and notify the importer of the total amount of safeguard duty imposed through the Customer Care Portal System (CCPS). The Customs Examiner shall ensure that the correct safeguard duty is imposed, taking into consideration the provisions of CMO 06-2021 in relation to DAO 20-11.
4. The Importer shall post the cash bond, in the form of a Manager's Check, in the amount as determined by the Customs Examiner to the Cash Division or its equivalent office of the relevant Port.
5. The Cash Division or its equivalent office of the relevant Port shall use the E2M's Cash Miscellaneous Module indicating the Account Code "PSG"

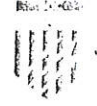
(Provisional Safeguard Duty) and Mode of Payment "53" (Cash Bond) as payment reference. Thereafter, a copy of the bond's reference shall be transmitted to the Assessment Unit of the Port.

6. The Cash Division or its equivalent office shall issue OR Form No. 51-C. The Collection Division is directed to ensure that the cash bond is duly recorded and deposited to the Bureau of Treasury (BTr) under Account No. 3402-2804-08 with Fund Code 184.
7. The Cash Division or its equivalent office shall maintain a Subsidiary Ledger and submit, every 10th day of the following month, a Report of Collection to the Accounting Division, Financial Management Office.
8. The District Collector and others concerned are directed to ensure the validity of the Manager's Check, including its renewal/re-issuance to cover the entire duration of the investigation.
9. After the issuance of the BCOR, the stakeholder shall submit the same through the Customer Care Portal System (CCPS).
10. Once received by the Customs Examiner/Appraiser, the Customs Examiner/Appraiser shall assess the SAD and indicate in the Inspection Act the details of the cash bond posted and shall proceed with the Final Assessment.
11. If the goods declaration falls under the Super Green Lane (SGL) or Green Lane, the Cash Division or its equivalent office of the Port shall monitor and ensure the payment of the provisional safeguard duty.
12. The personnel assigned at the Port handling the Electronic Certificate of Payment (E-CP) System shall ensure that payment of Provisional Cash Bond has been made before the issuance of Certificate of Payment.

Furthermore, all offices concerned are directed to ensure effective implementation and monitoring of this Memorandum and CMO 06-2021 in relation to DAO 20-11 including the exceptions from the imposition provided therein. More particularly:

- a. Imported passenger cars/vehicles that are described as Completely Knocked-Down (CKD), Semi Knocked-Down (SKD), and used vehicles as well as Special Purpose Vehicles (SPVs) such as ambulance, hearse, electric motor vehicles, and luxury cars that have high-end features that go above and beyond the average necessities amounting to more than US\$25,000 based on the FOB Price.
- b. Imported light commercial vehicles that are described as CKD, SKD, and used vehicles as well as ambulance, hearse, e-motor vehicles, and luxury cars that have high-end features that go above and beyond the average necessities amounting to more than US\$28,000 based on the FOB Price.
- c. Imports originating from developing countries listed in Annexes "A" and "B" of DAO 20-11 as attached herewith.

For strict compliance.



OCOM Memo No. 29-2021 p.3

01 February 2021

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CUSTOMS MEMORANDUM ORDER (CMO)
NO. 06-2021

SUBJECT: ORDER FROM THE DEPARTMENT OF TRADE AND INDUSTRY FOR THE IMPOSITION OF PROVISIONAL SAFEGUARD DUTIES ON IMPORTED VEHICLES IN THE FORM OF CASH BOND

As provided under the Department of Trade and Industry (DTI) Order dated 29 December 2020 (Annex "A"), and pursuant to the directive dated 27 January 2021 from the Secretary of Finance (Annex "B"), the Bureau hereby imposes provisional safeguard duties on imported vehicles in the form of a cash bond amounting to the following:

1. Seventy Thousand Pesos (P70,000) per unit of any four-wheeled passenger cars (PCs) designed to transport less than ten (10) persons and not primarily to transport goods classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Code 8703. Imported PCs that are completely knocked-down (CKD), semi knocked-down (SKD), used, with electric motors, and those designed for a special purpose such as ambulances and hearses are excluded from the coverage of the provisional duty. Also excluded from the provisional duty are luxury PCs that have a Free On Board (FOB) value of Twenty-Five Thousand United States Dollars (US\$25,000) or higher.
2. One Hundred Ten Thousand Pesos (P110,000) per unit of imported light commercial vehicles (LCVs) whether fourwheeled drive or not which are designed to carry both passenger and cargo that are classified under AHTN Codes 8704.21.19 and 8704.21.29. Imported LCVs that are completely knocked-down, semi knocked-down, used, with electric motors, and those designed for a special purpose such as ambulances, hearses, are excluded from the coverage of the provisional duty. Further, LCVs that have a FOB value of Twenty-Eight Thousand United States Dollars (US\$28,000) or higher are also excluded from the provisional duty.

Furthermore, pursuant to the Letter from the Secretary of Finance, the imposition of the provisional safeguard duties shall likewise be subject to the following:

- a. The imposition of provisional safeguard duty shall be reckoned from the issuance of this CMO;
- b. The provisional safeguard duty imposed and collected herein shall not form part of the landed cost that is used as basis for the Value-Added Tax (VAT) to be paid upon importation, and
- c. For purposes of computing excise tax, the provisional safeguard duty shall be deducted from the net importer's selling price and suggested retail price.

Finally, the imposition of the provisional duty will last for two hundred (200) days upon the issuance of this CMO.

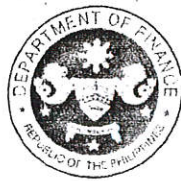
All District and Sub-Port Collectors, and all others concerned are hereby directed to confirm the dissemination of this Order throughout their offices within five (5) days from receipt thereof for records purposes.

This Order shall take effect immediately.

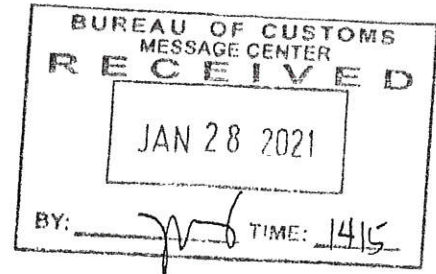


REY LEONARDO B. GUERRERO
Commissioner

FEB 01 2001



Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004



HON. REY LEONARDO B. GUERRERO
Commissioner, Bureau of Customs
OCOM Building, 16th St. South Harbor
Port Area, Manila

SUBJECT : Issuance of Relevant Customs Memorandum Order in Relation to the Imposition of Provisional Safeguard Duties on the Importation of Motor Vehicles from Various Countries [ATHN Codes 8703 (Passenger Cars), 8704.21.19 and 8704.21.29 (Light Commercial Vehicles)]

Dear Commissioner Guerrero:

9 1/20/21 4:09
D. L. RYCE

We write to you in relation to the Department of Trade and Industry (DTI) Administrative Order (AO) No. 20-11 dated 29 December 2020 which provides for the imposition of provisional safeguard duties on imported vehicles in the form of a cash bond amounting to ₱70,000/unit for passenger cars/vehicles under AHTN Code 8703 and ₱110,000/unit for light commercial vehicles under AHTN Codes 8704.21.19 and 8704.21.29.

This is pursuant to DTI's determination of an existence of a causal link between the increased imports of the products under consideration (imports from 2014-2019) and serious injury to the domestic industry. Accordingly, the imposition will level the playing field to enable the domestic industry to compete with imports market and will allow the expansion of the country's manufacturing base and generate more jobs for Filipinos. For these reasons, the DTI determined that it is in the public interest to impose the provisional safeguard measure while the case is under formal investigation by the Tariff Commission.

The duration of the imposition of the provisional duty is 200 days, reckoned from the issuance of the relevant Customs Memorandum Order (CMO), pursuant to Section 8 of Republic Act No. 8800, otherwise known as the "Safeguard Measures Act," which provides:

SECTION 8. Provisional Measures. — *In critical circumstances where a delay would cause damage which would be difficult to repair, and pursuant to a*

Imposition of Provisional Safeguard Duties on Imported Motor Vehicles

preliminary determination that increased imports are a substantial cause of, or threaten to substantially cause, serious injury to the domestic industry, the Secretary shall immediately issue, through the Secretary of Finance, a written instruction to the Commissioner of Customs authorizing the imposition of a provisional general safeguard measure.

xxx

xxx [t]he duration of the provisional measure shall not exceed two hundred (200) days from the date of imposition during which period the requirements of the subsequent sections of this Act on the initiation of a formal investigation, notification and consultation shall have been met: xxx

Hence, pursuant to the clear mandate of the law, the Commissioner of Customs is hereby directed to issue a CMO relative to the imposition of provisional safeguard duties on imported motor vehicles, which shall contain the following provisions:

- a. that the imposition of provisional safeguard duty shall be reckoned from the issuance of the CMO;
- b. that the provisional safeguard duty imposed and collected herein shall not form part of the landed cost that is used as basis for the value-added tax (VAT) to be paid upon importation; and
- c. that for purposes of computing excise tax, the provisional safeguard duty shall be deducted from the net importer's selling price and suggested retail price.

Thank you.

Very truly yours,


CARLOS G. DOMINGUEZ

Secretary of Finance

JAN 27 2021



CC: HON. RAMON M. LOPEZ
Secretary, Department of Trade and Industry

Department Administrative Order No.: 20-11
Series of 2020

**IN THE MATTER OF THE PRELIMINARY
DETERMINATION OF THE SAFEGUARD
MEASURES CASE ON THE IMPORTATION
OF MOTOR VEHICLES FROM VARIOUS
COUNTRIES**

**(AHTN Codes 8703 (Passenger Cars),
8704.21.19 and 8704.21.29 (Light
Commercial Vehicles)**

(Safeguard Measures Case No. SG01-2020)

X _____ X

ORDER

The Philippine Metalworkers' Alliance (PMA), belonging to the motor vehicle industry filed a petition for safeguard measures on the importation of motor vehicles under AHTN Codes 8703 (passenger cars/vehicles), 8704.21.19 and 8704.21.29 (light commercial vehicles) from various countries.

The period of investigation covered imports from 2014 to 2018. Updated data for 2019 were also presented. For injury determination, the Department considered relevant information for the same period.

The Department, acting under Section 7 of RA 8800, the "Safeguard Measures Act" and on the basis of the submissions of interested parties and pieces of evidence made available to the Department, has established the existence of a causal link between the increased imports of the products under consideration and serious injury to the domestic industry.

Further, pursuant to Section 8 of RA 8800 which provides that "*in critical circumstances where a delay would cause damage which would be difficult to repair, and pursuant to a preliminary determination that increased imports are the substantial cause of serious injury to the domestic industry*", a provisional safeguard measure in the form of a cash bond amounting to ₱70,000/unit for passenger cars/vehicles under AHTN Code 8703 and ₱110,000/unit for light commercial vehicles under AHTN Codes 8704.21.19 and 8704.21.29, shall be imposed while the case is under formal investigation by the Tariff Commission for a period of 200 days from the date of issuance by the Bureau of Customs of an Order.

OFFICE OF THE SECRETARY

Imported passenger cars/vehicles that are described as completely knocked -down (CKD), semi knocked-down (SKD), and used vehicles are excluded from the investigation. Also excluded are special purpose vehicles such as ambulance, hearse, electric motor vehicles, and luxury cars that have high-end features that go above and beyond the average necessities amounting to more than US\$25,000 based on FOB price.

Likewise, imported light commercial vehicles that are described as completely knocked-down (CKD), semi knocked-down (SKD), and used vehicles are excluded from the investigation. Also excluded are special purpose vehicles such as ambulance, hearse, e-motor vehicles, and luxury cars that have high-end features that go above and beyond the average necessities amounting to more than US\$28,000 based on FOB price.

Imports originating from developing countries listed in Annexes "A and "B" covered by Rule 8.8 of the IRR of RA 8800 shall not be subject to the provisional safeguard measure.

Importers of passenger cars/vehicles and light motor vehicles from a country that is exempt from the safeguard duty shall submit a Certificate of Origin (CO) issued by the authorized agency/office in the source country of manufacture, subject to affixation of "Apostille" to the document or authentication by the Philippine Embassy/Consulate General, as applicable.

Moreover, Rule 5.2 of the Implementing Rules and Regulations (IRR) of RA 8800 provides that *"the Secretary when establishing that the application of a safeguard measure will be in the public interest shall take into consideration the following factors; among others: x x x (ii) the extent to which such imposition will cause a shortage of a product under consideration in the domestic market"*.

It must be noted that buyers of motor vehicles retain their option to choose between the local and imported motor vehicles since imports will still be allowed. The imposition of a safeguard measure is not expected to cause a shortage of motor vehicles in the domestic market. It will provide a level playing field to enable the domestic industry to compete with imports. This will allow the expansion of the country's manufacturing base and generate more jobs for Filipinos. For these reasons, the Department has determined that it is in the public interest to impose the provisional safeguard measure.

WHEREFORE, IN VIEW THEREOF, the case records will be transmitted to the Tariff Commission for a formal investigation to determine whether or not there is a need to impose a definitive safeguard measure.

The non-confidential report of the preliminary safeguard measures investigation can be accessed at the DTI website: <https://bit.ly/prelim-motor-vehicles>

The notification and consultation requirements under Article 12 of the WTO Safeguards Agreement and Section 17 of RA 8800 and its IRR shall be complied with. Imports originating from ASEAN member states shall be governed by the provisions of Articles 11 and 23 of the ASEAN Trade in Goods Agreement (ATIGA).

Let this Order be published in two (2) newspapers of general circulation and let individual notices be sent to all interested parties including the country members concerned.

This Order shall take effect fifteen (15) days after publication or from the date of the issuance of relevant BOC-CMO, whichever comes earlier.

SO ORDERED.

29 December 2020


RAMON M. LOPEZ
Secretary

ANNEX A

List of Developing Countries and Separate Customs Territories Excluded from the Imposition of Provisional Safeguard Measure on Passenger Cars/Vehicles

East & Southern Africa	West Africa	North Africa	South Asia
Angola	Benin	Algeria	Afghanistan
Botswana	Burkina Faso	Egypt, Arab Rep.	Bangladesh
Burundi	Cameroon	Libya	Bhutan
Comoros	Cape Verde	Morocco	British Indian Ocean Territory
Congo, Dem. Rep.	Central African Rep.	Tunisia	East Timor
Djibouti	Chad		India
Eritrea	Congo, Rep.		Maldives
Ethiopia	Cote d' Ivoire		Nepal
Kenya	Equatorial Guinea		Pakistan
Lesotho	Gabon		Sri Lanka
Madagascar	Gambia, The		
Malawi	Ghana		
Mauritius	Guinea		
Mozambique	Guinea, Bissau		
Namibia	Liberia		
Reunion	Mali		
Rwanda	Mauritania		
Seychelles	Niger		
Somalia	Nigeria		
South Africa	Sao Tome & Principe		
Sudan	Senegal		
Swaziland	Sierra Leone		
Tanzania	Togo		
Uganda			
Zambia			
Zimbabwe			

Europe & Central Asia	Middle East	Americas	East Asia & Pacific
Albania Armenia Azerbaijan Belarus Bosnia & Herzegovina Bulgaria Croatia Cyprus Czech Republic Estonia Georgia Greenland Hungary Kazakhstan Kyrgyz Republic Latvia Lithuania Macedonia, FYR Malta Moldova Poland Romania Russian Federation Slovakia Slovenia Tajikistan Turkey Turkmenistan Ukraine Uzbekistan Yugoslavia, Fed. Rep.	Bahrain Iran, Islamic Rep. Iraq Israel Jordan Kuwait Lebanon Oman Qatar Saudi Arabia Syrian Arab Rep. United Arab Emirates West Bank & Gaza Yemen, Rep.	Anguilla Antigua & Barbuda Argentina Aruba Bahamas Barbados Belize Bermuda Bolivia Brazil British Virgin Is. Cayman Is. Chile Colombia Costa Rica Cuba Dominica Dominican Rep. Ecuador El Salvador Falkland Is. (Malvinas) French Guiana Grenada Guadeloupe Guatemala Guyana Haiti Honduras Jamaica Martinique Mexico Montserrat Netherland Antilles Nicaragua Norfolk Is. Panama Paraguay Peru Puerto Rico St. Helena St. Kitts & Nevis St. Lucia St. Pierre & Miquelon St. Vincent & the Grenadines Suriname Trinidad & Tobago Turks & Caicos Is. Uruguay US Virgin Is. Venezuela	American Samoa Brunei Darussalam Cambodia Chinese Taipei Christmas Is. Cocos (Keeling) Is. Cook Is. Fiji French Polynesia Guam Hong Kong, China Johnston Is. Kiribati Korea, Dem. Rep. Lao PDR Macau, China Malaysia Marshall Islands Micronesia, Fed. Sts. Midway Is. Mongolia Myanmar Nauru New Caledonia Niue Northern Marianas Is. Palau Papua New Guinea Pitcairn Is. Samoa Singapore Solomon Islands Tokelau Tonga Tuvalu Vanuatu Viet Nam Wake Is. Wallis & Futuna Is.

ANNEX B

List of Developing Countries and Separate Customs Territories Excluded from the Imposition of Provisional Safeguard Measure on Light Commercial Vehicles

East & Southern Africa	West Africa	North Africa	South Asia
Angola	Benin	Algeria	Afghanistan
Botswana	Burkina Faso	Egypt, Arab Rep.	Bangladesh
Burundi	Cameroon	Libya	Bhutan
Comoros	Cape Verde	Morocco	British Indian Ocean Territory
Congo, Dem. Rep.	Central African Rep.	Tunisia	East Timor
Djibouti	Chad		India
Eritrea	Congo, Rep.		Maldives
Ethiopia	Cote d' Ivoire		Nepal
Kenya	Equatorial Guinea		Pakistan
Lesotho	Gabon		Sri Lanka
Madagascar	Gambia, The		
Malawi	Ghana		
Mauritius	Guinea		
Mozambique	Guinea, Bissau		
Namibia	Liberia		
Reunion	Mali		
Rwanda	Mauritania		
Seychelles	Niger		
Somalia	Nigeria		
South Africa	Sao Tome & Principe		
Sudan	Senegal		
Swaziland	Sierra Leone		
Tanzania	Togo		
Uganda			
Zambia			
Zimbabwe			

Europe & Central Asia	Middle East	Americas	East Asia & Pacific
Albania Armenia Azerbaijan Belarus Bosnia & Herzegovina Bulgaria Croatia Cyprus Czech Republic Estonia Georgia Greenland Hungary Kazakhstan Kyrgyz Republic Latvia Lithuania Macedonia, FYR Malta Moldova Poland Romania Russian Federation Slovakia Slovenia Tajikistan Turkey Turkmenistan Ukraine Uzbekistan Yugoslavia, Fed. Rep.	Bahrain Iran, Islamic Rep. Iraq Israel Jordan Kuwait Lebanon Oman Qatar Saudi Arabia Syrian Arab Rep. United Arab Emirates West Bank & Gaza Yemen, Rep.	Anguilla Antigua & Barbuda Argentina Aruba Bahamas Barbados Belize Bermuda Bolivia Brazil British Virgin Is. Cayman Is. Chile Colombia Costa Rica Cuba Dominica Dominican Rep. Ecuador El Salvador Falkland Is. (Malvinas) French Guiana Grenada Guadeloupe Guatemala Guyana Haiti Honduras Jamaica Martinique Mexico Montserrat Netherland Antilles Nicaragua Norfolk Is. Panama Paraguay Peru Puerto Rico St. Helena St. Kitts & Navis St. Lucia St. Pierre & Miquelon St. Vincent & the Grenadines Suriname Trinidad & Tobago Turks & Caicos Is. Uruguay US Virgin Is. Venezuela	American Samoa Brunei Darussalam Cambodia Chinese Taipei Christmas Is. Cocos (Keeling) Is. Cook Is. Fiji French Polynesia Guam Hong Kong, China Indonesia Johnston Is. Kiribati Korea, Dem. Rep. Korea, Rep. Lao PDR Macau, China Malaysia Marshall Islands Micronesia, Fed. Sts. Midway Is. Mongolia Myanmar Nauru New Caledonia Niue Northern Marianas Is. Palau Papua New Guinea People's Republic of China Pitcairn Is. Samoa Singapore Solomon Islands Tokelau Tonga Tuvalu Vanuatu Viet Nam Wake Is. Wallis & Futuna Is.