



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

Date 04 FEB 2020

CUSTOMS MEMORANDUM ORDER (CMO)
NO. 04-2020

SUBJECT: ESTABLISHMENT OF AN ELECTRONIC TRACKING OF CONTAINERIZED CARGO SYSTEM (E-TRACC System) AND ACCREDITATION OF A SERVICE PROVIDER FOR THE PURPOSE

Introduction. This Order implements Customs Administrative Order (CAO) No. 15-2019 in relation to Sections 1418 to 1421 of Republic Act (R.A.) No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA), and other relevant laws, rules and regulations.

Section 1. Scope. This Order shall cover the inland movements of containerized goods using an Information and Communications Technology (ICT)-enabled system to protect the revenue due the government.

Section 2. Objectives.

- 2.1. To generate real time and accurate information and to monitor the movement and location of containers using tracking devices and linking it in real time with the electronic documentation system.
- 2.2. To provide guidelines for the accreditation and regulation of Service Provider for the E-TRACC System and the use of Electronic Customs Seal.
- 2.3. To implement Section 101 (f) of the CMTA.

Section 3. Definition of Terms.

- 3.1. **Admission** — shall refer to the act of bringing imported goods directly or through Transit into a Free Zone.¹

¹ CAO No. 15-2019, Section 3.1.

- 3.2. Authority to Load** — shall refer to the permission given by the authorized customs personnel at the office of destination to load the Goods for Outright Exportation.²
- 3.3. Container Freight Station (CFS)** — shall refer to a facility duly authorized to accept and store containers containing consolidated shipments, for temporary storage, examination, stripping, stuffing, unstuffing, and other related activities as may be allowed under customs laws, rules and regulations. A CFS may be established either within the seaport or off-dock, as may be allowed under customs laws, rules, and regulations.³
- 3.4. Container Yard (CY)** — shall refer to a facility authorized by the Bureau to accept and store container vans, laden or empty, intended for international shipping for storage within the period allowed under customs laws, rules and regulations. A CY may be established either within the customs zone or off dock, as may be allowed under customs laws, rules, and regulations.⁴
- 3.5. Containerized Cargo** – shall refer to the transportation of cargo in containers (that can be interchanged between ships, trucks and trains) with standardized handling equipment.
- 3.6. Customs Bonded Warehouse (CBW)** — shall refer to a warehouse facility licensed by the Bureau to import, receive, and store, without payment of duties and taxes and under bond, goods, raw materials, accessories and packing materials either for manufacture into finished products for export or storage for the account of authorized end users or clients.⁵
- 3.7. Customs Facilities and Warehouses (CFW)** — shall refer to facilities for temporary storage of goods established and authorized by the Bureau pursuant to Title VIII, Chapter 2 of the CMTA. These include container yards, container freight stations, seaport temporary storage warehouses, airport temporary storage warehouses and other premises, for customs purposes.⁶
- 3.8. Customs Territory** — shall refer to areas in the Philippines where customs and tariff laws may be enforced.⁷

² CAO No. 15-2019, Section 3.2.

³ CAO No. 15-2019, Section 3.4.

⁴ CAO No. 15-2019, Section 3.5.

⁵ CAO No. 15-2019, Section 3.9.

⁶ CAO No. 9-2019, Section 3.6.

⁷ CAO No. 13-2019, Section 3.11.

- 3.9. Customs Transit** — shall refer to the customs procedure under which Goods are transported under customs control from one customs office to another.⁸
- 3.10. Electronic Customs Seal** — shall refer to a GPS-enabled sealing device or lock that is capable of physically securing a cargo and providing real time location information.
- 3.11. Entry** — shall refer to the act, documentation and process of bringing imported Goods into the Customs Territory, including Goods coming from Free Zones.¹⁰
- 3.12. E-TRACC System Service Provider** — shall refer to a Bureau-accredited private entity that provides the necessary hardware and software, including the GPS-enabled sealing device, to effectively seal, monitor and track cargoes.
- 3.13. E-TRACC System Software Platform** — shall refer to a secure and interactive web-based system that allows the Bureau to track, monitor, and audit the location and condition of cargoes, as well as obtain real time alarms on, among others, diversion and tampering of, cargoes.
- 3.14. Exportation** — shall refer to the act, documentation, and process of bringing Goods out of Philippine territory.¹¹
- 3.15. Free Zones** — shall refer to special economic zones registered with the Philippine Economic Zone Authority (PEZA) under Republic Act No. 7916, as amended, duly chartered or legislated special economic zones and freeports such as Clark Freeport Zone; Poro Point Freeport Zone; John Hay Special Economic Zone and Subic Bay Freeport Zone under Republic Act No. 7227, as amended by Republic Act No. 9400; the Aurora Special Economic Zone under Republic Act No. 9490, as amended; the Cagayan Special Economic Zone and Freeport under Republic Act No. 7922; the Zamboanga City Special Economic Zone under Republic Act No. 7903; the Freeport Area of Bataan under Republic Act No. 9728; and such other freeports as established or may be created by law.¹³

⁸ CAO No. 15-2019, Section 3.8.

¹⁰ CAO No. 15-2019, Section 3.10.

¹¹ CAO No. 15-2019, Section 3.11.

¹³ CAO No. 15-2019, Section 3.13.

- 3.16. Global Positioning System (GPS)** — shall refer to a system of satellites, computers, and receivers that can calculate the location of a certain object on a digital map.
- 3.17. Goods** — shall refer to articles, wares, merchandise and any other items which are subject of Importation or Exportation.¹⁴
- 3.18. Goods Declaration** — shall refer to a statement made in the manner prescribed by the Bureau and other appropriate agencies, by which the persons concerned indicate the procedure to be observed in the application for the Entry or Admission of imported Goods and the particulars of which the customs administration shall require.¹⁵
- 3.19. Importation** — shall refer to the act of bringing Goods from a foreign territory into Philippine territory, whether for consumption, warehousing or Admission as defined in this CMO.¹⁶
- 3.20. Non-Disclosure Agreement (NDA)** — shall refer to a written agreement that protects organization/stakeholder information and informs signatories of their responsibility to protect, use and disclose information in a responsible and authorized manner. This agreement addresses the requirement to protect confidential and/or personal information using legally enforceable terms.
- 3.21. Port of Discharge** — shall refer to port of unloading, which is a place where a vessel or aircraft unloads its shipments, from where they will be dispatched to their respective consignees.²⁴
- 3.22. Port of Entry** — shall refer to a domestic port open to both domestic and international trade, including principal ports of Entry and sub ports of Entry. A principal Port of Entry is the chief Port of Entry of the Customs District wherein it is situated and is the permanent station of the District Collector of such port. Sub ports of Entry are under the administrative jurisdiction of the District Collector of the principal Port of Entry of the Customs District. Port of Entry as used in this CAO shall include airport of Entry.²⁵
- 3.23. Port of Loading** — shall refer to a place where shipments are loaded and secured aboard a vessel.²⁶

¹⁴ CAO No. 15-2019, Section 3.15.

¹⁵ CAO No. 15-2019, Section 3.16.

¹⁶ CAO No. 15-2019, Section 3.17.

²⁴ CAO No. 15-2019, Section 3.25.

²⁵ CAO No. 15-2019, Section 3.26.

²⁶ CAO No. 15-2019, Section 3.27.

- 3.24. Service Level Agreement (SLA)** — shall refer to the written agreement between the E-TRACC System Service Provider and the Bureau that identifies the services to be provided and service targets, which shall be the basis for evaluating the delivery and performance of the Service provider.
- 3.25. Stuffing** — shall refer to a process in which cargo is loaded into an empty container which is then sealed (often in the presence of customs) and transported to the place of loading to be loaded on board a ship.
- 3.26. Transit** — shall refer to customs procedure under which Goods, in its original form, are transported under customs control from one customs office to another, or to a Free Zone.²⁷
- 3.27. Transit Cargo** — shall refer to a cargo that is the subject of a customs transit operation.
- 3.28. Transfer Note** — shall refer to a document that accompanies the transfer of cargo to a CBW and serves as proof of delivery or receipt of the article at its intended destination duly acknowledged on its face by the customs official stationed thereat. It is also commonly referred to as a "boat note".²⁸
- 3.29. Trip** — shall refer to the journey of a truck/container from origin to destination.
- 3.30. Warehousing** — shall refer to a privilege given to qualified persons to import and store, tax and duty free, raw materials for manufacture, processing and subsequent Exportation within the period allowed by law.³¹

Section 4. General Provisions.

- 4.1.** The Deputy Commissioner for Assessment and Operations Coordinating Group (AOCG) shall oversee the operations and implementation of the E-TRACC System.
- 4.2.** The Bureau shall have an E-TRACC System dashboard showing the data collected and transmitted by the E-TRACC System Service Provider. This will allow the Bureau to monitor the

²⁷ CAO No. 15-2019, Section 3.29.

²⁸ CAO No. 15-2019, Section 3.28.

³¹ CAO No. 15-2019, Section 3.31.

movement and location of all containers as well as get real time alarms both on the dashboard and by email.

- 4.3.** Electronic Customs Seal shall be required for the following cargo movement:
- 4.3.1.** Transfer of Cargo to a CY/CFS or other CFWs;
 - 4.3.2.** Transit Cargo Bound to Free Zones, Inland Customs Office, Depots or Terminals;
 - 4.3.3.** Transit to CBWs;
 - 4.3.4.** Export of Cargo from Free Zones, Inland Customs Office, Depots or Terminals and CBWs to Port of Loading; and
 - 4.3.5.** Transfer of Shipments Subject to Further Verification and/or Monitoring.
- 4.4.** Except when circumstances warrant under this Order, full completion of customs cargo clearance is a mandatory requirement before any shipment will be sealed with an Electronic Customs Seal, i.e., import shipments must have electronic Single Administrative Document (SAD) lodgments and corresponding electronic On-Line Release System (e-OLRS) while export shipments must have the corresponding Export SAD and Authority to Load.
- 4.5.** The Piers and Inspection Division (PID), or equivalent office at each port of entry or destination shall remotely monitor the sealing and unsealing operations, authorize start and end trip of the vehicle loaded with transit import/export cargo, and monitor for alarms.
- 4.6.** Transfer/transit import cargo without the required Electronic Customs Seal shall not be allowed to be opened by any customs officer without the approval of the District Collector at the port of delivery in coordination with the District Collector at the port where the container was approved for transfer/transit. ESS shall be notified immediately to investigate and submit findings to the Commissioner and District Collector.
- 4.7.** The affixing of the Electronic Customs Seal at the container yard shall be done by authorized personnel of the accredited Service Provider of the Bureau under the supervision of the Container Cargo Control Division (CCCD) in the case of the Port of Manila (POM) and Manila International Container Port (MICP) or the Piers and Inspection Division (PID) or their equivalent units. Sealing shall be undertaken at designated areas within the port that will not disrupt the flow of traffic in the port.

- 4.8.** The District Collector of the port shall ensure that the responsibilities of the PID, CCCD and other customs officers, including the personnel assigned by the service provider at the port, who are involved in the implementation of this Order, are fully complied with.

Section 5. Accreditation Committee.

- 5.1.** The Accreditation Committee shall process the accreditation of an E-TRACC System Service Provider. The Accreditation Committee shall be chaired by the Deputy Commissioner, AOCG, vice-chaired by the Deputy Commissioners, Revenue Collection and Monitoring Group (RCMG) and Management Information System and Technology Group (MISTG), with representatives from the Customs Intelligence & Investigation Service, Enforcement Security Service, Legal Service, Port Operations Service and Technology Management Service as members.
- 5.2.** The Accreditation Committee may establish a Technical Working Group (TWG) to provide the guidelines on the technical and operational standards to be complied with by the E-TRACC System Service Provider, as well as make recommendations to the Accreditation Committee on other E-TRACC System matters.
- 5.3.** The Accreditation Committee shall have a Secretariat, which shall perform the following functions:
- 5.3.1.** Keep a record of the minutes of the meetings and the attendance;
 - 5.3.2.** Ensure that proper notice of the date and agenda of the meetings are given in advance to the members;
 - 5.3.3.** Receive formally the documents in behalf of the committee; and
 - 5.3.4.** Perform other functions that may be assigned by the Committee Chair.

Section 6. Electronic Customs Seal.

- 6.1.** All container vans covered under this Order, shall be affixed with an Electronic Customs Seal, as prescribed herein, before clearance is given to depart from the starting point or Port of Discharge for the voyage to the end point or Port of Destination.
- 6.2.** The Electronic Customs Seal shall have the following features:

- 6.2.1. It shall be a uniquely identifiable and reusable GPS-equipped device that can be affixed on and secure standard intermodal container doors, or liquid tankers to prevent the undetected opening of doors and tampering of cargo and other manner of surreptitious tampering;
- 6.2.2. It shall meet international and regulatory safety standards and certifications;
- 6.2.3. It shall be made of durable material, waterproof, and shall be affixed easily and quickly;
- 6.2.4. It shall transmit location data to the E-TRACC System automatically switching to secondary Subscriber Identification Module (SIM) card in case the primary SIM card lost its signal; and
- 6.2.5. It shall bear visible marks of *"Tampering of this Customs Seal is punishable under Customs Laws"*.

Section 7. E-TRACC System Software Platform.

- 7.1. The E-TRACC System software platform shall be used by the PID or equivalent office to track and monitor the voyage of the cargo that is sealed with an Electronic Customs Seal.

The PID shall likewise remotely monitor the sealing and unsealing operations, authorize start and end trip of the vehicle loaded with cargo, and monitor for alarms.

- 7.2. The E-TRACC System Software Platform shall have the following minimum features:
 - 7.2.1. The system and data should be secured against unauthorized access or tampering;
 - 7.2.2. It shall be compliant with the data privacy and security standards of the Bureau;
 - 7.2.3. It shall define the geozones, routes and corridor of customs ports, CBWS, CFWs and Free Zones;
 - 7.2.4. Assign a device to a container and liquid tanker;
 - 7.2.5. It shall allow the PID to remotely verify electronically and visually that the Electronic Customs Seal is properly installed;
 - 7.2.6. It shall track the goods in real time and provide alarms in case of unauthorized trips, tampering of the device, deviation of the vehicle from authorized routes, or other

events that are deemed unusual based on criteria to be determined by the Bureau; and

- 7.2.7** It shall store information and leave an audit trail, integrated to the Trip record in real time. The data shall be stored for a period of five (5) years.

Section 8. E-TRACC System Service Provider.

- 8.1.** The E-TRACC System Service Provider must have the necessary technical and operational track record to deploy, customize, operate and maintain the E-TRACC System.
- 8.2.** The services to be provided by an accredited E-TRACC System Service Provider shall consist of the following, without prejudice to any other reasonable requirements that may be imposed by the Accreditation Committee:
- 8.2.1.** Provide a sufficient number of the Electronic Customs Seals at each customs port;
 - 8.2.2.** Provide the necessary hardware and software to effectively seal, track and monitor the movement and location of the goods;
 - 8.2.3.** Put in place a network of competent personnel deployed in designated customs ports to handle the maintenance, and ensure the availability of fully functioning Electronic Customs Seals;
 - 8.2.4.** Retrieve Electronic Customs Seals from the end point or port of destination; and
 - 8.2.5.** Conduct trainings and provide user manuals for authorized officials of the Bureau on sealing, tracking, monitoring, unsealing and E-TRACC System audit.

Section 9. Accreditation of the E-TRACC System Service Provider.

9.1. Accreditation Process.

- 9.1.1.** The Committee shall establish the accreditation criteria which shall include, but need not be limited to, the following:
- a.** Eligibility of the candidate based on the company's track record;
 - b.** Technical specifications and quality standards of the device;

and reliability of the proposed service based on the standards set in the TOR. The QA test shall be completed within thirty (30) calendar days.

9.1.8. The applicant must successfully pass the quality assurance (QA) test in order to be accredited as E-TRACC Service Provider. Otherwise, the applicant with the next highest evaluation score shall undergo the same QA testing until all the conditions for accreditation have been met.

9.1.9. The Accreditation Committee shall recommend to the Commissioner the accreditation as the E-TRACC System Service Provider of the most qualified applicant.

9.2. Conditions for Accreditation.

9.2.1. Service Level Agreement. The accredited E-TRACC System Service Provider shall enter into a Service Level Agreement (SLA) with the Bureau. The SLA shall identify the duties and obligations of the E-TRACC System Service Provider, the standards of services to be provided and service targets, including a disaster recovery plan (business continuity plan) to avoid unnecessary delays in the transfer of cargo due to unavailability of the GPS service.

9.2.2. Non-Disclosure Agreement. The accredited E-TRACC System Service Provider shall enter into an NDA with the Bureau. The NDA shall provide for the protection of organization/stakeholder information and shall inform the parties of their responsibility to process confidential business or personal information in a responsible and authorized manner using legally enforceable terms.

9.2.3. Performance Bond. The accredited E-TRACC System Service Provider shall post a Performance Bond, issued by a Bureau-accredited surety company, amounting to Five Million Pesos (PhP5,000,000.00), which shall be made to answer for any actual pecuniary damage resulting from any breach of undertaking by the E-TRACC System Service Provider or any of its agents under the SLA, this Order and/or any applicable rules.

The Performance Bond does not exempt nor limit the civil, criminal and/or administrative liability of the E-

TRACC System Service Provider or any of its agents in case of any violation of the SLA, this Order and/or any applicable rules.

- 9.3. Annual Technical Evaluation.** The QA Team shall conduct a yearly technical evaluation to determine whether the E-TRACC System Service Provider qualifies for continuous accreditation.
- 9.4. Accreditation Period and Renewal.** The E-TRACC System Service Provider shall be given an accreditation status for a period of (3) consecutive years, and will be renewable every three (3) years thereafter subject to the payment of a renewal fee to be determined by the Commissioner, and evaluation of the quality of its performance as measured by the SLA and continuous compliance with eligibility and accreditation requirements.

This is without prejudice the discretion of the Bureau whether to re-open the accreditation process.

- 9.5. Pre-Termination of Accreditation.** The Accreditation Committee may recommend to the Commissioner the pre-termination of the accreditation of the E-TRACC System Service Provider on any of the following reasons:
- 9.5.1.** Failure to comply with the requirements as provided in the SLA and failure to rectify deficiencies within the period prescribed in the SLA;
- 9.5.2.** Violation of the provisions of this Order and related rules and regulations including the SLA and NDA;
- 9.5.3.** Violation of any law or implementing rules, including the CMTA, the Data Privacy Act, and the Philippine Competition Act; or
- 9.5.4.** Actions inimical to the security and integrity of customs operations as may be determined by the Commissioner.

Section 10. Operational Provisions.

- 10.1. Management of Electronic Customs Seal.** The accredited E-TRACC System Service Provider shall provide a platform for the Office of the Deputy Commissioner for AOCG and other concerned offices to monitor the location and availability of all

Electronic Customs Seal to be used for the operations of E-TRACC System nationwide.

10.2. Booking a Trip.

10.2.1. The importer/exporter or its authorized representative shall book the Trip at least one (1) hour prior to exit from the port. The booking should contain the following information:

Origin	Starting point or port of discharge
Destination	Destination port, CFW, CBW or Registered-Free Zone Enterprise
Importer/Exporter	Name of importer/exporter
AWB or B/L No.	Bill of Lading Number
Entry No.	Entry number assigned automatically by the customs system
Container No.	Container number
Container Type	20' container and 40' container
Container Seal No.	Seal Number of the Container
E-TRACC Seal No.	E-TRACC Seal Number affixed to the door of the container
Driver name	Name of the driver
Contact No.	Contact number of the driver
Vehicle No.	Vehicle number or plate number

10.2.2. The data provided, including the AWB or B/L number and the container number, shall be verified against a data source validated by the Bureau.

10.2.3. The importer/exporter or its authorized representative shall be able to check the status of each Trip booked and track the container during the Trip.

10.3. Transfer of Cargo to a CY/CFS or other CFWs.

10.3.1. The importer or its authorized representative shall lodge a Permit (**P-SAD**) to the customs system and pay for the

Container Security Fee and Transit Permit Fee (forms, documentary stamps, and other fees as required) to the Bureau's Cashier.

10.3.2. The importer or its authorized representative shall make a trip booking with an E-TRACC System Service Provider for sealing of each container covered by the said P-SAD; and

10.3.3. The office of the Deputy Collector for Operations (DCO), or any Customs Officer acting as such, shall login to the E-TRACC System to check the trip details of the container prior to approving the P-SAD. No container trip booking in E-TRACC System shall mean no approval of the P-SAD.

10.4. Transit Cargo Bound to Free Zones, Inland Customs Office, Depots or Terminals.

10.4.1. The importer/exporter shall lodge a Transit Single Administrative Document (**T-SAD**) in the customs system for all transit cargo and pay the prescribed Cargo Transfer Fee and Other Charges.

10.4.2. The T-SAD shall then be processed by the assigned Customs Operations Officer (Examiner) from the Office of the DCO or equivalent office in accordance with existing customs laws and regulations.

10.4.3. After processing of the T-SAD by the examiner, the declarant shall book the trip, per container, on the E-TRACC System.

10.4.4. After booking the trip of the container, the declarant shall process the T-SAD with the assigned Customs Operations Officer V (COO V) from the Office of the DCO or equivalent office. The assigned COO V shall login to the E-TRACC System to check the trip booking details before processing the T-SAD following the existing customs laws, and regulations.

10.5. Transit to CBWs.

10.5.1. The Warehousing Entry (W-SAD) lodged in the customs system by the declarant shall then be processed by the declarant to the assigned Customs Examiner from the Warehousing Assessment Division (WAD) or equivalent

office and shall undergo the required cargo clearance as stipulated in the existing customs laws and regulations.

- 10.5.2.** The declarant needs to enroll the trip per container in the E-TRACC System before proceeding to the assigned appraiser.
- 10.5.3.** The COO V of WAD or equivalent office shall check the trip enrollment details of the container before processing the W-SAD.
- 10.5.4.** After payment of the import processing fee and other charges is done, the corresponding on-line release message will be generated by the customs system.
- 10.5.5.** The approved and signed W-SAD and the corresponding on-line release message shall be the basis of the CBW warehouseman for the unloading of the cargo at the CBW.

10.6. Export of Cargo from Free Zones, Inland Customs Office, Depots or Terminals and CBWs to Port of Loading.

- 10.6.1.** Export declaration (**E-SAD**) shall be lodged through the customs system for all export cargo.
- 10.6.2.** The declarant shall book the trip per container to the E-TRACC System before proceeding to the assigned COO V from the Export Division or equivalent office.
- 10.6.3.** The COO V from the Export Division shall check the trip enrollment details of the container before processing the E-SAD.
- 10.6.4.** After payment of documentary stamp fee is done, the corresponding on-line release message will be generated by the customs system. The OLRs is the basis of the Export Division to stamp Authority to Load in the ED-SAD.
- 10.6.5.** The approved and signed ED-SAD and the corresponding Authority to Load is the basis of CCCD to issue Permit to Load to allow the export cargo to be loaded to the container.

10.7. Transfer of Shipments Subject to Further Verification and/or Monitoring

- 10.7.1.** Shipments subject to further verification and/or monitoring, such as but not limited to those which cannot be physically examined at the Port or those that are subject to condemnation or destruction, may be allowed conditional transfer to the consignee's facility or any other location authorized or directed by the District Collector or the Commissioner.
- 10.7.2.** The declarant needs to enroll the trip per container in the E-TRACC System before proceeding to the assigned COO V.
- 10.7.3.** The COO V of FED or equivalent office shall check the trip enrollment details of the container before processing the goods declaration.
- 10.7.4.** After confirmation of payment of duties, taxes and other charges, the corresponding on-line release message will be generated by the customs system.

10.8. Sealing of Import Cargo using the Electronic Customs Seal

- 10.8.1.** The vehicle driver shall stop at the designated arming station for the sealing of Electronic Customs Seal to the door of the container.
- 10.8.2.** The E-TRACC Service Provider authorized personnel shall check the truck details and documents against the trip booking details.
- 10.8.3.** The E-TRACC Service Provider authorized personnel shall take a visual evidence of the container wherein the container number, container seal number for the particular voyage and Electronic Customs Seal are visible as visual evidence and transmit to the PID or equivalent office for the approval of the Start Trip.

Once Start Trip Authorization is approved by PID or equivalent office following the procedures outlined in Section 10.10 of this Order, the vehicle carrying the imported cargo can leave the vicinity to proceed to its destination.

10.9. Sealing of Export Cargo using the Electronic Customs Seal.

10.9.1. After stuffing, the Export Examiner or authorized Customs Officer shall affix the Electronic Customs Seal. Other seals as may be required shall be affixed by authorized personnel under the supervision of the Export Examiner or authorized Customs Officer.

10.9.2. The Export Examiner or authorized Customs Officer shall check the truck details against the trip enrollment on the E-TRACC System, and if it tallies, proceed to the net procedure. Otherwise, the declarant shall modify the trip enrollment on the E-TRACC System.

10.9.3. The Export Examiner or authorized Customs Officer shall take a visual evidence of the container wherein the container number, container seal number for the particular voyage and Electronic Customs Seal are visible as visual evidence and transmit to PID or authorized office for the approval of the Start Trip.

10.10. Approval of the Start Trip Authorization by PID or equivalent office of import cargo bound to CFW, CBW, Inland Customs Office, Free Zones, Depots, Terminals, and Consignee's facilities or authorized location.

10.10.1. The PID or equivalent office shall review trip details and visual evidence that the Electronic Customs Seal has been properly installed before authorizing the start of Trip.

10.10.2. The Trip authorization confirmation shall be sent electronically from PID or equivalent office to the authorized personnel who installed the seal.

10.10.3. Once the authority to start the Trip is given the said cargo is considered **Tag Transferred** automatically in E-TRACC System.

10.11. Approval of the Start Trip Authorization by PID or equivalent office of export cargo from CBW, Inland Customs Office, Free Zones, Depots, and Terminals to Port of Loading.

10.11.1. The PID or equivalent office shall review trip details and visual evidence that the Electronic Customs Seal has been properly installed before authorizing the Trip to start.

10.11.2.The Trip authorization confirmation shall be sent electronically from PID or equivalent office to the authorized personnel who installed the seal.

10.11.3.Once the Trip is authorized to start, the said cargo is considered **Tag Transferred** automatically in E-TRACC System.

10.12. E-TRACC System Trip Monitoring.

10.12.1.The PID or equivalent office shall monitor the authorized trips and alarms.

10.12.2. The E-TRACC System shall provide the following alarms:

Corridor Alarm/Route Deviation	A vehicle has deviated from normal routes. Tolerance for corridor deviations is given if the container is moving towards the general direction of the destination.
Unauthorized Start Trip	A vehicle has departed origin before the Control Tower has authorized the start trip.
Tamper Alarm	The cable of the Electronic Customs Seal is cut, or the seal has been disengaged.
Missing Heartbeat	The device has not transmitted a signal for more than 3 minutes
Unauthorized End Trip	The container has reached the destination, but the Electronic Customs Seal was disengaged before the Control Tower authorized the end of trip.

10.13. Approval of PID or equivalent office for the End Trip Authorization of Import Cargo arriving at CFW, CBW, Inland Customs Office, Depots, Terminals, Free Zones and Consignee's facilities or authorized location.

10.13.1. Upon arrival of the vehicle and container at the destination (**Tag Arrived** upon entering the geozone), the Bureau's authorized personnel shall perform the following before removing/disarming the Electronic Customs Seal from the container:

- a. Compare the container's visual evidence during sealing of Electronic Customs Seal against the actual container that arrived and look for any discrepancy or signs of tampering (i.e., if the bottom of the container bear any markings or indication that a hole or opening is done, or if the container is newly painted and hinge pins have markings that they were forcibly opened, etc.).
- b. Compare if the container seal number for the particular voyage as well as the Electronic Customs Seal number is the same as that indicated in the Trip Details.

The above information shall be transmitted to PID or equivalent office for the approval of End Trip.

10.13.2. The Bureau's authorized personnel shall not remove or disarm the Electronic Customs Seal of the container if any sign of tampering or discrepancy is observed. ESS shall be notified immediately to investigate and submit findings to the Commissioner and District Collector. PID shall be notified also and upon receipt of notification shall perform manual end trip and update the status of the container as "Subject for Investigation" in the E-TRACC System when it arrived at the Port of Destination.

10.13.3. PID or equivalent office shall review the trip details and visual evidence of the armed container, and if found to be in order, authorize End Trip.

10.13.4. Once End Trip is authorized, the Bureau's authorized personnel shall disarm the container by removing the Electronic Customs Seal (cargo is **Tag Received**).

10.13.5. For shipments subject to further verification and/or monitoring, the designated Customs Operations Officer III or assigned Customs Officer shall disarm the container by removing the Electronic Customs Seal

(cargo is **Tag Received**) and shall then proceed with the physical examination, condemnation or destruction of the shipment.

10.14. Approval of CCCD or equivalent office for the End Trip Authorization of Export Cargo.

10.14.1. Upon arrival of the vehicle and container at the destination, (**Tag Arrived** upon entering the geozone), the authorized personnel of the CCCD or equivalent office shall perform the following:

- a. Check the E-SAD, Authority To Load, and other export documents;
- b. Compare the container's visual evidence during sealing / arming of Electronic Customs Seal against the actual container that arrived and look for any discrepancy or signs of tampering (i.e., if the bottom of the container bear any markings or indication that a hole or opening was done, or if the container is newly painted and hinge pins have markings or indication that they have been forcibly opened, etc.);
- c. Compare if the Electronic Customs Seal is the same as that indicated in the Trip Details;
- d. If all are in order, issue Special Permit to Load and Load Sequence to the authorized Bay Service (BS) personnel.

10.14.2. The container cleared by the authorized personnel of CCCD or equivalent office shall be brought by the truck to the CY-Wharf. The CCCD authorized personnel or equivalent office shall take a visual evidence of the container wherein the container number, container seal number for the particular voyage and Electronic Customs Seal are visible. Visual evidence of the bottom of the container shall be taken also if there are markings of any hole or opening done in the container.

10.14.3. The PID or equivalent office shall review the trip details and visual evidence of the sealed / armed container, and if found to be in order, authorize End Trip.

10.14.4.The authorized personnel of the CCCD or equivalent office shall remove / disarm the Electronic Customs Seal from the door of the container (cargo is **Tag Received**).

10.14.5.The authorized personnel of CCCD or equivalent office shall not remove or disarm the Electronic Customs Seal of the container if any sign of tampering or discrepancy is observed. ESS shall be notified immediately to investigate and submit findings to the Commissioner and District Collector. PID shall be notified also and upon receipt of notification shall perform manual end trip and update the status of the container as "Subject for Investigation" in the E-TRACC System when it arrived at the Port of Loading.

Section 11. Pursuit and Apprehension in case of Alarms.

11.1. The PID or equivalent office shall be responsible for the 24/7 monitoring of the E-TRACC System's alarms, and in cases of violations, the pursuit, apprehension and detention shall be under the primary jurisdiction and responsibility of the Enforcement and Security Service (ESS) of the Enforcement Group.

11.2. In case of alarms, the following actions shall be taken:

Corridor Alarm/ Route Deviation	<p>An agent of the E-TRACC System Service Provider shall call the driver to verify the situation.</p> <p>In case of a confirmed route deviation, the ESS shall be informed. The ESS shall make follow up calls to the necessary parties.</p> <p>As the circumstances warrant, investigation, apprehension and/or detention shall be carried out by the ESS.</p>
Unauthorized Start Trip	<p>An agent of the E-TRACC System Service Provider shall call the driver to verify the container status.</p> <p>In case of a confirmed alarm, the ESS shall be informed for the necessary investigation and/or enforcement actions.</p>

<p>Tamper Alarm</p>	<p>The E-TRACC System shall register an alarm in case the Electronic Customs Seal is cut or the seal has been disengaged. An agent of the E-TRACC System Service Provider shall call the driver to verify the container status.</p> <p>In case of a confirmed alarm or as the circumstances warrant, investigation, apprehension and/or detention shall be carried out by the ESS.</p>
<p>Missing Heartbeat</p>	<p>The E-TRACC System shall register an alarm in case the GPS enabled device has not transmitted a signal for more than 3 minutes.</p> <p>As the circumstances warrant, investigation, apprehension and/or detention shall be carried out by the ESS.</p>
<p>Unauthorized End Trip</p>	<p>An agent of the E-TRACC System Service Provider shall call the Bureau wharfinger to verify the container status.</p> <p>In case of a confirmed alarm, the ESS shall be informed for the necessary investigation and/or enforcement actions.</p>

11.3. The ESS, subject to the approval of the Bureau Commissioner, may create a special team or unit to perform the assigned functions under this Order.

11.4. The Bureau, through the ESS, shall coordinate with the Philippine National Police (PNP) or other law enforcement agencies for the effective apprehension and detention of alarmed transit cargoes on a nationwide level.

Section 12. Fees Payable to the E-TRACC System Service Provider.

12.1. Each E-TRACC System Service Provider will determine its respective fee structures for the use of the Electronic Customs Seal based on several factors such as market conditions and systems sustainability requirements, among others, which shall be

submitted in the financial proposal. The schedule of fees as proposed shall be one of the bases for accreditation.

- 12.2.** The Bureau shall not collect any fees on behalf of the E-TRACC System Service Provider.
- 12.3.** The E-TRACC System Service Provider shall comply with the following fee structure:
 - 12.3.1.** Php500.00 – within 10km radius from port of discharge
 - 12.3.2.** Php700.00 – beyond 10 km radius from port of discharge
- 12.4.** The Bureau shall collect from the Service Provider a service fee for monitoring and supervision of the E-TRACC System equivalent to ten percent (10%) of the fees collected in accordance with the published rate for the use of the Electronic Customs Seal.
- 12.5.** The Committee shall conduct an annual review of the fee structure and may recommend changes, subject to the approval of the Commissioner.

Section 13. Protection and Treatment of Electronic Data from the E-TRACC System.

- 13.1.** For purposes of customs procedures, electronic data coming from the E-TRACC System Service Provider shall be acceptable and shall have the legal effect, validity or enforceability as any other document or legal writing.
- 13.2.** The E-TRACC System Service Provider shall be fully compliant with the requirements under the Data Privacy Act, particularly the appointment of a regular data protection officer and the submission of the electronic processing system to the National Privacy Commission.
- 13.3.** The E-TRACC System Service Provider shall likewise be fully compliant with the guidelines issued by the Philippine Competition Commission in so far as processing of confidential business information are concerned.
- 13.4.** Any information or by-products of said information collected by the E-TRACC System Service Provider arising from the implementation of E-TRACC System shall be the exclusive property of the Bureau.

Section 14. Sanctions and Penalties.

- 14.1.** An E-TRACC System Service Provider that is not able to meet its SLA targets shall be subject to the penalties stated in the SLA, without prejudice to the right of the Bureau to exercise its right to revoke or pre-terminate the accreditation status.
- 14.2.** Any person or entity who obstructs, or attempts to obstruct, the implementation of this Order and its related rules and issuances, or who assists in the same, or allows himself/herself to be used in the commission of the same, shall be subject to the appropriate civil, criminal and/or administrative penalties.
- 14.3.** In addition to the sanctions under the CMTA, and Civil Service laws, rules and regulations, any Bureau official and/or employee found to have violated any of the provisions of this Order or commit acts prejudicial to the effective implementation of this Order, shall be immediately relieved, transferred to another office, or assigned to a less sensitive position in the Bureau.
- 14.4.** The penalties as prescribed under Sections 1418, 1419, 1420, 1421 and 1430 of the CMTA, as may be pertinent or applicable, shall be imposed for violations of this Order and its related rules and issuances.

Section 15. Repealing Clause. CMO No. 24-2010, CMO No. 48-2010 and all orders, memoranda, circulars and issuances inconsistent herewith are hereby repealed and/or deemed modified accordingly.

Section 16. Separability Clause. If any part or provision of this Order is later declared invalid or illegal, the remaining portion shall remain valid and enforceable.

Section 17. Effectivity. This Order shall take effect on 10 FEB 2020.


REY LEONARDO B. GUERRERO

Commissioner
FEB 04 2020



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