



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

APR 16 1990

CUSTOMS MEMORANDUM ORDER

NO. 32-90

TO : All Collectors of Customs
Service, Division and Section Chiefs
Breakbulk/Consolidation Agents, Brokers
And All Others Concerned

SUBJECT : Rules and Regulations Further Implementing
Customs Administrative Order No. 5-89, dated
19 May 1989, Covering Non-Commercial Inbound
Consolidation Shipments from Filipinos Abroad

Pursuant to, and in order to effectively implement, Customs Administrative Order No. 5-89, dated 19 May 1989, the following rules and regulations are hereby prescribed to govern non-commercial shipments from Filipinos abroad, to wit:

Section 1. OBJECTIVES

- 1.1 To enhance Philippine tradition and culture for the promotion and preservation of strong family ties through love and caring expressed in gift-giving by family members and relatives residing/living abroad.
- 1.2 To protect the legitimate interests of bona fide consignors/senders and their consignees, in particular, and the transacting public, in general.
- 1.3 To prevent "fly-by-night" operators from victimizing innocent consignors/senders and their consignees.
- 1.4 To protect the interests of the government.
- 1.5 To prevent and suppress smuggling and other frauds upon Customs.

Section 2. ADMINISTRATIVE PROVISIONS

- 2.1 Definition of Terms. - The following terms are hereby defined, to wit:
 - 2.1.1 Consolidation Shipment - Two (2) or more shipments from two (2) or more individual consignors/senders abroad, assembled and consolidated at one point of origin/exportation and shipped together under a single master ocean bill of lading or master airway bill by a freight forwarder, consolidator to its breakbulk/consolidation agent in the Philippines.
 - 2.1.2 Freight Forwarder/Consolidator - A duly licensed and registered foreign forwarding entity that procures the transport of goods and issues in its name house bills of lading or house airway bill to the individual consignors/senders and ships the consolidated shipment to its breakbulk/consolidation agent in the Philippines as consignee, under one master airway bill or master bill of lading issued under its name.

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- 2.1.3 Breakbulk/Consolidation Agent - The Philippine agent/representative of a freight forwarder/consolidator named in a master bill of lading or airway bill as consignee of a consolidated shipment.
- 2.1.4 Master Ocean Bill of Lading/Airway Bill - An ocean bill of lading or airway bill issued by a common ocean/air carrier to a freight forwarder/consolidator covering a consolidated shipment.
- 2.1.5 House Bill of Lading/Airway Bill - A bill of lading or airway bill covering a single, individual shipment/consignment issued by the freight forwarder/consolidator to the consignor/sender containing the names and addresses, respectively, of both the consignor/sender and the consignee/receiver and the detailed, specific description/s of the goods shipped.
- 2.1.6 Consolidated Cargo Manifest - A true and correct manifest of all the individual shipments/consignments in a consolidated shipment destined to be unladen in a port of entry in the Philippines, the same being attached as a Rider to the inward foreign manifest of the carrying vessel.
- 2.1.7 Proper Philippine Government Official - A Philippine consular officer, trade/commercial attache, labor attache, or such duly designated official, whether or not holding office in a Philippine embassy/consulate, and with whose Head Office in Manila the Bureau of Customs has executed a Memorandum of Agreement.
- 2.2 Accreditation/Registration. - No breakbulk/consolidation agent shall be allowed to transact business with the Bureau of Customs unless duly accredited and unless both the freight forwarder/consolidator and consignor/sender is duly registered as follows:
- 2.2.1 Accreditation of the Breakbulk/Consolidation Agent.-
The agent shall file a written application executed under oath before a Notary Public or a Customs official authorized to administer oath, per format shown in Annex "A" hereof, with the Director, Import Assessment Service, Office of the Commissioner of Customs, thereto attaching the following documents:
- 2.2.1.1 True copies (with presentation of the originals) of -
- () Articles of Incorporation/Partnership and By-Laws registered with the SEC;
 - () Certificate of Registration issued by the Bureau of Domestic Trade (if applicant is a single proprietorship);
 - () License/Permit issued by the MARINA (Maritime Industry Authority) and/or the Civil Aeronautics Board.
 - () License as Customs broker issued by the Bureau of Customs to the owner/proprietor or, in case of a corporation/partnership, to the president, general manager or any one of the directors/officers or partners.

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2.2.1.2 Financial statement and income tax return covering the last preceding year (if applicant has been in operation for at least one year).

2.2.1.3 The duly executed contract entered into by and between the freight forwarder/consolidator and the applicant and which shall contain the following covenants/undertakings and provisions:

- That no consolidated shipment shall contain any banned, prohibited or regulated article;
- That should any consolidation shipment include or contain any individual shipment/consignment which contains a banned, prohibited or regulated article or otherwise not allowed under this Order, both the freight forwarder/consolidator and the break-bulk/consolidation agent shall be jointly and solidarily liable, answerable and responsible to all the consignors/senders and their consignees who may be prejudiced by the inclusion of such banned, prohibited or otherwise not allowed articles, without prejudice to civil damages, criminal and/or administrative prosecution, as may be proper, as well as to the institution of seizure proceedings against the shipment/consignment concerned;
- That no individual shipment/consignment shall exceed the limits as to value, quantity, kind and frequency fixed by the Bureau of Customs;
- That the freight forwarder/consolidator shall advise the consignor/sender, and ensure, that no prohibited, banned or regulated article is included in the shipment and the limits fixed be duly complied with;
- That the freight forwarder/consolidator shall register with the proper Philippine government official;
- The contract shall contain a provision clearly indicating whether the individual consignees shall pay for the duties and taxes due, transport/delivery expenses, storage/demurrage charges and/or any specified expenses.

2.2.14 Fidelity/Performance Bond - The applicant shall post a continuing fidelity/performance or surety bond in the amount of P100,000.00 to guarantee faithful compliance with this Order and all pertinent Customs and related rules and regulations as well as to answer for any damage which the government, consignors/senders and their consignees may suffer from the misconduct or negligence of subject breakbulk/consolidation agent and its principal freight forwarder/consolidator or their respective officers or employees, and for any financial obligation liability assumed by the breakbulk/consolidation agent and not settled with the Bureau of Customs.

2.2.2 Registration of the Freight Forwarder/Consolidator. - The freight forwarder/consolidator shall register with the proper Philippine government official by submitting copies of the following:

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2.2.2.1 License/permit and/or certificate of registration or authority issued by the appropriate agency of the government of the country in which the freight forwarder/consolidator operates or is engaged in the business;

2.2.2.2 A certified true copy of the contract entered into with the Philippine breakbulk/consolidation agent.

2.2.3 Registration of the Consignor/Sender - The consignor/sender shall register with the proper Philippine government official by executing an Affidavit per format shown in Annex "B" hereof before an officer at the Philippine embassy/consulate nearest to such consignor/sender's residence, place of business or employment. The terms, conditions and requirements indicated in the format are hereby made an integral part of this Order.

2.2.4 Life of the Accreditation/Registration - Unless sooner revoked or withdrawn, the accreditation or registration shall be -

2.2.4.1 For a term of one (1) year, renewable yearly upon application in writing not less than fifteen (15) days prior to the expiration of the one (1) year period reckoned from the date of approval of the registration/accreditation, in the case of both the breakbulk/consolidation agent and the freight forwarder/consolidator, respectively; and

2.2.4.2 Permanent, in the case of the consignor/sender unless revoked or withdrawn by the Philippine government official at the instance of the Bureau of Customs.

Section 3. OPERATIONAL PROVISIONS

3.1 Documentary Requirements. - The following supporting documents shall be required for the filing/processing of import entries:

- 3.1.1 The inward foreign manifest with the corresponding Rider or consolidated cargo manifest.
- 3.1.2 The Master ocean bill of lading or master airway bill with the corresponding individual house bills of lading or house airway bills.
- 3.1.3. The packing lists per individual consignment/shipments, verified as true, correct and accurate and signed by both the consignor/sender and the freight forwarder/consolidator with their complete addresses and registration numbers, respectively,

The packing list shall be attached to the box/package containing the goods.

3.2 Filing of the Import Entry. - There shall be filed as many informal entries as there are individual consignments in a consolidated shipment; Provided that, a formal entry shall be filed for commercial consignment subject to existing Customs and related rules and regulations.

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The following procedures shall be observed:

- 3.2.1 All entries covering individual consignments in a consolidated shipment shall be filed and processed altogether at the same time.
- 3.2.2 The separate filing and/or processing of any of the entries shall be allowed where -
- 3.2.2.1 The consolidated shipment is covered by or subject of a duly issued derogatory alert/information;
- 3.2.2.2 The consolidated shipment was entered in violation of Customs and/or related laws, rules and regulations; and/or
- 3.2.2.3 Upon examination, it is found that any of the individual shipments was entered in violation of Customs and/or related laws, rules and regulations and such violation warrants the issuance of a Warrant of Seizure & Detention (WSD).

In any of the above cases, the individual consignments found to be in order and without discrepancy shall be processed separately ahead in order to avoid any undue inconvenience, delay and/or prejudice to the consignees thereof who shall be allowed to have the entries processed and the shipments released on their own or thru the assistance of any Customs broker of their choice in which case the brokerage fee shall be chargeable to the breakbulk/consolidation agent concerned. Where any of said consignees is unable, for whatever reason, to employ the services of a Customs broker, the Chief of the Division concerned shall see to it that such consignee is given all the necessary assistance.

- 3.3 Examination. - The examination of a consolidated shipment shall be conducted as follows:
- 3.3.1 Regular Examination - Where the packing list is attached to the box/package containing the individual consignment/shipment, the assigned Customs examiner may conduct the examination at random and, thereby, make a speedy determination whether the contents correspond with the packing list.
- 3.3.2 100% Examination. - A thorough 100% examination shall be conducted where -
- 3.3.2.1 The packing list is not attached to the box/package; or
- 3.3.2.2 The consolidated shipment is covered by a duly issued derogatory alert/information; or, when in the course of conducting the regular examination, a violation/discrepancy is found which warrants the issuance of a WSD; Provided that, in either case, the provisions of CMO No. 65-89, dated 12 July 1989, shall be duly and strictly complied with.

Javada M. Reim

- 3.4 Appraisal. - The appraisal of consolidated shipments shall be based on the nature/character of the article under appraisal on a per item basis, subject to existing rules and regulations on the treatment of used, off-quality, second hand, etc. items.
- 3.5 Limitations. - Maximum limits per individual consignment/shipment shall be, and are hereby fixed, as follows:
 - 3.5.1 As to value US\$500.00
 - 3.5.2 As to quantity/kind
 - 3.5.2.1 Foodstuff such as canned goods, grocery items, etc. 1 dozen of a kind
 - 3.5.2.2 Wearing apparel and clothing material not exceeding 3 years per cut, whether used or new 1 dozen of a kind
 - 3.5.2.3 Other household, personal effects, whether used or new 1 dozen of a kind
 - 3.5.3 Number of box/package 1
 - 3.5.4 As to frequency: One (1) individual consignment per registered consignor/sender during a 6-months period.

Provided that, home appliances, whether used or new, shall be disallowed; and Provided further that, any consignment/shipment entered in violation of the limits herein fixed shall automatically be subjected to seizure proceedings, without prejudice to the cancellation/revocation of the certificate of registration of either or both the freight forwarder/consolidator and consignor/sender as well as the cancellation/revocation of the accreditation of the breakbulk/consolidation agent.

Section 4. MISCELLANEOUS PROVISIONS

In order to implement an efficient and centralized control and recording system, a Consolidation Shipment Committee is hereby constituted as follows:

- Chairman The Director, Import Assessment Service
- Members A representative each of the CIIS and ESS
The Chiefs, Informal Entry Divisions,
POM, MICP and NAIA

The Committee may issue its internal guidelines pursuant to, and consistent with, this Order and its objectives, subject to the approval of the Commissioner of Customs.

Section 5. - EFFECTIVITY

Upon approval of this Order, applications for accreditation of breakbulk/consolidation agents may immediately filed with, and processed by, the Committee; and the registration of freight forwarders/consolidators and consignors/senders processed by the proper Philippine government official.

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The implementation/enforcement of all the other provisions shall commence and be effective thrity (30) days from the publication of this Order in two (2) newspaper of general circulation, whereupon, all consolidated shipments shall be governed accordingly.

Salvador M. Mison
SALVADOR M. MISON
Commissioner

Date Approved: April 16, 1990