



11 September 2008

CUSTOMS MEMORANDUM ORDER

No. 33-2008

Subject: Parameters for the Application of CAO No. 4-2008-A on the Importation of Resin Through the Customs Bonded Warehouse Scheme

I. OBJECTIVES

- A. To effectively implement the provisions of CAO 4-2008-A
- B. To assist the Bonded Warehouse Committee (BWC) in the disposition of applications for authority of Customs Bonded Warehouses (CBWs) to import resin under warehousing entry
- C. To ensure that the interests of the government are amply protected by providing procedures and guidelines in the evaluation of the rationalized application of CAO 4-2008-A
- D. To act with dispatch on all applications pertaining to CAO 4-2008-A

II. SCOPE

This Order covers all matters pertaining to the rationalized application of CAO No. 4-2008-A on the importation of resin through the Customs Bonded Warehouse Scheme.

III. GENERAL PROVISIONS

The following parameters shall be considered in determining who may continue to import resin through the Customs Bonded Warehousing system:

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Republic of the Philippines
Department of Finance
BUREAU OF CUSTOMS
PORT OF MANILA
Customs District II-A
South Harbor, Manila



- A. BOI-registered manufacturing companies; or,
- B. Industry Specific Customs Bonded Warehouses directly supplying the resin requirements of their clients involved in the semiconductor/electronic/automotive industry; or,
- C. Manufacturing Customs Bonded Warehouses or members of Common Bonded Warehouses which are registered as exporters by the Export Development Council; or,
- D. Such other CBWs established to be legitimate exporters after due consultation with the BOI, EDC, DTI, PEZA, Freeport Authorities, and other relevant agencies and stakeholders.

IV. ADMINISTRATIVE PROVISIONS

A. Establishment of BWC-TST

To provide administrative, secretarial and technical support to the Bonded Warehouse Committee, a **BONDED WAREHOUSE COMMITTEE-TECHNICAL SUPPORT TEAM (BWC-TST)** shall be formed by the BWC Chairman which is to be composed by the Customs officers designated by him. The BWC-TST shall be composed of a Head and five (5) Members and shall perform the following functions:

1. Receive and review the completeness of the application *Indorsed by the District Collectors to the Chairman, Bonded Warehouse Committee;*
2. Evaluate the application in panel;
3. Submit its findings/recommendations to the BWC Secretariat for inclusion in the items for agenda for the Regular Meeting/Deliberation of the BWC;
4. Attend in the Regular Meeting/Deliberation of Bonded Warehouse Committee (BWC) if the matters for deliberation are the subject of this Order;
5. Perform such other functions as may assigned to it by the Chairman, BWC.

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B. Documentary requirements for authority to import resin

All applicant CBWs are required to submit the original / certified true copy of the following:

1. Prior Disclosure Statement under oath and signed by the President of the Company, the proprietor or managing partner of the applicant CBW including clients/end-users for ICBW, such as locators of freeports and economic zones, among others, or members for Common Bonded Warehouse in the prescribed form provided in Annex "A" hereof;
2. Certification of registration, whichever is applicable, from the following offices:
 - Bureau of Investments (BOI)
 - Export development Council (EDC)
 - Department of Trade and Industry (DTI)
 - Philippine Economic Zone Authority (PEZA)
 - Freeport Authorities
 - Other relevant agencies and stakeholders.

V. OPERATIONAL PROVISIONS

- A. Application for authority of CBWs to import resin under warehousing entry shall be filed with the District Collector concerned who shall act thereon within five (5) working days. Upon initial evaluation of the application, the District Collector shall indorse the same to the Chairman, BWC, whether favorable or not, stating his definite official position thereon.
- B. After receipt of the subject application from the District Collector, the Chairman, BWC shall forward the same to the Head, BWC-TST for evaluation. The Head, BWC-TST shall confirm the completeness of the submitted subject application and thereafter, shall schedule the same for panel discussion/evaluation. The BWC-TST shall submit its findings/recommendations or evaluation report together with all pertinent documents within five (5) working days from receipt of said application to the BWC Secretariat for inclusion to the agenda of the regular meeting of the BWC.
- C. Upon approval of the application by the BWC, the copy of the resolution of the BWC signed by the Chairman, BWC shall be endorsed

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to the Office of the Commissioner for clearance. In case of disapproval, a Notice of Disapproval clearly stating the grounds therefor shall be signed and served to the applicant, copy furnished the District Collector.

D. Upon proper clearance from the Office of the Commissioner, the Chairman, BWC shall endorse the subject Resolution of the BWC to the concerned District Collector for implementation.

VI. REPEALING CLAUSE

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

VII. EFFECTIVITY

This Order shall take effect immediately.

NAPOLÉON L. MORALES
Commissioner

(08-0420) *[Signature]*



DISPOSITION FORM

FOR: The Commissioner
Bureau of Customs

FROM: The Deputy Commissioner
AOCG

DATE: 11 September 2008

SUBJECT: Draft Customs Memorandum Order (CMO) implementing CAO No. 4-2008 A

SUMMARY:

A. Customs Administrative Order (CAO) No.4-2008-A with the subject, "Creating Parameters for the Rationalized Application of CAO No. 4-2008 on the Non-importation of Resin Through the Customs Bonded Warehouse Scheme" became effective last 5 September 2008 or fifteen (15) days after it was published on 21 August 2008.

B. Pursuant to the said CAO, the Commissioner of Customs is directed to issue rules and regulations to effect subject CAO.

C. To fully implement the of objectives of CAO No. 4-2008-A in addressing the concerns of legitimate importers/exporters operating in the country and to balance the government's exercise of police power under CAO No. 4-2008, the undersigned respectfully recommends the establishment of a **BONDED WAREHOUSE COMMITTEE TECHNICAL SUPPORT TEAM (BWC-TST)** to provide administrative, secretarial and technical support to the Bonded Warehouse Committee and to perform, among others, the following functions:

1. Receive and review the completeness of the application indorsed by the District Collectors to the Chairman, Bonded Warehouse Committee;
2. Evaluate the application in panel;
3. Submit its findings/recommendations to the BWC Secretariat for inclusion in the items for agenda for the Regular Meeting/Deliberation of the BWC;

RECOMMENDATION:

In view of the foregoing, the undersigned respectfully recommends approval and signature on the attached draft of Customs Memorandum Order with the subject, "Parameters for the Application of CAO No. 4-2008 A on the Importation of Resin Through the Customs Bonded Warehouse Scheme," if in accord.


ATTY. REYNALDO S. NICOLAS
Deputy Commissioner

Thursday, August 21, 2008



Republic of the Philippines
Department of Finance
Bureau of Customs
1050 Manila

CUSTOMS ADMINISTRATIVE ORDER
No. 4 2008

SUBJECT: Granting Parameters for the Rationalized Application of CAO No. 4 2008 on the Free Importation of Raw Through the Customs Bonded Warehouses

I. OBJECTIVE:
1.1 To address the concerns of a great number of legitimate importers/exporters operating in the country whose rationalized business substantially contribute to and account for the Philippines' economic stability and positive global competitiveness.
1.2 To restore the government's exercise of police power under CAO No. 4 2008 with the intent of legitimate business as far as the imposition of raw through the customs bonded warehouse system is concerned considering that it is not the government's intent to allow legitimate business but rather to promote it.

II. GENERAL PROVISIONS:
1. Under Article 291 of EO 226 or the Omnibus Investment Code registered import-oriented companies are granted access in the utilization of the bonded warehousing system. Such provision shall be the following:
1.1. Access to Bonded Warehousing Trading System - Registered export oriented companies shall have access to the customs of the bonded warehousing system in all cases required by the subject subject to such guidelines as may be issued by the Board upon prior consultation with the Bureau of Customs.

Bonded Trading Warehouses were converted to Industry Specific Customs Bonded Warehouses under CAO No. 7 2002. "Implementation of Industry-Specific CBWs and the Rules and Regulations Governing its Operations".
Recognizing that the rationalized implementation of CAO No. 4 2008 will have dire consequences on the business of legitimate importers/exporters operating in the Philippines, which has no adequate petrochemical industry of its own and is highly reliant on imported raw, the creation of certain parameters for its rationalized application is warranted in the light of the spiraling cost of the said oil based commodity and other production costs.

III. ADMINISTRATIVE PROVISIONS:
3.1 The application for acceptance of CBWs to import raw shall be filed with the Bonded Warehouse Committee upon favorable recommendation from the Office of the District Collector concerned.
3.2 The application shall be accompanied by a Risk Disclosure Statement which must be under oath by the President of the Company, the proprietor or managing partner which contains the following details, among others:
3.2.1 Maximum cubic space of applicant CBW's raw materials and finished products compartments at any given time for manufacturing including all members for Customs Bonded Warehouses and all associated plant/land users for CBW.
3.2.2 Its Sub contracting of the subject raw;
3.2.3 Number of employees including their total and actual capacities;
3.2.4 Number of factory workers directly involved in the production;
3.2.5 Percentage of weight and constitutive inputs, indicating buyers and respective volume and value;
3.2.6 Monthly requirements including types, grades, volume, value, as well as names of local suppliers if sourced through bonded or bonded transfer or constitutive inputs.
3.3 The following parameters shall be considered in determining who may continue to import raw through the Customs Bonded Warehousing system:
3.3.1 BII registered manufacturing companies, or
3.3.2 Industry Specific Customs Bonded Warehouses directly supplying the raw requirements of their clients involved in the manufacturing/processing/finishing industry, or
3.3.3 Manufacturing Customs Bonded Warehouses or members of Customs Bonded Warehouses which are registered as exporters by the Export Development Council, or
3.3.4 Such other CBWs established to be legitimate exporters after due consultation with the DOI, DDC, DTI, PETA, Freeport Authorities, and other relevant agencies and stakeholders.
3.4 The Bonded Warehouse Committee shall approve the application as authorized by the District Collector, subject to clearance from the Office of the Commissioner of Customs.
3.5 Those entities which are excluded from the foregoing authorization but import raw may do so through consignment and may avail of the bonded or bonded transfer and bonded transfer system under Section 101 of the TOLR, as amended, if they obtain the written consent of the manufacturer of the products imported.

IV. ADMINISTRATIVE SANCTIONS:
Changes/commitments to the Risk Disclosure Statement, without prior approval of the Customs Bonded Warehouse Committee upon favorable recommendation of the District Collector concerned shall be a ground for closure of the CBW without prejudice to the initiation of appropriate administrative or criminal proceedings against the individuals concerned.

V. IMPLEMENTING RULES:
The Commissioner of Customs shall issue rules and regulations to effect the foregoing.

VI. REPEALING CLAUSE:
All other customs rules, regulations and ordinances or parts thereof inconsistent with this Order are hereby deemed repealed/revoked accordingly.

VII. EFFECTIVITY:
This Order shall take effect 15 days after its due publication.

MARCO P. BERNARDES
Commissioner

APPROVED:
NARCISO S. TORRES
Secretary of Finance
Date signed 18, 2008

DATE: 6/30/2008
C/O: 30-2008

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Department of Finance
Bureau of Customs
1099 Manila

ANNEX "A-1"

**DIRECT EXPORT
(2007-2008)**

NAME OF CLIENTS	VOLUME	VALUE (in US\$)	VOLUME LIQUIDATED*

USA REPORT DIRECT IF NECESSARY

*In case of ICBW, indicate volume of raw materials and for manufacturing warehouse/
companies, indicate volume of finished products.

Form 3.3 - (a) - 2

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Department of Finance
Bureau of Customs
1099 Manila

ANNEX "A-2"

**CONSTRUCTIVE EXPORT (TRANSFERRED TO CBWs)
(2007-2008)**

NAME OF CLIENTS	VOLUME	VALUE (in US\$)	VOLUME LIQUIDATED*

Use separate sheet if necessary

*In case of ICBW, indicate volume of raw materials and for manufacturing warehouses/ companies, indicate volume of finished products.

DATE: 03/02/07
NO. 000-000

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1000 Manila

ANNEX "A-3"

**CONSTRUCTIVE EXPORT (TRANSFERRED TO PEZA)
(2007-2008)**

NAME OF CLIENTS	VOLUME	VALUE (In USD)	VOLUME QUANTIFIED

*In case of ICBW, indicate volume of raw materials and for manufacturing warehouses/
companies, indicate volume of finished products.