



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

May 18, 2007

CUSTOMS MEMORANDUM ORDER

No. 11-2007

**TO: The District Collectors of Customs
NAIA, Subic and Clark
Deputy Collectors for Operations and
Others Concerned**

**SUBJECT: Re-aligning NAIA Transshipment Documentation and Procedures
Covering DHL Express Consignments**

1. OBJECTIVES

- 1.1. To facilitate trade by applying simplified transshipment documentation and procedures to shipments handled by DHL Express
- 1.2. To assure that the interests of government are amply protected by putting in place IT-based safeguards and measures in applying simplified transshipment documentation and procedures to shipments handled by DHL Express
- 1.3. To afford a level playing field and a healthy competitive environment for the major players of the air express industry
- 1.4. To ensure the prompt delivery of time-sensitive consignments to and from Subic and Clark locators employing Just-in-Time management practices.
- 1.5. To service the unique and peculiar requirements of the air express industry by adopting customs best practices.

2. COVERAGE

This Order covers only transshipment of goods handled by DHL Express from its NAIA Gateway to consignees located at the Subic and Clark Special Economic Zones and vice-versa.

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3. OPERATIONAL PROVISIONS

PRE-DEPARTURE REQUIREMENTS

3.1 A Transfer and Delivery Permit (TDP) shall be used for transshipment operations of DHL Express from NAIA to Subic and Clark Special Economic Zones and vice-versa. The TDP to be provided by DHL shall be a printed and serially pre-numbered form, each set to consist of five (5) colored-coded copies distributed as follows:

- WHITE - Receiving DHL Express Facility Copy
- BLUE - Receiving Customs Copy
- GREEN - Feedback Copy for Sending Port Collector
- PINK - Sending DHL Express Facility Copy
- YELLOW - Sending Customs Copy

3.2 In addition to other required information, the TDP shall indicate the number of containers, pallets, bags and other receptacles of the shipments transshipped, its total weight in kilos, and the name of the driver of the carrier who shall be a DHL employee, and shall be signed by both the sending and receiving DHL and Customs officials concerned with the date and time indicated on their proper box.

3.3 A Transfer Summary Manifest (TSM) covering the shipments shall accompany the TDM. For customs purposes, the TSM shall be considered a trustworthy document and shall be the equivalent of the Transshipment Permit.

Sample forms of the TDP and TSM are attached for reference.

3.3 Customs shall tally and verify the actual cargo against the TSM before loading onto the carrier.

3.4 The carrier shall be sealed with a seal provided by DHL, duly countersigned by a Customs officer assigned at the DHL Gateway facility at NAIA or at the Subic and Clark Freeports, as the case may be, before being allowed to depart. The carrier shall continue to remain under seal until arrival at destination. The carrier seal is considered as the official seal of the Bureau of Customs and its tampering and removal without permission from customs authorities shall be subject to criminal liabilities under the Tariff and Customs Code of the Philippines, as amended.

3.5 Unless otherwise directed by the Commissioner of Customs, transshipment of DHL express consignments from NAIA to Subic and Clark, and from Subic and Clark to NAIA, shall not require underguarding by Customs. Should DHL employ private security contractors to safeguard the carriers, both DHL and private security contractor personnel shall be held jointly liable for any damage, pilferage or loss of any or all the parcels under carriage.

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ARRIVAL AT DESTINATION

- 3.6. Upon reaching its destination, Customs and DHL personnel stationed at the receiving station shall jointly examine the integrity of the seal, verify the seal number as well as the signature of the Customs official affixed in the seal.
- a. If the seal is intact, Customs shall break and retain the seal for verification purposes. Thereafter, the shipment shall proceed in the regular course of Customs business.
 - b. If the seal is not intact, DHL, in the presence of Customs personnel, shall conduct an inventory/electronic scan of the cargo.
 - c. If a package is missing or there is evidence of tampering of any package resulting in discrepancy in its weight and/or content, DHL shall prepare a Cargo Irregularity Report (CIR) as duly attested by Customs, a copy of which shall be furnished the Collector of Customs concerned. However, all the other remaining shipments duly accounted shall be processed without delay in the regular course of Customs business.
- 3.7. Receiving Customs official shall indicate on the TDP the condition in which the transshipment cargo was received and, detach the BLUE copy and Transfer Summary Manifest (TSM) for reference and record purposes. The WHITE and GREEN copies shall be given to DHL which shall transmit the GREEN copy to the Collector of the sending Port within twenty-four (24) hours after delivery of cargo. The Collector of the receiving Port shall separately inform the Collector of the sending Port the receipt of the cargo within six (6) hours from delivery. The information feedback may be done by sending a faxed copy of the TDP on file, by e-mail or telegram.

4. CONFORMANCE WITH THE E-COMMERCE LAW AND THE COMPUTERIZATION PROGRAM OF THE BOC

DHL shall develop and implement an IT-based transshipment system at no cost to the Bureau of Customs, to include a Pre-Alert Manifest System. This system shall provide advance information to Bureau of Customs personnel at DHL receiving stations of the incoming shipment and shall include the details of each particular shipment such as Shipper, Consignee, Description, Weight, Declared Value, DHL Freight Cost, Terms of Freight such as DDP, Station to Station, etc. The Pre-Alert Manifest shall be viewable by the offices such as the Office of the Commissioner, and the system shall provide audit trails for purposes of post entry audit.

5. POSTING OF CASH BOND IN LIEU OF UNDERGUARDING

Prior to the implementation of this Order, and to safeguard the interest of the Bureau, DHL Express shall post a cash bond in the amount of ONE MILLION PESOS

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(Php1,000,000.00) to answer for the payment of duties and taxes that may be due on any or all of the shipments subject of transshipment in case the same fail to reach the intended destination. The cash bond shall be officially handed over to, and duly receipted by, the Customs Cashier assigned at the DHL bonded warehouse at NAIA. In instances where a portion thereof has been applied for the payment of duties and taxes, the necessary replenishment shall be made immediately, without need of any demand, to ensure that the cash bond amount of PhP 1,000,000.00 is intact and available at any given time. In the event that the cash bond is insufficient to cover the liability for which it was posted, DHL shall separately settle the said liability within seven (7) days from receipt of notice or demand without touching the cash bond to ensure its availability.

6. OVERTIME SERVICES

After office hours, the District/Port Collector concerned is hereby authorized to grant requests for processing of DHL shipments covered by this Order subject, however, to appropriate compensation pursuant to the tariff and customs law. For this purpose, all payment for overtime services shall be based on the actual number of extra hours/services rendered in accordance with existing rate and in no case shall double claims for overtime services be allowed.

7. OPERATIONAL REVIEW

The provisions of this Order shall be subjected to operational review six (6) months from its date of implementation to introduce refinements and improvements into the system. The review panel shall be composed of the Deputy Commissioner, AOCG as Chairman, with representatives from IEG, the District Ports of NAIA, Subic and Clark, and the Post Entry Audit Group as members. The review panel shall meet with DHL representatives and shall recommend to the Commissioner changes and revisions to this Order.

8. REPEALING CLAUSE

All Customs Memorandum Order, Memoranda or Circulars that are in conflict or inconsistent with the provisions of this Order are hereby deemed revoked, repealed or modified accordingly.

9. EFFECTIVITY

This Order shall take effect 30 days from approval hereof.



NAPOLEON L. MORALES
Commissioner

(Handwritten signature of Napoleon L. Morales)

