



# The 2009 Commissioner's Report



**Teamwork sees BoC through a challenging year**

The Commissioner would like to acknowledge the Deputy Commissioners, Directors, Collectors and their staff for their invaluable contribution to this report.

The Commissioner would also like to thank Edna Barrida of the Financial Service for the statistical data and analysis, Verne Enciso, Alvin Enciso, Carlo Bautista, Nicole Musni and Patricia Tanyag for their technical assistance.

# Contents

A most challenging year for us.....	<b>3</b>
Collection Woes.....	<b>6</b>
Gains against smuggling.....	<b>14</b>
Arms smuggling.....	<b>15</b>
Separation of the IEG.....	<b>17</b>
Elephant Tusks.....	<b>18</b>
BoC helps Typhoon Ondoy victims.....	<b>20</b>
Used clothes, too.....	<b>20</b>
Additional duties on steel shipment.....	<b>21</b>
Cigarette cargoes seized.....	<b>22</b>
Hot cars.....	<b>22</b>
IPR violators hit.....	<b>22</b>
Customs recovers missing medicines.....	<b>23</b>
Customs X-ray team aborts attempt by HK piracy chief to set up RP base.....	<b>24</b>
X-ray apprehensions.....	<b>25</b>
Run After the Smugglers.....	<b>25</b>
Non-Intrusive Container Inspection System Project.....	<b>27</b>
Modernizing BoC services.....	<b>30</b>
Philippine Customs Intelligence System Project.....	<b>34</b>
Bulk and Break-Bulk Accreditation Program for Cargo Surveyors.....	<b>35</b>
Anti-corruption initiatives.....	<b>36</b>
Interim Training and Development Division.....	<b>38</b>
BIMP-EAGA CIQS.....	<b>39</b>
Road to accession.....	<b>40</b>

PORTAL: Model for Strong Public-Private Partnership.....	<b>42</b>
World-class service.....	<b>42</b>
Senate ratification.....	<b>46</b>
ISO Alignment Activities.....	<b>47</b>
Corruption Risk Management.....	<b>49</b>
Editor’s Note: Teamwork and legacy-building.....	<b>51</b>
Commissioner Napoleon L. Morales:	
Fruitful in the most trying times.....	<b>52</b>
Our Commitment.....	<b>59</b>
The Deputy Commissioners.....	<b>62</b>
Customs Administrative Orders.....	<b>67</b>
Customs Memorandum Orders.....	<b>68</b>
2009 Customs Memorandum Circulars on Executive, Administrative And Department Orders and Memorandums of Agreement.....	<b>71</b>
Directory of Officials and Key Positions.....	<b>74</b>



# A most challenging year for us

**By Commissioner Napoleon L. Morales**

**T**he Bureau of Customs (BoC) has had to endure a most difficult period for the entirety of 2009 as the economy absorbed the shocks of the financial maelstrom that gripped the financial system worldwide.



As the country's second biggest revenue earner, it was mandated to provide nearly a third of the government's income at a time when the demand for imports was sinking and business activity experienced a sharp downturn.

From the last quarter of 2008, when the shocks of the food crisis were felt worldwide and fuel prices were zooming, the economies of many nations registered recessionary tendencies and depression stumped commodity production and led to massive unemployment, sending tremors in all the continents, including Asia.







These economic problems told heavily on how government could prevent the slump, stimulate demand and put more money into the hands of the poor to persuade them to spend. BoC could not help but suffer the consequences of the financial tsunami that was not its own making and the figures for 2009 betray the difficulties that swamped the Bureau and the entire nation as well.

Much as we tried to obviate the force of the economic tsunami, the fact remained that the globalized world economy was intertwined, and the sin of one became the misfortune of all, to the extent that poor nations had to wriggle their way out of the morass and spend for the nonce to avoid the quicksand in the future.







## Collection woes

In a year when growth contracted, credit froze and trade shrunk, no one expected the Bureau of Customs (BOC) to meet its assigned collection goal.

Dashboard numbers in the government's second biggest revenue vehicle showed the signs of a slowdown: Imports down by 21 percent, oil shipments dropped by 39 percent, and even value of non-dutiables plunged by 24 percent.

Other factors nibbled on the already reduced Customs take: A stronger peso which weakened BoC collections and lower tax payments (TEF) by the government which shaved P13.3 billion off from total collections.

It is important that the environment under which the BoC operated be examined, for it is only in seeing the larger vista that one would appreciate the odds the Bureau had to surmount in order to turn in a report card which though short of target was still better than expected.

In referencing our performance to the big picture, it is not our intent to find an excuse as to why we failed to meet our goal. But the latter, as we all know, is pegged on certain assumptions. When the latter evaporates, our original target must vanish, too.

But that did not happen in our case. While the economic writings on the wall were evident early on that this would be a year when importation would be sluggish, we stuck to the target, as giving it up, we believed, would only deepen the deficit.

So countermeasures were implemented.

We banked on improving efficiencies to compensate for sluggish imports. We plugged holes and filled leakages. But these were not enough.



<b>Revenue Collection</b> (in Billion Pesos)				
	Jan-Dec 2009		Deviation	
	Target	Actual	Amount	%
<b>Total Collections</b>	<b>273.292</b>	<b>220.878</b>	<b>-52.414</b>	<b>-19.2%</b>
Cash Collections	237.957	198.890	-39.067	-16.4%
TEF	35.335	21.988	-13.347	-37.8%
	Jan-Dec		Variance	
	2008	2009	Amount	%
<b>Total Collections</b>	<b>260.248</b>	<b>220.878</b>	<b>-39.370</b>	<b>-15.1%</b>
Cash Collections	218.200	198.890	-19.309	-8.8%
TEF	42.048	21.988	-20.060	-48.0%

*N.B. Dec 2009 Actual Collections based on Collection Districts' report (preliminary)*

Though hard we try, there is one truth we cannot reverse: Tariff collection is a downstream industry of importation, and the latter is a function of the economy. In short, we do not create imports, but we can only collect from them.

For 2009, the total collections of BoC reached only P220.88 billion. This amount, in turn, is based on Bureau of Treasury (BTr) certifications for January to November, which was added to the districts' consolidated reports for December.

We missed our P273.29 billion target by P52.4 billion, or by 19.2 percent.

Our 2009 collection is also P39.37 billion, or 15.1 percent, lower than our 2008 take of P260.24 billion.

The 19.2 percent 2009 shortfall is consistent with the 20.6 percent drop in the value of imports that year, or from P2.985 trillion to P2.369 trillion.

This P616-billion drop in value of imports resulted in foregone revenues of P47.2 billion, the one that burned the biggest hole.

Of the total tax take, cash collections, which comprised bulk of the BoC revenue stash, plunged 8.8 percent to P199 billion from P218 billion in 2008 while TEF, those import duties paid by government agencies such as the National Food Authority (NFA) mainly for its rice imports, dropped by half to P21.9 billion from P42 billion in the previous year.

## CASH COLLECTIONS BY PORTS, JAN-DEC 2009

(In Million Pesos)

	PORTS	Collectors	Target	Actual	Amount	%
I	S. FERNANDO	Carmelita Talusan	2,654	1,971	(683)	-25.7%
II-A	POM	Rogel Gatchalian	58,500	38,904	(19,596)	-33.5%
II-B	MICP	Adelina Molina	65,956	59,071	(6,885)	-10.4%
III	NAIA	Carlos So	17,645	17,811	166	0.9%
IV	BATANGAS	Juan Tan	47,253	44,625	(2,628)	-5.6%
V	LEGASPI	Titus Sangil	60	66	6.5	10.8%
VI	ILOILO	Roberto Madrid	254	321	68	26.6%
VII	CEBU	Ronnie Silvestre	5,663	6,467	804	14.2%
VIII	TACLOBAN	Leovigildo Dayoja	235	236	0.9	1.4%
IX	SURIGAO	Alfredo G. Coro	15	14	(0.8)	-5.5%
X	CAG. DE ORO	Abedin Macapasir	4,206	3,647	(739)	-17.6%
XI	ZAMBOANGA	Rodolfo Campos	40	43	3	6.8%
XII	DAVAO	Anju Castigador	2,086	2,834	748	35.8%
XIII	SUBIC	Marietta Zamoranos	4,287	4,289	2	0.04%
XIV	CLARK	Edward dela Cuesta	777	864	87	11.2%
XV	APARRI	Enrico Turingan	187	331	144	77.3%
XVI	LIMAY	Federico Bulanghagui	28,139	20,463	(7,676)	-27.3%

Non-oil revenues contributed P164.7 billion to the Customs coffers, a drop of 13.2 percent from its 2008 haul of P189.7 billion.

Revenues from crude imports chipped in a disappointingly low of P19.820 billion, down from its contribution in 2008 of P34.6 billion.

Petroleum products were a revenue winner in 2009, providing a collection boost of P36.3 billion up from the P35.95 billion that it managed in 2008.

As early as November 2008, BoC Commissioner Napoleon Morales has already sounded the alarm on lower Customs collections for 2009, citing the creeping impact of the global financial crisis as shown by the escalating drop in cargo volume nationwide, which was already tracked at 20 percent.

The BoC subsequently won approval of its parent agency, the Department of Finance (DOF), to lower its assigned target, then pegged at P277 billion to P273.3 billion.



The BoC has been originally assigned a target of P300 billion.

The BoC stayed the course and got more collection “winners” as it posted a 15.5 percent growth in excise tax to P17.917 billion from the year-ago level of P15.509 billion or an expansion of P2.409 billion.

The increase in excise tax was due to higher petroleum imports during the year compared to 2008.

Revenues from VAT, however, retreated to P133.9 billion from the year-ago level of P156.3 billion or a decline of 14.3 percent. The VAT decline was mainly due to lower crude oil imports.

For the period January to December, duties collected were lower by P19.3 billion or 21.9 percent to P69.1 billion from P88.41 billion in 2008 as the volume of imports fell to 54.33 million tons from the year-ago level of 57.5 million tons as the country weathered the global financial crisis, marking a slowdown in global trade.

BoC-run ports were running surpluses in 2009 despite the stormy weather, literally and figuratively, with Davao port and the Ninoy Aquino International Airport (NAIA) leading the batch with excess revenues of P748 million and P166 million, respectively.

Davao port was assigned a collection target of P2.086 billion but brought home a better number of P2.834 or an over-performance of 35.8 percent.

NAIA was originally tasked to bring in P17.645 million in revenues but was able to come up with P17.811 million.

Other BoC-run ports which posted surpluses in its collection from January to December were Legaspi with P6.5 million, Iloilo with P68 million, Cebu with P804 million, Tacloban with almost P1 million, Zamboanga with P3 million, Subic with P2 million, Clark with P87 million, and Aparri with P144 million surplus.



The Manila International Container Port (MICP) continues to be the biggest revenue port with a total collection of P59.071 billion but still missed its target of P65.956 billion.

MICP’s 2009 performance was also below par its collection in 2008 of P62.755 billion or a slip of P3.684 billion, which was still attributed to weak imports.

Following MICP is the Port of Batangas , which grossed P44.625 billion but was nevertheless short of its programmed P47.253 billion. In 2008, Batangas “shelled out” a total of P50.221 billion for the Customs revenues.

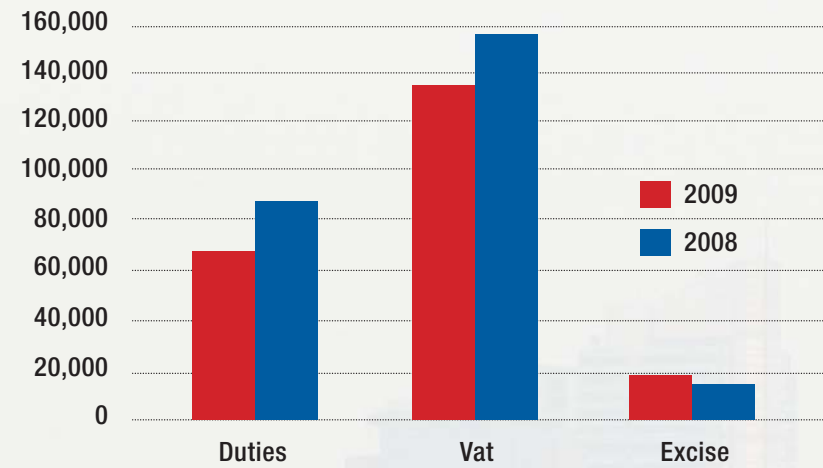
Port of Manila, the third biggest revenue earner, only managed to chip in P38.9 billion, P19.596 billion short of its assigned goal of P58.500 billion and P6.7 billion below its 2008 performance of P45.573 billion.

### Bureau of Customs Collections by Type of Tax (In Billion Pesos)

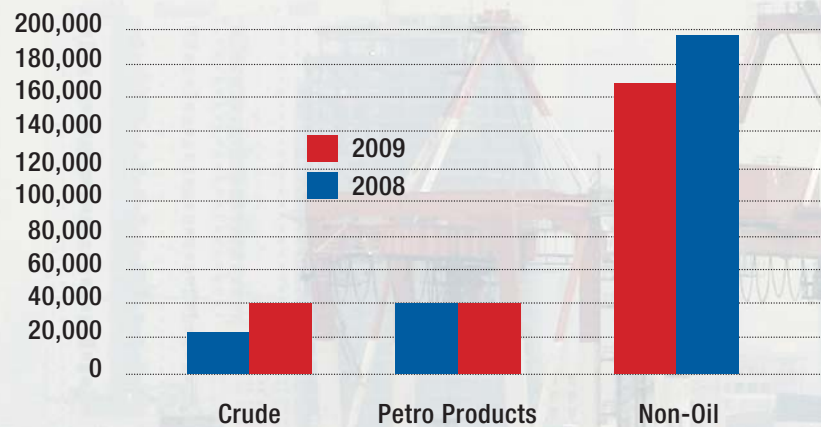
	Jan-Dec		Deviation	
	2009	2008	Amount	%
Total	220.878	260.248	-39.370	-15.1%
Duties	69.063	88.409	-19.346	-21.9%
Vat	133.898	156.330	-22.432	-14.3%
Excise	17.917	15.509	2.409	15.5%

Source of data: BOC Districts Report

### Bureau of Customs Collections by Type of Tax (In Million Pesos)



### Bureau of Customs Collection by Source (In Million Pesos)



### Bureau of Customs Collections by Source (In Billion Pesos)

	Jan-Dec		Deviation	
	2009	2008	Amount	%
Total	220.878	260.248	-39.370	-15.1%
Non-oil	164.727	189.714	-24.987	-13.2%
Crude	19.820	34.584	-14.764	-42.7%
Petro Products	36.331	35.950	0.381	1.1%

Source of data: BOC Districts Report



For 2009, the BoC processed a total of 54.331 million tons of imports in 2009 with an aggregate value of P2.4 trillion, a contraction of 5.5 percent from the 57.5 million tons in 2008 valued at P2.9 trillion.

Non-oil and oil imports both registered a decline in volume.

Non-oil commodities shed 4.3 percent totalling P895.12 billion equivalent to 27.798 million tons as against the 2008 figure of P935.4 billion or equivalent to 27.466 million tons.

Oil imports registered a decline of 39.1 percent with a total value of P330.56 billion in 2009 from P542.87 billion in 2008.

Petroleum products, being the sole “import winner” in 2009, registered a total shipment of 7.014 million tons compared to the previous year’s 5.984 million tons.

In peso terms, however, the petroleum imports, valued at P177.81 billion, were not enough to reverse the downward trend among oil-related products since it was much higher in 2008 at P212 billion, simply because of a stronger peso.

The 2009 collection program of the BoC was pegged at P47.64 against the dollar while its 2008 targets were premised on a lower exchange rate of P44.47 versus the greenback.

Non-dutiable imports also dipped to 12.9 million tons valued at P1.14 trillion from the previous year’s 14.3 million tons or worth P1.51 trillion.

The BoC nevertheless whipped the proverbial stick to discipline its collection units and achieve some degree of efficiency.

For the 2009, the BoC achieved an efficiency of P1.07 billion comparing the target revenues against the actual collections.

It is much higher though at P20.80 billion when its revenue performance is compared to its 2008 revenue haul.

Another bright light in the BOC’s revenue stable for 2009 is its Post Entry Audit Group (PEAG), which was formed sometime in 2003 with the primary task of checking the compliance level of importers in accordance with the existing Customs laws, rules and regulations particularly with respect to Customs value declaration and record keeping requirement.

Through its conduct of compliance audit among selected importers, PEAG has been able to detect some additional costs or price adjustments which are supposedly declared and



Volume of Imports (In million tons)				
	Jan-Dec		Variance	
	2009	2008	Amount	%
Total Volume	54.331	57.501	-3.170	-5.5%
Dutiable Volume	41.401	43.224	-1.822	-4.2%
Non-oil	27.798	27.466	0.333	1.2%
Oil	13.603	15.758	-2.155	-13.7%
Crude	6.589	9.774	-3.185	-32.6%
Petro Product	7.014	5.984	1.030	17.2%
Non-dutiable	12.930	14.278	-1.348	-9.4%

Source of data: BOC Districts Report

Value of Imports (In Billion Pesos)				
	Jan-Dec		Variance	
	2009	2008	Amount	%
Total Value	2,369.85	2,985.65	-615.81	-20.6%
Dutiable Value	1,225.68	1,478.27	-252.59	-17.1%
Non-oil	895.12	935.40	-40.28	-4.3%
Oil	330.56	542.87	-212.31	-39.1%
Crude	152.75	330.85	-178.10	-53.8%
Petro Product	177.81	212.02	-34.22	-16.1%
Non-dutiable	1,144.17	1,507.38	-363.21	-24.1%

Source of data: BOC Districts Report

Analysis of Collections Program vs Actual January – December, 2009 (Preliminary) (In Billion Pesos)			
	Program	Actual	Impact on Collections
<b>Total Collections</b>	<b>273.29</b>	<b>220.88</b>	<b>(52.421)</b>
Exchange rate	46.00	47.64	8.39
Higher tariff rate	5.47%	5.63%	2.38
Deferred Payments, PB	32.50	23.82	8.68
<b>Total Revenue Gain</b>			<b>19.45</b>
Imports, FOB US\$ B net of crude oil and rice	47.64	38.23	(47.21)
Lower crude oil imports, FOB US \$	3.89	3.33	4.44
Higher ratio on Non-dutiable imports	41.7%	44.9%	(4.46)
Tax credit P Billion	2.79	6.27	(3.48)
Tax Expenditure Fund	35.34	21.99	(13.35)
<b>Total Revenue Loss</b>			<b>(72.94)</b>
<b>Net Revenue Loss</b>			<b>(53.49)</b>
<b>BoC Shortfall</b>			<b>(52.41)</b>
<b>Attributed to Efficiency</b>			<b>1.07</b>



**Analysis of Actual Collections**  
January – December, 2009 vs 2008 (Preliminary)  
(In Billion Pesos)

	2008	2009	Impact on Collections
<b>Total Collections</b>	<b>260.25</b>	<b>220.88</b>	<b>(39.37)</b>
Lower ratio of Non-dutiable imports	46.8%	44.9%	2.62
Exchange rate	44.47	47.64	16.17
Tax credit, P Billion	7.93	6.27	1.66
Deferred Payments, P B	41.40	23.82	17.59
Total Revenue Gain			38.04
Imports, FOB US\$ B net of crude oil and rice	47.46	38.23	(43.86)
Lower crude oil imports, FOB US\$	7.50	3.33	(32.47)
Lower tariff rate	5.76%	5.63%	(1.82)
Tax Expenditure Fund (TEF)	42.05	21.99	(20.06)
<b>Total Revenue Loss</b>			<b>(98.21)</b>
<b>Net Revenue Loss</b>			<b>(60.17)</b>
<b>BOC Shortfall</b>			<b>(39.37)</b>
<b>Attributed to Efficiency</b>			<b>20.80</b>

computed as part of dutiable value and landed cost by importers but were not made so for one reason or another.

With this, BoC was able to collect additional revenues from an office, which is oftentimes considered as a non-traditional revenue generating office.

During its first three years of operation, BoC's PEAG was able to collect an estimated amount of P30 million but this dramati-

cally rose to P349.164 million in 2007, posting a staggering growth of 1,063.8 percent.

As the economy start to fumble and tumble in 2008, PEAG's collection dropped to P137 million.

In 2009, the PEAG unit was back on revenue track with P277.2 million or a 101 percent increase compared to 2008.



## Gains against smuggling

What the economy did not permit the Bureau to achieve was compensated by solid accomplishments in the campaign against smuggling.

We seized the contents of Tanks 6 and 21 in Lucanin, Mariv- eles, Bataan that were owned by Unioil Petroleum Philippines, Inc./Oilink International Corp. after they were found to hold oil products and not the declared aromatic hydrocarbons.

The estimated value of the contraband was P14 million. Our personnel also seized fuel from JLV and Gas Mass gas stations valued at P236,000.

In protecting local agricultural producers, the Bureau seized two shipments of onions not covered by import permits from the Bureau of Plant Industry (BPI) under the Department of Agriculture (DA).

The total estimated value of the smuggled produce was P3.6 million.

We also seized onions and ginger being sold in Binondo, Divi- soria and Tondo since traders failed to show ownership of the imported vegetables worth P3.1 million.

The Bureau did not limit its operations in Manila as operatives also seized onions and potatoes that were stashed away at Door No. 2 of Plug Holdings, Inc. in Agdao, Davao City.

No document covering the imported vegetables was present- ed by the owners and claimants, prompting the seizure of the P6-million shipment.

Bureau agents confiscated red onions valued at P1.08 million and consigned to Eric Go after it was sent from Davao City to Manila.

We also held and eventually seized two shipments of boneless beef and beef trimmings consigned to Natasha Foods Corp. for violating the rules and regulations of the DA and the Bureau of Animal Industry (BAI).

These cargoes were worth P19.6 million.

Two shipments of chickens valued at P5.88 million and con- signed to Tet & Pal Meat Shop were seized by the BoC for not complying with BAI rules and regulations.

### CIIS Summary of Alert/Hold Order Report for the period of January-December 2009

Action/ Remarks	No. of Shipments	Estimated Value/ Amount Paid
Seizure	71	652,540,734
Additional Penalties/ Surcharge	136	64,145,714.37
Abandonment	9	32,652,000
<b>Total</b>	<b>216</b>	<b>749,338,448.37</b>



For not presenting any import authority from the BAI, BoC agents seized two shipments of chicken, tenderloin, pigeon and Peking duck consigned to ASAB Commercial/Reachworld Logistics.

The total value of the cargoes was P25 million.

Five shipments of rice consigned to Kaye International Trading valued at P34.9 million were likewise seized since the company could not produce any import authority from the National Food Authority (NFA).

Sugar stocks worth P1.4 million hidden at 1554 Benitez St., Paco, Manila were confiscated after the claimant/owner failed to present pertinent documents covering the imported sugar.

## Arms smuggling

A Panama-flagged cargo ship with a South African captain and 12 Georgian crew has been seized by the Bureau of Customs (BoC) for alleged arms smuggling

Customs police boarded the 2,400-ton Captain Ufuk on August 20, 2009 after it sailed into the port of Mariveles in Bataan, north of Manila, without notice.

BoC impounded the vessel and put police on board to detain the crew after Customs officers found 14 crates in its hold containing high-powered assault rifles.

The five crates contained Pindad Galil automatic rifles and 9mm caliber pistols from Indonesia.

To add, the cargo was undeclared.



Documents on board showed the vessel came from Turkey, stopped over Indonesia and had a course plotted for the Port of Batangas, south of Manila.

The captain and the crew had been detained and would appear at an inquest in Manila, when a state prosecutor would decide whether there was enough evidence to support the filing of criminal charges.

Customs Commissioner Napoleon L. Morales has ordered for the ship to be seized and detained after it arrived at the Mariveles port without notice and documents.



“This is clearly a case of gun smuggling. A vessel that enters a port needs a 24-hour notice but there was none in the case of Captain Ufuk,” he said.

The South African captain has been identified as John Lawrence.

Meanwhile, the Bureau of Immigration believes that there had been a substitution of the ship’s captain.

According to the ship’s records, the master of the ship was a Bruce Jones, a British subject.

Jones has been placed on the Immigration watch list and various ports have been alerted to locate him.

The district collector issued the warrant of seizure and detention against the firearms, including the vessel, for violation of Section 2530 of the Tariff and Customs Code of the Philippines.

Under the code, any vehicle, vessel, or aircraft, including cargo, which is used unlawfully in the importation or exportation of articles or in conveying and/or transporting contraband or smuggled articles in commercial quantities into or from the Philippines port or place, shall be subjected to forfeiture.



Joey Yuchongco, the chief of Customs Police Division, said the authorities confiscated 50 pieces of SS1-V1 caliber 5.56 with buoyant and other gun accessories.

Commissioner Morales said that once the contraband is forfeited in favor of the government, he would ask President Arroyo’s permission to allow the Customs police to use the seized smuggled firearms.

The BoC has been asking the Department of Budget and Management (DBM) since March to allocate P5 million to purchase 200 weapons for their police force, claiming they have a shortage of firearms.

The DBM has yet to release any funds for such purpose.

“As of now, it is still early to say for what purpose the weapons would be used. It is premature to say that it was for political or for terrorist activities. We only received information that some cargo were being loaded off the ship and loaded on board a yacht,” Customs Intelligence and Investigation Service chief Fernandino Tuason said.

Tuason said they have several theories and admitted that the shipment might be used for the upcoming poll exercise or for terrorist activities.

Tuason said they have deployed teams to search for the yacht and after follow-up operations, were able to track down the yacht together with two high-performance speed boats. The three vessels are now in Customs custody.

“The Customs is readying the auction of the two vessels the soonest time possible to gain non-traditional revenues for the Bureau,” Morales said.

M/V Ufuk, costs about P89 million. It is docked at the South Harbor.

“We are incurring more expenses because we hired eight seafarers to man the ship. Due to the typhoon, the Philippine Ports Authority told us to transfer the vessel away from the pier to avoid damaging the pier,” Morales said.

## Separation of the IEG

As the Bureau intensifies efforts to combat smuggling, the Intelligence and Enforcement Group (IEG) was dissolved and two offices were created in its stead.

Port of Manila District Collector Horacio Suansing was assigned to head the Enforcement Group (EG).

Then Customs Intelligence and Investigation Service Director and concurrent IEG Officer-In-Charge (OIC) Jairus Paguntalan was also promoted to Deputy Commissioner to handle the Intelligence Group (IG).

Filomeno Vicencio Jr., who used to be the executive assistant of a former Customs Commissioner, took the position vacated by Paguntalan.



We resorted to the split of the IEG in order to strengthen both intelligence and enforcement operations.

These are two functions crucial to the BoC's mandate to pin down organized smuggling syndicates and systematize the implementation of existing Customs rules and regulations.

The Bureau was compelled to implement these organizational changes in order to collect more revenues for the government even as the economy had slowed down.

The IEG office was the second most powerful post in the BoC.



# Elephant Tusks

## BoC uncovers smuggled P100 million worth of elephant tusks

Bureau of Customs Commissioner Napoleon L. Morales and Enforcement and Security Service Director Gen. Nestorio Gualberto presented to Department of Environment and Natural Resources (DENR) Secretary Jose L. Atienza, Jr. some P100 million worth of elephant tusks uncovered by the Customs Enforcement and Security Service (ESS). The tusks arrived at the Port of Manila (POM) in two separate shipments.

Sometime in April, ESS officials at the Port of Manila inspected a twenty-footer container consigned to 210 Enterprises that started to arrive in the port on March 1. Declared as blow molding machines from Dar Es Salaam, Tanzania in Africa, the shipment was found to contain plastic scraps and sheeting in an initial spot check of the contents. However, a more thorough stripping of the container earlier this month unveiled that there were elephant tusks in the middle portion of the container.

“The ESS unveiled the tusks concealed in some boxes between the plastic scraps,” explained C/Supt. Jose Yuchongco. Yuchongco further explained that the shipment is in violation of Section 2530 of the Tariff and Customs Code of the Philippines (TCCP), as amended in relation to R.A. 9147 otherwise known as the Wildlife Resources Conservation Act and Convention on International Trade in Endangered Species of Wild Fauna and Flora.

Commissioner Morales immediately ordered for a thorough investigation of the shipment to find out who are the ultimate importers and to be on alert for any shipments that may be related or similar to this.

Under marching orders from the Commissioner, the ESS team intercepted another twenty-footer container which arrived at POM also from Dar Es Salaam, Tanzania and only four days (March 5) after the first apprehended shipment, ESS officials opened the container to check its contents. Declared as plastic scraps, Customs officials were not shocked to find boxes of elephant tusks concealed in the innermost part of the container.

Present during the inspection were DENR Assistant Secretary Jay Yambao and NCR Executive Director Jose Diaz. A request letter from a local importer of a President Container Lines, Inc. to the forwarding company, Ben Line Philippines, Inc., the car-

go was to be relocated from the pier zone to a Balut Warehouse in Tondo when it was intercepted by Customs.

“I have ordered Director (Simplicio) Domingo of the Legal Service to immediately file the appropriate cases against those behind these smuggling tries and have ordered Gen. Gualberto for close monitoring of shipments from the same region to intercept any future shipments of elephant tusks,” said Morales who lauded the swift actions of the ESS which led to the apprehension of the second shipment.

The seizures are considered a significant contribution of the Philippines to the international effort of eradicating illegal trade of wildlife and their byproducts, the country being a Party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) since 1981. Customs and DENR will conduct a joint inventory of the elephant tusks before these will be turned over to DENR custody.

## Customs Commissioner suspends accreditation of elephant tusks importer

Bureau of Customs Commissioner Napoleon L. Morales has released the order of suspension of accreditation and ACOS access of importer 210 Enterprises and Customs broker Merelyn M. Pacheco, both linked to the smuggling of Php 100 million worth of elephant tusks.

After the seizure and detention proceeding against the shipment of a 1x20 container van originating from Dar Es Salaam, consigned to 210 Enterprises, and which were found to contain 100 pieces and 409 boxes of assorted size elephant tusks, and another container van with the same consignee and shipping details yielding 609 pieces of elephant tusks, Collector Horacio P. Suansing of Port of Manila has ordered that the subject shipments forfeitable pursuant to Republic Act No. 9147 otherwise known as the Wildlife Resources Conservation Act and Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora.

Earlier this April, in view of derogatory information that the said shipments were misdeclared as “blow molding machine” and “plastic scraps and sheeting,” subsequent examinations confirmed to contain the subject illegal elephant tusks.

The Commissioner has coordinated with the Department of Environment and Natural Resources through OIC Regional Director Jose L. Diaz for the complete inventory prior to the turnover of all seized elephant tusks.





Commissioner Morales commended the swift action of the Customs Enforcement and Security Service which led to the apprehension of the illegal finds, and ordered its continuous close monitoring against smuggling.

The Philippines, being party to the CITES since 1981, considers the discovery of the contraband a significant contribution to the international effort of eradicating such illegal wildlife trading.

### **BoC lauded for seized elephant tusks worth \$7.3 M**

Bureau of Customs (BoC) Commissioner Napoleon L. Morales received an award of commendation from the Department of Environment and Natural Resources (DENR) Secretary Jose L. Atienza for his outstanding leadership that led to the apprehension of the \$ 7.3 million worth of elephant tusks on June 8 at the DENR compound in Visayas Avenue, Quezon City.

Also commended in the ceremony was Customs Chief Superintended Jose N. Yuchongco who was imperative to the successful seizure of the illegal trade.

After a successful turnover from the custody of BoC, the department tendered a complete inventory of the shipments of the apprehended 2 x 20' container vans which stored 709 pieces and 49 boxes of assorted sizes of elephant tusks, weighing 4,837.6 kilograms (4.8 tons) with an estimated value of (4,837.6 kg x \$1,500/kg) \$7,256,400.

In view of derogatory information that the said shipments, which originated from Dar Es Salaam, Tanzania, were misdeclared as "blow molding machine"

and "plastic scraps and sheeting," subsequent thorough examinations confirmed that they contain illegal elephant tusks, thus, forfeitable pursuant to Republic Act No. 9147 otherwise known as the Wildlife Resources Conservation Act and Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora.

Sometime in April, ESS officials at the Port of Manila inspected a twenty footer container consigned to 210 Enterprises which arrived in the port since March first. Declared as blow molding machines from Dar Es Salaam, Tanzania in Africa, the shipment was found to contain plastic scraps and sheeting in an initial spot check of the contents. However, a more thorough stripping of the container earlier in June unveiled that there were elephant tusks in the middle portion of the container.

"The ESS unveiled the tusks concealed in some boxes between the plastic scraps," explained C/Supt. Jose Yuchongco.

Commissioner Morales immediately ordered for a thorough investigation of the shipment to find out who are the ultimate importers and to be on alert for any shipments that may be related or similar to this.

Under marching orders from the Commissioner, the ESS team intercepted another twenty-footer shipment which arrived at POM also from Dar Es Salaam, Tanzania and only four days (March 5) after the first apprehended shipment, ESS officials opened the container to check its contents. Declared as plastic scraps, Customs officials were not shocked to find boxes of elephant tusks concealed in the innermost part of the container. Present during the inspection were DENR Assistant Secretary Jay Yambao and NCR Executive Director Jose Diaz. A request letter from a local importer of a President Container Lines, Inc. to the forwarding company, Ben Line Philippines, Inc., the cargo was to be relocated from the pier zone to a Balut Warehouse in Tondo when it was intercepted by Customs.

Commissioner Morales has released an order of suspension of accreditation and ACOS access to importer 210 Enterprises and Customs broker Merelyn M. Pacheco who were both linked to the smuggled elephant tusks.

The seizures are considered a significant contribution of the Philippines to the international effort of eradicating illegal trade of wildlife and their byproducts, the country being a Party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) since 1981.

## BoC helps Typhoon Ondoy victims

When Typhoon Ondoy slammed into the country and dumped billions of liters of rainwater, inundated 34 provinces and caused numerous deaths in the National Capital Region (NCR), the Bureau of Customs (BoC) immediately coordinated the collection and distribution of relief goods, with the BoC Employees Association (BOCEA) taking the lead in accumulating food items, blankets, water, fuel and other items needed by hundreds of thousands of evacuees.

Commissioner Morales spearheaded the action and appealed to Bureau officials and employees alike to give cash or relief goods to the millions of people who lost their homes, their kin and their livelihood.

Responding to the call for humanitarian aid, the Bureau also released bales of seized used clothing for the victims in Nueva Ecija that numbered more than 27,000 families.



### Used clothes, too

In pursuit of its mandate, the Bureau also launched surveillance operations that eventually led to the confiscation of used clothes (*ukay-ukay*) destined for local traders.

The Tariff and Customs Code of the Philippines (TCCP) prohibits the importation of used clothes and this makes the trade of such goods illegal per se.

We apprehended two container vans of used clothing and other items at the vicinity of the R. V. Marzan warehouse consigned to Cel Consolidators and Freight Forwarders, Inc.

The value of the seized items was P1 million.

In another operation, a 40-foot container van containing bales of used clothes was apprehended and found to be misdeclared.

The manifest said the container held as personal effects and household goods consigned to First Rate Cargo Handler, Inc.



Morales' successful shepherding of the Bureau's resources was well-received by all Customs stakeholders, particularly those who responded by donating relief goods.

The Bureau's top officials also facilitated the release of relief goods from Italy, Spain, Taiwan and neighboring countries that responded to the disaster based on presidential issuances and orders from the Department of Finance (DOF) to do away with taxes and duties due on the arriving shipments.

Moreover, we immediately released to the Department of Social Work and Development (DSWD) more than 3,000 bags of smuggled rice in Cebu that were forfeited in favor of the government.

All other seized cargoes that could be consumed or used by the evacuees were likewise donated to the DSWD, which was the lead agency in collecting relief items for distribution to the flood victims.

## Additional duties on steel shipment

We also subjected one of Mayer Steel Pipe Corporations' shipment of hot rolled steel sheets in coils to additional duties, taxes and surcharge of P56.1 million.

Our investigation showed the cargo is not entitled to zero duty to seven percent on account of its being a non-Japan-Philippine Economic Partnership Agreement (JPEPA) import.

Through painstaking study of the tariff structure of imported goods, the Bureau was able to secure additional income for the national treasury and served notice that Customs is serious in making importers comply with their duties as corporate citizens.

As an organization, the BoC did its share in providing canned goods, rice, noodles, sardines and other food items for the caravan that motored all the way to the Cagayan Valley, the Ilocos Region and even up to the Cordillera Administrative Region (CAR).

By acting swiftly and efficiently, the Bureau contributed a modest share to the disaster alleviation drive launched by government and even by the private sector.

Needless to say, BoC served notice that it will not shirk in its civic duty to help those in need, particularly the marginalized sectors that bore the brunt of Ondoy's wrath.





## Cigarette cargoes seized

There has been no let-up either on the campaign to stop the shipments of bogus cigarettes through Philippine ports.

We apprehended a shipment of Marlboro cigarettes at the Port of Cebu that was misdeclared as articles consigned to the Priteman Import Export. The estimated value of the cargo was P2.5 million.

In another operation, Bureau agents seized two 40-foot container vans bound for Vietnam declared to hold furniture, decorations and grocery items.

Upon examination, the container that was about to be shipped by Grand Comtrade International Corp. held Marlboro cigarettes valued at P10 million.

## Hot cars

A BMW Z3 sports car bearing plate number YFT 930 was seized by BoC agents after it was shipped from Davao City to Manila and consigned to Genesis 88 Trading.

Agents verified the documents covering the vehicle and discovered that they were all spurious.

In another operation at Port Irene, Cagayan, agents seized a used Mercedes and a Mitsubishi Evolution consigned to the Forerunner Multi Resources, Inc. through Apollo Cagayan

International Trading Corp. and Fao Phil Pan Subic Ventures. A check with Japanese authorities showed the two vehicles were stolen in Japan and shipped to Cagayan.

## IPR violators hit

We made inroads in the campaign against violators of Intellectual Property Rights (IPR) by seizing counterfeit articles ranging from bags, watches, wallets and other merchandise from a shipment consigned to Portwings Trading.

These spurious items carried the following brands— Adidas, Chanel, Gucci, Coach, Hello Kitty, Guess, Mickey Mouse, Louis Vuitton, Prada, Swatch and others.

The cargo was valued at P289.8 million.

Another shipment of bogus branded items consigned to Zest Gold Trading was seized by BoC agents.

The goods carried the brands Lacoste, Polo, D&G, Pioneer, Nickelodeon, Sesame Street, Dora and others.

All told, the goods were worth P71.1 million.



## Customs recovers missing medicines

Elements of the Bureau of Customs Enforcement and Security Service (ESS) recovered 61 boxes containing 21,960 vials of Pantoloc Pantoprazole 40 milligrams from Nicomed of Germany valued at P9 million from a residence in Barangay Masambong, Quezon City.

The shipment, consigned to Zuellig Pharma Corp. arrived on January 24 via Dutch Airline Flight KL830.

On January 27, Zuellig received a phone call from a certain Rommel Palma who claimed to be an employee of Majestic Freight Forwarders.

Palma told Zuellig of the shipment and asked that authority be issued to Majestic in order that the shipping documents may be released by Kuehne+Nagel (AG&Co.), Nicomed's forwarder.

Zuellig issued the authorization and the documents covering the shipment of Pantoloc IV released to Majestic's alleged representatives.

The shipment was released at around 5:30 p.m. on the same day and claimed by a certain Myra Principe.

Majestic Freight Forwarders later demanded from Zuellig a reimbursement of the P1.5 it had paid to the Bureau for the release of the shipment. Zuellig refused to pay.

To prove that the goods were, indeed, with them, Majestic loaded the drug in a truck and brought before Zuellig's premises. Majestic also presented a Land Bank receipt and import entry, both of which turned out to be spurious.

Zuellig sought the help of Commissioner Napoleon L. Morales to retrieve the medicines.

Customs documents revealed that the shipment was released to Majestic but it was grossly undervalued at \$4,000, for which P56,599 in duties and taxes were paid.

Commissioner Morales ordered the Internal Inquiry and Prosecution Division (IIPD) to investigate NAIA Customs personnel involved in the processing, assessment and release of the shipment.

"These should not have been released by NAIA Customs since it was established that there was gross undervaluation of the medicines," said Morales.

On April 6, ESS Director Nestorio B. Gualberto and Chief Superintendent Jose Yuchongco located the shipment in Quezon City.

Majestic representative Jesulito Testa yielded the medicines, which were stored in a dark air-conditioned room in the residence.



Zuellig welcomed the recovery of the drug and said it was inclined to destroy the lot as the quality and efficacy of the drug might have been compromised while in Majestic's possession.

"If these were not recovered, these would have been sold illegally and could be dangerous if administered to patients. That could have translated to over 21,000 lives put at risk," said Commissioner Morales, who ordered the IIPD and Legal Division to conduct an inquiry on all the players involved.

He also sought the filing of appropriate administrative and criminal cases against those responsible for the irregular release of the shipment.



## Customs X-ray team aborts attempt by HK piracy chief to set up RP base

Customs Commissioner Napoleon Morales has revealed that the X-ray Inspection Project (XIP) of the Bureau flubbed the attempt of a suspected Hong Kong-based piracy kingpin to set up shop in the country.

Morales and XIP head Lourdes Mangaoang said the Bureau seized DVD replicating machines and other equipment worth P300 million from two batches of six 40-footer container vans on May 15 and May 24.

The two BoC officials and Optical Media Board (OMB) Chairman Eduardo Manzano said the equipment were apprehended by the XIP at the Manila International Container Port (MICP).

Morales said the 12 containers of optical media manufacturing equipment and materials arrived in two batches of six forty footers on May 15 and May 24. Mangaoang issued an alert order on the first shipment on May 14, a day before it arrived.

On May 19, Customs received a letter from OMB Chairman Manzano containing derogatory information regarding the same shipment that was the subject of Mangaoang's alert.

X-ray scanning images showed that the containers held seven replicating machines and were packed with optical media manufacturing accessories and materials. Initial estimates for the first shipment have reached nearly P200 million since one replicating machine is estimated to be worth some P20 million.

"In his letter, Chairman Manzano sought the help of BoC to apprehend this shipment because coordination between the OMB and the Intellectual Property Investigation Bureau of Hong Kong Customs revealed that the owner of the shipment, Info Bright Technologies, (HK) Co. Ltd. (Info Bright Philippines, Inc.) is connected to optical disc piracy activities in Hong Kong," explained Mangaoang.



"We denied the application for license as an Importer and Exporter of Manufacturing Equipments and application for an Import Permit for the six containers which arrived on May 15 because we received word from Hong Kong that the owners of Info Bright, Tsio Kei Lung and Ng Kam Fung have been notori-



ous for copyright offenses in Hong Kong since the late '90s and in 2004 were sentenced by HK courts to six and a half years of imprisonment and fined HK\$1.37 million, the biggest jail sentence handed down for copyright offenses in Hong Kong,” explained Manzano.

Morales and Manzano are of one mind that the sheer quantity of equipment and accessories that were attempted to be brought in the country is too big for simple “repair and maintenance” as stated by the importers in their application for import permit.

Both gentlemen believe that the risk these would be used to set up optical media replicating shops in the country was too high for these shipment to be allowed released, especially since the importers are convicted copyright infringers in Hong Kong.

“It is very probable that they want to move operations from Honk Kong to the Philippines since the heat may be too great for them to operate in Hong Kong. But we do our best to prevent this and any other attempt to make the country a haven for copyright infringement,” said Morales.

Already on alert for other probable shipments by the same consignee, the X-ray team apprehended the second shipment on May 24, the same day the shipment arrived.

X-ray images revealed that the six containers also contain replicating machines and materials.

A more thorough inventory of the contents are still being conducted, but initial estimates place the worth of the shipment somewhere near P100 million.

Commissioner Morales lauded the X-ray team for the immediate apprehension of the shipments, and attributed the success of the apprehensions to the close inter-agency coordination that the BoC and the OMB have fostered through the years.

“The fight against optical media piracy and copyright infringement in general is too great a challenge for one agency to do alone. It is only by building strong intelligence networks and close coordination between agencies and our counterparts in other countries can we effectively cripple piracy operations and prevent its global spread through smuggling,” said Morales.

## X-ray apprehensions

We have put much faith in the X-ray Inspection Project as a means to check on cargoes efficiently and swiftly in order to wean away the legitimate shipments from the illegal ones.

We have not failed in this regard.

The examination has resulted in the apprehension of 94 containers for various violations.

All told, the seized containers carried imported goods valued at be worth P425,450,000.

The most significant achievement was the apprehension of 24 containers filled with optical media manufacturing materials worth some P400 million.

These pieces of equipment are used to manufacture bootleg DVDs and CDs that pose unfair competition to legitimate manufacturers and violate IPR.

## Run After the Smugglers

Since we launched the Run After the Smugglers Program, the Bureau has succeeding in filing charges against suspected violators of the TCCP.

By November 26, we have filed 101 cases involving 507 respondents.

Of this number, 36 cases against 150 respondents were filed with the Court of Tax Appeals (CTA), 15 cases against 37 respondents are being heard by the Regional Trial Court (RTC) while nine cases against 16 respondents are pending with the Metropolitan Trial Court (MTC).

One case against 13 respondents is with the Office of the Ombudsman.



Moreover, 50 cases against 265 respondents are still with the Department of Justice (DOJ) for resolution or preliminary investigation.

Through its anti-smuggling drive, the RATS Group, constituted pursuant to CSO No. 24-2005, had already filed a total of 101 cases, involving 507 respondents, with the Department of Justice (DOJ) for various violations of the Tariff and Customs Code of the Philippines (TCCP), as amended, the Revised Penal Code, and other related laws, rules and regulations.

Worthy of note is that as early as 2007, the RATS Group had already exceeded its commitment to MCA-PTP to file at least 48 cases with the DOJ within the life of the project that ended on November 2008.

Moreover, the RATS Group was able to cause elevation and filing of 35 sets of criminal information with the Court of Tax Appeals (CTA), more than its commitment with the

MCA-PTP to file at 28 cases before the said court. Likewise, a total of 28 cases before the lower courts and 50 cases were submitted for resolution by the DOJ.

Notwithstanding the conclusion of the MCA-PTP Project, the RATS Group, in collaboration with the Prosecution and Litigation Division of the Legal Service, filed a complaint on September 4 against 37 respondents for the unlawful importation of SS1-V1 rifles at the Sub-Port of Mariveles, Bataan, approximately valued at P5,603, 045.21.

On September 11, another case was filed against eight respondents for the unlawful importation of 2,007,953 liters of diesel oil valued at P64,000,000.

The RATS Group on November 18 filed before the DOJ four cases against suspected smugglers of elephant tusks, which is banned by international treaties, ceramic tiles, airsoft guns, and used equipment and appliances.



## Non-Intrusive Container Inspection System Project

On Jan 30, 2002, the Office of the Commissioner, with the approval of the Secretary of Finance, issued Customs Administrative Order No. 1-2002, which provides for the use of x-ray machines as an alternative to actual physical inspection.

BoC resorted to the use of the machine to speed up the examination of shipments and the movement of cargoes.

It was in May 2006 when the policy was implemented by the Bureau in coordination with the National Economic Development Authority (NEDA) and the National Development Co. (NDC).

With the signing of a concessional loan agreement with China on a government-to-government basis, 10 x-ray scanners were acquired from Nuctech Co. under the Non-Intrusive Container Inspection System Project (NCISP) of the BoC.

The x-ray machines were deployed in major Customs collection districts as part of the Phase I of the Project. For Phase II of the project the following year, 20 x-ray scanners were acquired for the use of major collection districts as well as in other ports, particularly those handling bigger volumes of containers.

After President Gloria Macapagal-Arroyo signed Executive Order No. 592 on December 16, 2006 and imposed the mandatory payment of Container Security Fee to support the NCISP, Commissioner Morales issued Customs Memorandum Order No. 6-2007 on March 28, 2007 and created an x-ray committee to carry out effectively the mandate of the Project.

CMO No. 6-2007 enumerates the guidelines in the conduct of x-ray inspection on containerized shipments and establishes the X-ray Inspection Project (XIP) as a specialized and technical unit that will oversee the administrative and operational control of all x-ray scanning equipment.

The use of container x-ray machines led to the reduction in the number of shipments subjected to actual physical inspection since the scanners showed clearly which cargoes needed to be examined physically. They also gave substance to the “Enhancing Trade Security and Facilitation” slogan of the XIP. The acquisition and deployment of the x-ray machines were anchored on four main themes:



- a. Revenue Collection  
The x-ray equipment help the assessment divisions in detecting misdeclaration and in determining the correct valuation and classification of goods through efficient scanning of goods and containers, whether imported and exported.
- b. Trade Facilitation  
With less human intervention, intrusions in container examination are reduced significantly. This is the best way to avoid pilferage of goods and ensure the integrity of the shipment upon delivery to the consignee without delay.
- c. Enforcement of the Tariff and Customs Code and other laws  
XIP checks regulated importations and finds out if they are covered by appropriate import permits or authority issued by government agencies. It is vital in seizing contraband.
- d. Countering global terrorism
- e. The program boosts the country's security and contributes to international security as well by preventing the entry of anti-social goods like prohibited drugs

The XIP shall expand its horizon internationally to curb out terrorism through effective scanning of suspicious containers bearing dangerous cargoes like explosives, guns, nuclear materials and other weapons commonly used by terrorist organizations. It shall so ensure that exported cargoes emanating from the Philippines destined to any part of the world shall pass through strict security standards.

BoC has 28 mobile x-ray machines and two transportable x-ray machines. These are deployed in various ports. The country, being an archipelago is prone to the entry of contraband and other anti-social goods. In strategically deploying the x-ray scanning units, XIP plugs loopholes which may be used by potential smugglers and bars them from shopping for ports that have lax security and lack x-ray machines.

The recipients of these highly-sophisticated electromagnetic machines are the following ports and sub-ports:

- a. Port of Manila (5 units)
- b. Manila International Container Port (4 units)
- c. Port of Cebu (4 units)
- d. Port of Subic (4 units)
- e. Port of Cagayan de Oro (2 units)
- f. Port of General Santos (2 units)
- g. Port of Davao (3 units)
- h. Port of Batangas (4 units)\*
- i. Port of Clark (2 units)
- j. Port of Zamboanga (1 unit)

*\* to be re-deployed to other ports*

Since 2007, the total approximate value of articles seized through x-ray scanning is P2,134,752,430.92.

Among the significant apprehensions are toluene, xylene and methyl ethyl ketone, which are regulated chemicals under RA No. 9165 since they are precursors of methamphetamine hydrochloride, various luxury cars, blank CDs and DVDs used in the production of pirated movies or software, assorted units of cellular phones, and 12 40-foot containers of optical media manufacturing materials.

The expected impact of the NCIS covers economic, social and national security aspects.

Several favorable economic impacts that can be derived from the project are: First is the significant reduction of the filing of false import entries and export declarations; second is that the aggregate volumes and values of foreign trade in the Philippines will increase significantly, and; third, foreign and domestic investments will rise and thus have a positive impact on the gross domestic product (GDP).



The direct social impact of the project is the monitoring and control of the movements of prohibited and illegal drugs through our ports.

The project counters terrorism by preventing the entry of weapons used by international terrorist organizations.

The significant benefits derived from the deployment of the x-ray machines are the following:

1. National security;
2. Improved revenue collection – Ports where x-rays are deployed have increased revenues and exceeded targets;
3. Prevention of the entry of contraband and anti-social goods – Most of the apprehensions are contraband worth P2 billion, and;

4. Trade facilitation – X-ray examination of goods takes only about 10 minutes as against one to two days for physical examination. The use of x-ray scanners is among the world's best practices and is prescribed by the World Customs Organization (WCO) and the World Trade Organization (WTO). It is also a requirement of the U.S. Safe Port Act.

The funds to be used for the payment of the scanners will come from the Container Security Fees collected from importers.

The current system does not allow the full utilization of the XIP. To realize maximum net benefits, the efficiency of the XIP can be enhanced in a number of ways:

- Improve risk criteria for selection so that resources are devoted in areas with the greatest impact, like inspecting more shipments destined for final consumption, reducing the focus on multinationals that enjoy green lane status or on Philippine Export Zone Authority (PEZA) imports which are relatively risk-free, setting higher inspection targets by excluding reefers and others already mandatorily scanned, and paying more attention to yellow and (non-multinational) green lane entries where misdeclarations also occur.
- Ensure that port operators address constraints of space, facilities or manpower so that red lane entries are inspected properly
- Ensure that all ports are connected to the computerized risk-management system and that scanners are deployed and utilized where risks are highest
- Reexamine the CSF so that it encourages compliance without becoming an additional burden to compliant importers



## Modernizing BoC services

In our bid for a world-class Customs service, the Bureau has initiated the Electronic to Mobile (e2m) Customs Project (e2m Customs).

By doing so, we have committed to develop a more dynamic and faster end-to-end cargo clearance process through mobile broadcasting and Internet/Electronic Data Interchange connectivity.

The project is funded by the President's e-government funds and it started in 2005.

Some of the major benefits of the project are:

- Speedy access to updated, comprehensive information
- Decisions are made on time
- Less vulnerability to misdescription or misclassification of imports
- Faster verification of licenses, clearances and permits
- Greater transparency of Customs processes
- Less face-to-face contact with transacting public (brokers, importers, brokers, etc.)

The following are the major e2m application system components and features:

Import and Assessment Systems (IAS) is a set of applications that handles import transaction processing, with the ultimate objective to release low-risk shipments in 30 minutes or less. IAS has been operational at the Port of Manila (POM), Manila International Container Port (MICP), Batangas, Limay and Mariveles.

E2m in all other ports will be operational by mid-2010.

- **Electronic Manifest System** covers the advance submission of electronic inward cargo manifest by the shipping







lines 12 hours before the arrival of goods, thus providing adequate time for Customs personnel to profile importations, focus on suspected shipments and check importers/brokers even before the arrival of the cargo vessel. Before, the manifest could be submitted five days after the arrival of shipments.

*Benefits:* Minimized vulnerability to data manipulation, virtual pre-arrival processing for faster release, importers declare exact weight or volume or electronic processing stops

- **Internet Lodgment of Import Entries** via Value-Added Service Providers (VASP) is implemented nationwide, where the public can file import entry declarations at any time within the convenience of their homes, offices, cyber cafes or any location where internet access is available. It only takes a few seconds from the time the “send” button is clicked to register the transaction, up to the time it is received by BoC, assuming that all requirements are met. Before, the import entry had to be filed at the electronic encoding center inside BoC.

*Benefits:* No need to go to the port to file import entries (less time and manpower). Less expenses and less vulnerable to data-encoding error, the importer is made fully accountable (not the third-party encoder) for the accuracy of encoded data.

- **Electronic Assessment System** – Computer-aided processing of imports allows quick and accurate computation of duties and taxes based on the manifests that have been electronically submitted. This is a one-stage process where the BoC Appraiser calculates the duties and taxes, which is electronically sent to the bank and importer for the electronic/debit transfer of payment. Before, it was a two-stage process: the importer files a self-assessment and then the BoC Appraiser evaluates, accepts or revises the estimate. *Benefits:* Simplified appraisal process, no need for the BoC



to benchmark its computations against an arbitrary computation by the importer/broker.

- **Risk Management System** helps ensure that only high-risk shipments will be subjected to examination (of documents and cargo), while facilitating the release of low-risk shipments. A European Union-funded project to upgrade the Risk Management System has been completed and incorporated into the e2m Customs. The selection of high-risk (red) shipments has considerably declined from 60 percent to 20 percent on the average for the Metro Manila ports. The system is also linked with the container x-ray facilities, thereby ensuring that high-risk shipments undergo scanning rather than the time-consuming 100 percent physical inspection of the containers.

*Benefits:* Only high-risk shipments undergo inspection and this sometimes delays the release. It optimizes the use of the expensive container x-ray machines.

- **Licensing and Clearance System** in conjunction with other government agencies (under the National Single Window) is the electronic verification of licenses/ clearances/ permits to prevent their fraudulent use, or the use of spurious documents. Just like with the Internet Lodgment, the transacting public can apply for licenses/ clearances/ permits through the internet, anytime. Only electronic permits will be accepted by the e2m Customs. No printed permit will be accepted. Before, only printed import permits were being submitted.

*Benefits:* Prevents the reuse, revision or fabrication of import permits, provides a reliable cancellation of import permits and allows faster processing time.

- **Payment System** accepts only electronic/debit payment of duties, taxes and fees from the importer's bank account to the government account. No cash. No checks. The system allows for electronic payment, integrating both cash and

non-cash payments while eliminating manual handling of documents. Before, payments may be in cash or checks.

*Benefits:* The Anti-Money Laundering Law is leveraged with anti-smuggling drive. Banks validate the authenticity of individuals and firms and also check their credit history; with no possibility of kiting since funds are directly moved from stakeholders' accounts to the government.

- **Online Release System** provides electronic instructions to port operators or cargo handlers and warehouses to re-release a shipment only after the duties and taxes have been paid and all documentary and inspection requirements are met.

*Benefits:* Insures payment of duties and taxes and other requirements are met prior to release of imports.

The IAS is a seamless integration of the above systems and therefore prevents the manipulation of data or information through every step of the import processing system. There are validation and counterchecking operations prior to the continued processing of the imports thus eliminating the opportunities for technical smuggling to happen at the ports.

Export Processing Systems (EPS) is a set of applications that handles the processing of export entries:

- **Automated Export Document System** to allow electronic submission of export declarations through the VASPs as with the import side. It shall be expanded to cover all exporters (economic zones, Customs Bonded Manufacturing Warehouse and regular exporters) and all export goods.
- **Automated Bonds Management System** to include the computerized aging of bonds, generation of due and demandable notices, listing of unliquidated bonds, etc. This is also intended to reduce the piling of unliquidated or due and demandable bonds.



- **Raw Materials Liquidation System** to track raw material importations as they are used in the manufacturing process and as the finished products are exported. Additional or correct duties are then assessed as needed for the materials not used for exports.

The internet lodgment of exports is scheduled to go “live” starting in early 2010. This process also includes auto-debit payment of export fees, automated processing and automated release.

Operations Support and Decision Support Systems (OSDSS) are the various systems that support the implementation of the Import and Export Systems. They include enhancement of the Valuation Reference Information System (VRIS), Legal Cases Tracking, Passenger Baggage Entry and Trade Compliance, among others. The implementation of VRIS ensures uniform and appropriate valuation of goods, thus helping ensure the collection of rightful revenue. These systems are up for implementation in 2010.

*Benefits:* Empowers BoC officials with the data and information for better informed-decision and discretion.

Client Profile Registration System covers the electronic submission of the registration data of importers, brokers, exporters, etc. This has been on live run since the early part of the year.

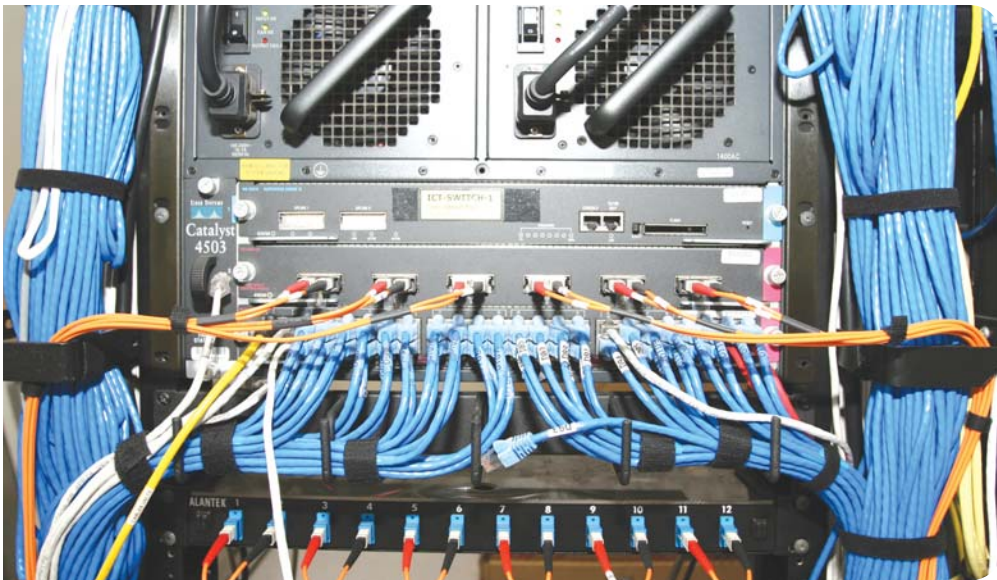
*Benefits:* Running list of accredited importers, brokers are posted in the BoC website in real-time; makes counterchecking with other offices and stakeholder associations more transparent; prevents the unauthorized use of stakeholder identities (dead, migrated or inactive).

National Single Window (NSW) Project aims to interconnect 40 agencies for the transmission of and access to accurate, timely and reliable electronic licenses, permits and clearances required in the cargo clearance process prior to release of the shipments by this Bureau. This will provide the agencies with the ability to share and countercheck information online and empower our transacting public with a reduction in the time and the cost of doing business.

President Arroyo recently released an initial P500 million for Phase I, with a directive to fast-track the interconnection of the agencies and to implement the NSW by December 2009. This is necessary for the Philippines to comply with its national commitment to interconnect our NSW with the NSWs of nine other ASEAN member-countries soon. This has been subjected to a bid and awarded to Crown Agents of the United Kingdom.

We shall be using mobile technology in implementing the NSW, which is meant to provide quick response to the query of frontline officers as regards the permits, licenses or clearances being presented to them by the importer or broker.

It is beneficial to importers as well as it allows them to check of the status of their cargoes anytime and anywhere.





The BoC Pilot Project has provided under the e2m Project the system, hardware, software, training and wireless connectivity to 20 OGAs in order to accelerate the process. The Bureau of Internal Revenue (BIR) has been sending "live" on Authority to Release Imported Goods or ATRIG data to the BOC. Ten of 40 agencies will have their NSW Systems by December 2009.

Electronic Certificate of Payment (e-CPC) System has been operational in conjunction with the Land Transportation Office (LTO) since March 2009.

BoC provides electronic transmission of Certificates of Payment (CP) of vehicles which would facilitate the processing of vehicle registration at LTO. The system minimizes, if not totally eliminates, misdeclaration, multiple use of CPs, use of fake CPs, smuggling and undervaluation since no paper CP is being used for vehicle registration.

We have already fully computerized core import processes and are starting to computerize our export processes, taking advantage of emerging technologies for more efficient and responsive services.

Thus, we are well on the way to linking all ports into a seamless network.

## Philippine Customs Intelligence System Project

The Philippine Customs Intelligence System Project is a \$10-million ICT-centric project that will be funded by the Japan International Cooperation Agency (JICA). It requires the enhancement of the ICT-based infrastructure of the Bureau of Customs to collect, process, organize, analyze, and disseminate operations-related information. In essence a highly-networked database system, PCIS allows BoC to effectively leverage such operations data to meet its strategic thrusts, especially as these relate to trade facilitation and

revenue generation, intelligence and enforcement, protection of society and overall good governance within BOC.

### 1. **BoC's Scrutiny Capacity**

Leveraging on the vast stores of data and analytical capabilities of PCIS, examiners/ inspectors in the BoC Collection Districts, intelligence and enforcement officers and PEA auditors will be able to carry out more timely and deeper scrutiny of daily operations.

### 2. **ACOS Capacity**

The BoC Risk Management Group, which administers the ACOS Selectivity System, will be able to efficiently update the Selectivity Screens as the need arises.

### 3. **BoC Trade Statistics Generation Capacity**

BoC will be able to supply the necessary trade reports and statistics to concerned authorities such as DTI upon request, or automatically as part of PCIS reporting.

### 4. **BoC Internal Inspection Capacity**

BoC executives and senior managers will also be able to use PCIS as a management tool to monitor staff performance.

The ultimate vision of PCIS is that, when it is fully implemented, the result will be an Intelligent Customs. Intelligent Customs will serve internal clients within BOC (BOC executives, managers, analysts and staff).

The primary value of PCIS lies in its integration of data from the disparate internal systems and external data sources of BoC (ACOS-ASYCUDA, VRIS, OLRs, all Collection districts, clients, international sources and the like) into a single, logically consistent database from which all queries and analyses are drawn. This ensures that decisions across all units of BoC are based on a single integrated consistent view of data and information.

The overall goal of the PCIS Project is to provide BoC with a knowledge management and decision support infrastructure, based on data warehouse technologies that will meet

the agency's current and future requirements, not only for customs intelligence but also for other BoC operations data analysis and information delivery for decision support.

The following are among the major objectives and deliverables of the PCIS Project:

- a. **Definition of PCIS Security Requirements.** Define the requirements for system and data access, and implement the appropriate security designs at the database, application, system and network levels.
- b. **Implementation of the Information and Physical Infrastructure.** Define and set up an end-to-end, web-enabled customs business intelligence infrastructure to allow the creation and continuing update of a central customs intelligence data warehouse database, and the secure access, manipulation and dissemination of PCIS information by BoC executives, managers and staff;
- c. **Populated Data Warehouse.** Deliver a PCIS data warehouse populated with the most current and immediate past quarters' data;
- d. **Customized Reporting and Analytical Applications.** Design, customize and deploy the core reporting and analysis applications and corresponding user interfaces for the various user levels of PCIS;
- e. **Conduct of Training Program and Technology Transfer.** Deliver a comprehensive and focused training program to ensure proper and effective business use and technical management of PCIS;
- f. **Definition of Policy and Procedural Reforms.** Define the policy and procedural infrastructure that will underpin the proper use and management of the PCIS;

### Other PCIS Facts

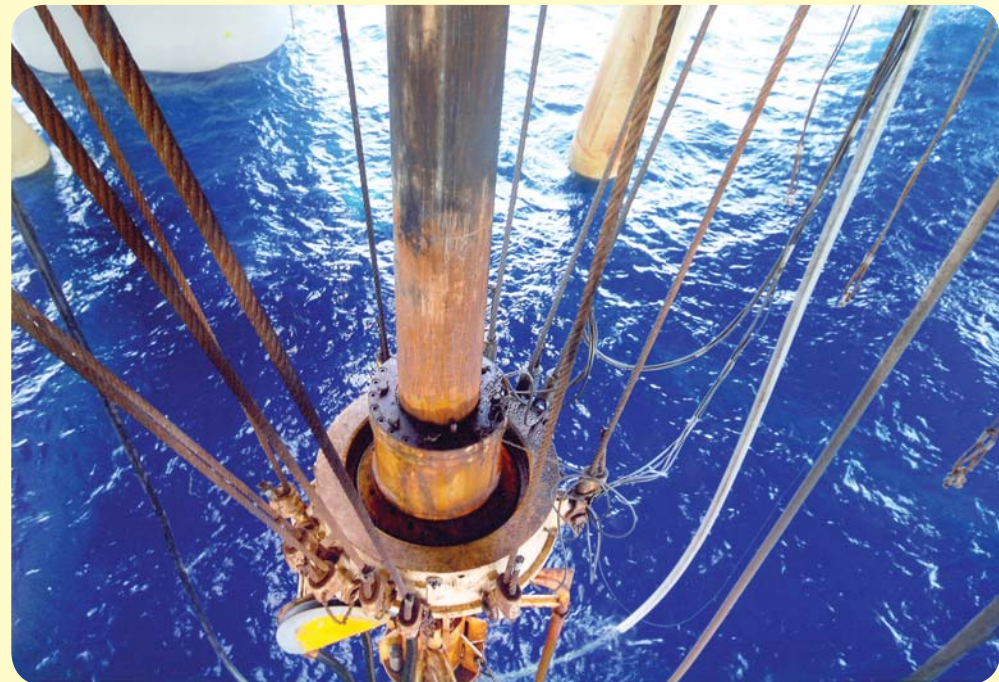
The PCIS was conceptualized in mid-2003 and was consequently packaged as a full-fledged proposal. It was eventually approved in March 2004 by the Investment Coordination Committee-Cabinet Committee.

## Bulk and Break-Bulk Accreditation Program for Cargo Surveyors

While initiated by the Bureau of Customs (BoC), the Office of the President took a direct hand in administering the accreditation of cargo surveyors for bulk and break-bulk shipments through the issuance of Administrative Order No. 243-A, which created the Committee on Accreditation of Cargo Surveying Companies (CACSC).

AO 243-A was issued on September 16, 2009 and was published on October 2, 2009.

The orders aims to provide for an advance clearance system for the bulk and break-bulk shipments in order to facilitate their assessment and to enhance the capability of the BoC to do so by harnessing available technical support at no cost to government.



Through the enhanced system, the BoC can obtain and secure critical information for the proper examination, classification and valuation of the mentioned cargoes using measures compliant with Customs international best practices and global trade standards.

At the same time, protect and maximize revenue collection by ensuring the determination of the correct weight, quantity and description of bulk and break-bulk cargoes.

The CACSC is headed by its Chairman, Secretary Narciso Santiago Jr. of the Office of the Presidential Adviser on Revenue Enhancement (OPARE). Sec. Santiago is assisted by Undersecretary Estela Sales of the Department of Finance (DOF),

Deputy Commissioner Reynaldo S. Nicolas of the BoC, two authorized representatives from the Department of Trade and Industry (DTI) and two representatives from industry associations as non-voting members.

The CACSC issued the “Rules to Implement the Bulk and Break-Bulk Cargo Clearance Enhancement Program” which was published on October 28, 2009.

The program took effect, pursuant to CACSC pronouncements, on January 4 2010 in view of a deferment made upon the request of affected stakeholders.

Under the rules, bulk and break-bulk cargoes are required to be surveyed by a cargo surveyor accredited by CACSC at the loading port (Load Port Survey-LPS). Important details of the LPS are to be submitted to the BoC (thru MISTG) and the CACSC electronically in a secured format at least twelve hours before the cargo’s arrival in the Philippines in order that the importer may avail of the BoC’s advance clearance process.

In the absence of an LPS having been conducted by an accredited surveyor, a Discharge Port Survey (DPS) will have to be conducted at the discharge port likewise by a cargo surveyor chosen by the BoC and approved by CACSC; otherwise, the cargo will be subject to continuous underguarding until the DPS is completed.

So far, three international surveying companies have already been accredited by CACSC, i.e. COTECNA, Bureau Veritas and Intertek.

Applications of other surveying companies are still being considered. In order, however, to fully implement and ensure the smooth implementation of the program, the BoC shall be issuing supplemental guidelines for this.

Since 2005, there has been five Japanese Missions that visited the country to review and refine further the PCIS. The Government of Japan has sent Mr. Masaharu Shimoya as JICA Chief Advisor, or the Long-term expert on Project Management of System Development for two years, from July 2007 to July 2009. He is specifically looking into the enhancement of PCIS system environment and training of customs officers. His term has been extended for another year.

Currently, PCIS is being reviewed in the light of recent developments, including the priorities/strategies adopted in the implementation of e-Customs Project and the new requirements of expected PCIS users/stakeholders.

An upcoming activity, the Basic Design, will now include the drafting of the terms of reference, detailed bid documents and finally the estimation of the costing, with the assistance of consultants, in order to produce a hard, more concrete set of documentation that will serve as a basis for the approval of the project by the Japanese Government, and the conduct of bidding.

## Anti-corruption initiatives

Our anti-corruption initiatives are being managed and coordinated by the BOC Integrity Development Committee (IDC), which was created pursuant to CMO 23-2009.

It is chaired by the Commissioner, with the deputy for administration as managing chairman.

Other members of the committee include the heads of the following: Chamber of Commerce and Industry; Collectors’ Association of the Philippines, and; BoC Employees Association. The other members are the resident Ombudsman and top BoC officials designated as responsible officials for each program under the BoC Integrity Action Plan (IAP).

Our BoC IAP is the blueprint of all Customs integrity initiatives and incorporates all recommendations and evaluations of vari-





ous undertaking through the years like the Survey on the WCO Arusha Declaration, the Integrity Development Review (IDR) Project, the Integrity Development Action Plan (IDAP) and the most recent Moral Renewal Program mandated by AO 255.

It is against this blueprint that we measure the compliance to national mandates on integrity.

At the start of Customs Year 2009, IDC identified key deliverables for the year and focused on activities with major impact to personnel and the transacting public as regards improving integrity. There are three clusters and 17 projects in the BoC IAP. Here are the highlights for the year:

1. Customer satisfaction is one major tool to measure integrity of systems and its people. One way by which clients can measure whether we are doing our job is the publication of the BoC Client Service Charter which was issued by the Commissioner through CMO 41-2008, also a major deliverable of the BoC-IAP. We were the first line agency to come out with the Service Charter in compliance with the Anti-Red Tape Act of 2008. It was launched by President Arroyo at the Port of Ma-

nila in May 2009. For the year, BoC, through the IICO, has continued to publish the Client Service Charter and distributed them to BoC personnel and clients. We also posted charts in the form of sintra board/ tarpaulins together with Anti-Fixing Posters in all major ports of entry and has established Help-desk. Currently, a feedback system is being developed to enable us to gather relevant information from our clients.

2. The Function-Specific BoC Code of Conduct was finalized by the Technical Working Group created for the purpose. The Code, which is a revision of the current BoC Code of Conduct and Rules on Ethics issued in 2004, will be a measure of employee compliance with appropriate ethical behavior in his specific area of responsibility, e.g. dos and don'ts for a Customs Examiner, for a Customs Enforcement Officer, for a member of the Bids and Awards Committee, for a Customs Boarding Officer, etc. Also included in the Code are policies on receiving gifts, conflict of interest, whistle-blowing and a table of offenses and penalties. After the approval and official issuance of the Code, a Committee/Interdisciplinary monitoring task group will be created to ensure the implementation of the Code and all Bureau personnel will undergo extensive briefing on the same.
3. The Bureau has institutionalized the conduct of Values Enhancement and Integrity Development Workshops among its personnel since 2007. The Interim Training and Development Division (ITDD), through the assistance of the Lay Force, a non-government organization (NGO), has developed a three-level modular seminar/workshop that creates individual awareness on good values development or enhancement and the importance of maintaining individual integrity in order to assure team, organizational and national integrity. As of November, the ITDD has already reached about 90 percent of Customs personnel for Level I and Level II seminars. For CY 2009, a total of 11 sessions on Values Formation/Enrichment Seminars were conducted, including eight sessions on Anti-Fixing and Anti-Red Tape Seminar conducted in coordination with the Office of the Ombudsman.

## Interim Training and Development Division

For the year, the Interim Training and Development Division (ITDD) conducted a series of training activities that support the strategic goals of the Bureau.

The areas covered by the training sessions covered management methods and the technical aspects of Customs matters ranging from integrity enrichment to team building.

ITDD also supported the preparatory activities for the e2m implementation, the consultation workshops for the Customs Transit System, and the hosting of the international events such as the Meeting of Customs Capacity Building Working Group, Meeting Group, and the Workshop on the ASEAN Customs Declaration Document.

A total of seven seminars on Anti-Fixing and Anti-Red Tape procedures were conducted for the personnel in the three major Ports in Manila.

Values Formation Workshops and Enrichment were also conducted to ensure that all employees would be able to participate in the training sessions before yearend.

These were also supplemented by seminars designed for supervisors.

The enhancement of skills of the Customs, police and intelligence officers were addressed through seminars on the computation of duties, with three batches, Rules of Origin for four batches, Investigation Techniques for one batch and another batch for the Reorientation Course for Intelligence and



Enforcement Personnel and Seminar on Dangerous Drugs and Controlled Chemicals.

With the approval of the Japan-Philippines Economic Partnership Agreement (JPEPA), a series of training sessions was also held.

ITDD was able to facilitate the attendance of 135 personnel to the different training activities conducted by different institutions, the participation of 94 officials to international meetings and 37 personnel to international

4. In order to address corruption vulnerable processes in selected areas, the BoC, through the Interim Internal Control Office and with the assistance of an expert consultant funded under the P1-billion Presidential Anti-Corruption Fund has developed a corruption risk management plan wherein the top 10 Risk Areas in the BoC were identified and from among which, a Risk Management Manual has been drafted for the top three Risk areas, which are: X-ray Inspection Project, Liquidation of Warehousing Entries and Cancellation of Bonds, which are all basically non-automated processes. The draft RM Plan, which identified possible

- control of each risk/vulnerable process, is now ready for submission to the top management and for implementation of concerned offices once it is approved.
5. Efficient Customs processes with integrity through the implementation of international best practices contained in the Revised Kyoto Convention (RKC) is one of the major activities in the BOC-IAP. The draft Customs Modernization act, compliant to RKC is ready for finalization and implementation once the Philippine government has acceded to the RKC and has deposited its Instrument of Accession to the World Customs Organization (WCO), which is pending ratification by Congress.

## BIMP-EAGA CIQS

Trade facilitation plays a key role in realizing BIMP-EAGA's thrust to promote trade and tourism within the sub-region. In this regard, the Commissioner of the Bureau of Customs was instrumental in advancing trade facilitation in BIMP-EAGA as the chairman of the BIMP-EAGA CIQS Task Force, which is comprised of officials and representatives from the Customs, Immigration, Quarantine and Security agencies in BIMP-EAGA member countries.

The BIMP-EAGA CIQS Task Force was institutionalized in 2006 to carry out measures to simplify, streamline and harmonize CIQS RRP in BIMP-EAGA's major entry points and land border crossings. Its initiatives are incorporated in the BIMP-EAGA Roadmap to Development wherein CIQS action plans can be summed up in three major strategies, namely: (1) strengthening cooperation and information exchange among BIMP-EAGA CIQS agencies; (2) streamlining, simplification and harmonization of CIQS RRP; (3) and capacity building for CIQS personnel.

In view of these, the Philippine EAGA, with the leadership of BOC, has made various progress in fulfilling the roadmap. For the information exchange strengthening, BOC has spearheaded the publication of the 2nd edition of the

CIQS Primer, as well as conduct of dialogues/ consultations with private sectors, particularly in Glan, Sarangani and Puerto Princesa, Palawan.

On the streamlining and simplifying border formalities at the priority pilot ports and border crossings, the CIQS Task Force has crafted already agreed on a platform upon which all four (4) participating countries can work together to develop simplified, harmonized, and coordinated CIQS RRP, through the MOU on CIQS Simplification, Streamlining and Harmonization. The said document is already final at the task force level and is due for signing by the BIMP-EAGA Ministers which will serve as a tool to enhance trade facilitation and security in the sub-region.

On the other hand, the CIQS Task Force is also working towards complying the directives of the BIMP Leaders which include intensifying cooperation to facilitate trade by initially establishing one-stop CIQS facilities. It is worth noting that BOC has been among the fore runners in the establishment of CIQS – One Stop Action Center (OSAC) in Brookes Point Palawan and Glan, Sarangani, while BOC was also supported the establishment of the General Santos City Fishport, as well as ongoing efforts to establish a CIQS OSAC/Single Window in Zamboanga City seaport.





## Road to accession

The Philippines is well on its way to recognition for having one of the world's best Customs administrations, as it braces for accession to the Revised Kyoto Convention, considered a blueprint for modern and efficient Customs procedures worldwide.

During the third National Summit on the Revised Kyoto Convention- Accession, Compliance and Implementation, Finance Secretary Margarito Teves said that the three-year journey to reaching the country's goal is drawing to a close as the only thing left before depositing the instrument to accession is Senate ratification.

"Philippine accession to the RKC will enhance trade facilitation, increase border security and strengthen revenue collection efficiency," he said. "I would consider RKC accession as one of the most important legacies of the Bureau of Customs (BoC) and of its public in particular and of President Arroyo's administration in general."

According to Teves, while it is no longer possible to be the first Asean nation to accede to the Convention as neighboring countries have already forged ahead with their compliance, the Philippines can still work on being among the contracting parties with the highest quality of accession.

"It may not be possible to implement all these in the remaining months of this administration but we would have laid down the strong foundation for real reform with Senate's completion of the accession process," he said.

The country's bid for accession, he explained, is not only to bring prestige to the country but to boost the Philippine's chances of making its mark in the world market as investments go to countries that have not only acceded but which have accepted most of the standards and recommended practices of the RKC.

"For while all administrations can lay claim to having implemented a Customs Reform and Modernization Program, none of these will come close to compliance with and implementation of the comprehensive and holistic international standards and best practices of the RKC," he said.









## PORTAL: Model for Strong Public-Private Partnership

Commissioner Napoleon L. Morales is a staunch believer in close public-private sector partnerships to advance the anti-smuggling campaign and the many programs implemented to achieve success in the endeavour.

In his four years as commissioner, Morales maintained strong partnerships with private sector organizations and chambers of commerce.

In March 2006, when he was still then Acting Commissioner, President Gloria Macapagal Arroyo issued Executive Order 509, reorganizing the Task Force on Anti-Smuggling (TFAS) and appointing Commissioner Morales to head it.

Among the many organizational activities ordered by Morales for the TFAS was the creation of the TFAS Industry Advisory Council (TFAS-IAC) composed of representatives of various business organizations and chambers of commerce to serve as a consultative body for efficient and effective anti-smuggling activities to be carried on by TFAS.

More important, TFAS IAC gave industry groups a voice in the anti-smuggling campaign through recommendations for short term solutions in specific areas and institutionalizing long term solutions that increase transparency and accountability in Customs administration.

In 2007, TFAS was dissolved by the President. Though no longer under a

formal structure, Commissioner Morales maintained close consultative relationships with various business groups, almost all of which were former members of the TFAS-IAC.

In March 2008, the President ordered the creation of the Ports Transparency Alliance (PORTAL), to forge an alliance between BoC and its private partners to monitor smuggling and corruption at the agency. With good working relations established by Morales in his two years as Commissioner and regular consultations with industry groups, organizational activities were implemented right away and PORTAL got immediately to work on the pressing issues of smuggling and corruption.

After identifying nine specific anti-smuggling measures to focus on by the PORTAL, 11 commodity sub-groups (CSG) were formed to address the concerns were unique to the trade of their commodity. At the level of the CSGs, the approach is more targeted as it matches the private sector with its industry's Customs commodity expert. Issues, concerns and complaints on valuation, classification, documentation and processing of the commodity is tackled at this level. The following are the CSGs organized under PORTAL: Steel, Motor Vehicles; Resin; Sugar; Tobacco; Wheat and Other Grains; Manufacturing Materials; Agricultural Products; Fuel and Oil; Cement, and Ceramic Tiles.

The organization of PORTAL proved to be effective, particularly this year. Being commodity-specific, the CSG can tackle and resolve more detailed issues and

### World-class service

Since the beginning of my term, we have envisioned a Customs administration that abides by international standards. Our first order of business was to automate Customs transactions to streamline the Bureau's processes and increase revenue collection. Only recently, the Bureau rolled out its e2m (electronic to mobile) project, which seeks to upgrade the BoC's processes through its migration to the AsycudaWorld system, a system being used by hundreds of Customs agencies throughout the world.

The project entails the automation of Customs procedures, from client application to online payment of duties and taxes as part of its drive to accede to the RKC, an agreement of member nations of the WCO to adopt globally set Customs practices to foster transparency, and efficiency in Customs organizations worldwide.

The RKC, or the International Convention on the Simplification and Harmonization of Customs procedures, is a set of standards formulated by member nations of the WCO to streamline Customs practices throughout the world, incorporating best practices and





concerns that would have otherwise remained contentious and could affect the industry.

What was initially established by the President to “provide civil society a peep-hole into Customs operations,” PORTAL has opened up a wide window for the private sector to scrutinize Customs operations and protocols while at the same time providing Customs with the insights of the industries it serves.

This level of transparency was crucial in 2009 when many industries were reeling from the effects of the global economic meltdown, and the revenues of the Bureau were suffering from the reduced import volumes. BoC was able to plug revenue leaks and further stamp down on undervaluation, like in the case of a particular shipment of steel sheets and coils that the CSG on steel reported may have been undervalued.

Investigation into the matter was conducted and post entry audit of the company’s shipments was recommended. Similar cases were also raised by the cement and ceramic tiles groups.

Among the proposed solutions is for the private sector members to develop a training module for BoC examiners to be trained on certain commodities to develop BoC personnel expertise, a move welcomed by the Commissioner. Truly the design of the PORTAL as a public private sector partnership is effective for the transparency and good governance in the Customs administration.

setting them into motion to facilitate trade and border security which is vital in times of global unrest.

In order to accede to the Convention, participants need to comply with requirements including securing a certified Russian translation of the Convention, providing a detailed comparison of current legislation with the Revised Kyoto Convention to identify the necessary legal reforms and areas for revision of the Customs codes, introduction of new procedures and concepts such as risk management and post entry audit, modernization of Customs infrastructure through

information technology to support new Customs procedures and techniques, and conducting dialogues and partnership with all stakeholders, particularly traders’ and brokers’ communities to improve transparency and client responsiveness of Customs services.

Majority of these requirements have already been complied with by the Bureau. Since 2007, it has conducted summits on the RKC -- the most recent of which was held last January at the Traders Hotel in Pasay City -- and started implementing reforms to further boost the Bureau’s collections



through non-traditional measures through the Post Entry Audit Group (PEAG) which conducts routine and random audits on importers to ensure that they are paying proper taxes to the government. As for risk management, the Bureau is intensifying its intelligence and enforcement processes through the submission of electronic inward foreign manifests hours before the shipments arrive in the ports. This enables concerned Customs offices to profile the contents of the shipments before even before they file their import entries to the ports concerned.

This system has also helped shave time in the processing of shipments as the Bureau is given the time to perform border security measures before the actual arrival of the goods. The x-ray scanners deployed in all of the country's ports has also served its purpose in preventing Customs violations such as misdeclarations, underdeclarations and underpayment.

Ports infrastructure have also undergone a major facelift in recent years, funded mostly by the rewards received by the Bureau for surpassing its collection target in 2006 under the Lateral Attrition Law.

Most importantly, the Bureau's e2m project is now being implemented in full force in the country's ports and has



resulted in speedier transactions, especially in the country's major ports of entry.

Even stakeholders who have been consulted about the possibility of accession have given their full support to the idea.

In 2007, the Philippine Chamber of Commerce and Industry (PCCI), Employers Confederation of the Philippines (EcoP), and the Philippine Exporters Confederation (PEC) asked President Arroyo help to speed up the ratification of the International Customs Treaty (Instrument of Accession) and tagged it as a move that will "trigger a quantum leap in Customs reforms that will make it easier, cheaper, and faster for exports and imports to be moved."

However, there are three steps that need to be undertaken by the Bureau before it is able to deposit its Instrument of Accession to the WCO.

The first is for the President to sign the instrument for accession to the RKC, accepting its body of convention and abiding by all applicable rules that do not need legislation. Next is the Philippine Senate's ratification of the instrument, and the final phase is for the ratified document to be submitted to the WCO for acceptance.





Right now, we still need to get the endorsement of the Senate. We cannot rush this for now because we also understand that there are a lot of pending bills with the Senate. But if they ratify this by 2010, we can deposit it by June, in time for the annual conference of the WCO.

The Bureau's bid to accede to the RKC is mainly focused on the synchronization of the Philippine practices to those of other countries that are members of the WCO to lure in more businessmen to the country.

The premise of the RKC is having a single administrative document so to speak – our procedures are consistent with the procedures of other countries. This is being done to avoid uncertainties on the part of the investors because what we are doing here is the same as Japan, Indonesia, Malaysia and others.

The country is part of the global economy and therefore, must adapt to the dictates of the international community. Another major reason to comply with the RKC, he said, is to promote investor confidence and improve trade facilitation in the country.

Of course, if there is a single procedure which is acceptable to other countries, and vice versa, we would take lesser time

to process the shipments. This also minimizes the chances for corruption as payments are made in banks or electronically.

The concerns that need to be ironed out with regard to the instrument is minimal and the process of ratification is transparent.

Of course there will be public consultations, and there will be opposition. And these will be considered by the Senate if we will push through with our bid to accede or not.

The Senate is tasked to weigh the benefits of accession.

For one, being RKC compliant will attract investors to invest in the Philippines, on the ground that they know the procedures and policies by the government and the BoC are in synch with the world's best. That is why we also have the Customs Modernization Act, pending before the Senate and Congress. And Congress is just waiting for us to accede or for the Senate to ratify the instrument and for us to deposit. They have assured us that there will be no problem with the endorsement of the Modernization Act.

The SAD provision of the RKC is also in synch with the requirements of the National Single Window and Asean Single Window thrust of the country so this system complies with all of the requirements of international groups the country is partnered with.

It is like hitting two birds with one stone. Under the National Single Window scheme, government offices will be interconnected through an electronic network to streamline and speed up processing of documents, which is also going to be linked to the Asean Single Window System. There is only a single administrative document that will be accepted by any country that you bring it to because their processes are harmonized. So even now that we have not yet acceded, we are already compliant.

Imagine, we are already abiding by the guidelines even before legislation, so by the time the instrument is accepted by the WCO, there will be no more problem.

We shall be in the league of the elite 68 countries that have acceded to the RKC.

In a study conducted by former Commissioner Guillermo Parayno in 2006, he said that while it is possible to be compliant but have not acceded to the RKC, the country in question will not be entitled to rights and responsibilities relative to the contracting parties such as protection against passage or issuance of national legislation that are against the RKC; solid foundation for reforming and strengthening the legislative base that is a very important step in reforming Customs and related institutions; a benchmark for assessing the status of the country's trade efficiency and competitiveness; lead shepherds and technical team of experts that can lead the reform processes; right to air grievances to the RKC Management Committee on the Customs services that do not implement the RKC; fastest and most effective way of declaring globally that trade and investments processed in the country are at par with the best in the world, and enables Customs administrations to provide modernizing Customs administrations to provide modern and efficient service to their economy, trade and society and to better participate within the international trade environment.

Among the country's Asian neighbors working on accession are Malaysia, Indonesia, and Vietnam.

So, I really see no reason why we should lag behind our neighbors. The stage has been set, and its time for us to reach for it.

Parayno's study, which focused on the RKC's feasibility, calculated the overhaul of the Bureau to have a positive impact on the Bureau's collections by as much as P2.5 billion annually.



## Senate ratification

Sen. Miriam Defensor-Santiago, chair of the Senate Committee on Foreign Relations and Economic Affairs, said that she remains optimistic that the instrument will be ratified by the Senate as soon as possible, hopefully before the World Customs Organization (WCO) convenes in June this year.

She explained that in order to have the instrument ratified, the 24-member Senate must have the majority vote or at least 18 members agreeing to ratification.

The Foreign Affairs and International Law expert also said that all of the requirements have been completed and only the voting remains.

However, she said that the country has a very "political atmosphere" at present which may hinder the proceedings.

At present, there are six remaining sessions and the challenge is have a quorum. Aside from this, she said that there are also many urgent bills that require deliberation.

"I will do my best... I hope to get it ratified," she said in her speech before participants of the latest RKC summit.



## ISO Alignment Activities

Administrative Order (AO) No. 161 dated October 5, 2006 Institutionalizing Quality Management Systems in Government as amended by Executive Order No. (EO) 605 dated February 23, 2007 Institutionalizing the Structure Mechanism and Standards to Implement the Government Quality Management Program, Amending for the Purpose Administrative Order no 161, s. 2006, issued to effect improvements in public sector performance recognizing the International Organization for Standardization (ISO) 9000 series which ensure consistency of products and services through quality processes.

In lieu with this mandates, Bureau of Customs is embarking on a JICA funded project from September 2009 to June 2010 towards harmonizing its operation with global best practices and standards through system alignment with ISO 9001:2008 (Quality Management System) and ISO 27001:2005 (Information Security Management System)

### Project Overview:

The Project is being conducted by Japan International Cooperation Agency. JICA has dispatched a Japanese long term expert (Project Management of System Development/System Environment Enhancement) to Bureau of Customs.

BOC took up the initiative to assess its current status of information management in 5 of its locations benchmarking the international standard –ISO9001 and ISO 27001 with the help of ECC International Corporation (ECCI). As an output of this assessment a clear roadmap has been created to improve the internal systems when it comes to internal process management as well as information security management, considering the amount of information handled as well as traffic controlled

Keeping the assessment outputs as a primer and the results as a basis, BOC is currently interested in getting some of its key units (as defined in



the scope of this proposal) to comply with the best practices primarily in the areas of:

- > **Quality Management System based on ISO 9001:2008 and**
- > **Information Security Management System based on ISO 27001:2005**

## Project Objectives:

The main objectives of this project are:

- I. Assist the key units (as defined in the scope) of BoC to comply and achieve excellence in the area of Quality Management System (ISO 9001:2008) and Information Security Management System (ISO 27001:2005)
- II. Help BoC to establish and institutionalize standard processes and systems
- III. Create awareness and advance a quality culture among the personnel at BoC
- IV. Train and develop a set of capable professionals among the first batch of BoC offices to eventually sustain the established processes and assist other groups in their effort to achieve process excellence
- V. Focus on and provide excellent customer service through standardized processes and better performance

The Project covers under its scope almost all of the processes of all offices of the Bureau from the BoC head office and Ports.

## Project Activities:

### 1. Project Launch

Project was launched on October 7, 2009 and the project launch session was attended by BoC Officials, JICA officials, ECCI Consultants including some members of stake holders.

### 2. Awareness Campaigns

As a first step, awareness campaigns were conducted through banners posted at prominent locations of all offices, ports even Ad Hoc Units under the scope of the project

### 3. ISO 9001:2008 Awareness Training

Selected BoC officials from the different offices under the scope of the project were given an one day awareness training on ISO 9001:2008 Quality Manage-

ment System to help them understand the requirements and importance of the Quality Management System.

This one-day program provides an overview of the Quality Management System for anyone who wants to understand how this system can enhance their business. It introduces the basic principles of Quality Management and the way in which quality of the organization's product and/or service performance can be controlled and continuously improved using the framework of the ISO 9001 Quality Management Systems Model.

The basic objective of the trainings was to:

- Describe the purpose, structure and management principles underpinning ISO 9001 Quality Management System Standard
- Learn how to apply Deming's Cycle to implement Quality Management System
- Identify and understand their role in the implementation of a Quality Management System
- Understand the challenges and benefits in implementing a Quality Management System

### 4. ISO Documentation Training

Selected BOC officials from the different offices under the scope of the project were given one day training/workshop on ISO Documentation System to help them understand the requirements of a Good Documentation System.

This one-day program provides an overview of the documentation requirements of Quality Management System, hierarchy of documentation structure and also ways of effective documents and records control.

The basic objective of the trainings was to:

- Understand the necessary documentation required by the ISO Standard
- Understand and appreciate the hierarchy of documentation structure
- Learn the effective ways of documenting according to ISO Standard
- Implement an effective documents and records control system and monitor it continuously for improvement



## Corruption Risk Management

To address corruption and vulnerable processes in sensitive ports, divisions or offices and to complete the organizational risk management plan, the Risk Management Manual was developed.

The Interim Internal Control Office (IICO) engaged the services of a Consultant to facilitate the drafting of the BoC's Risk Management Plan:

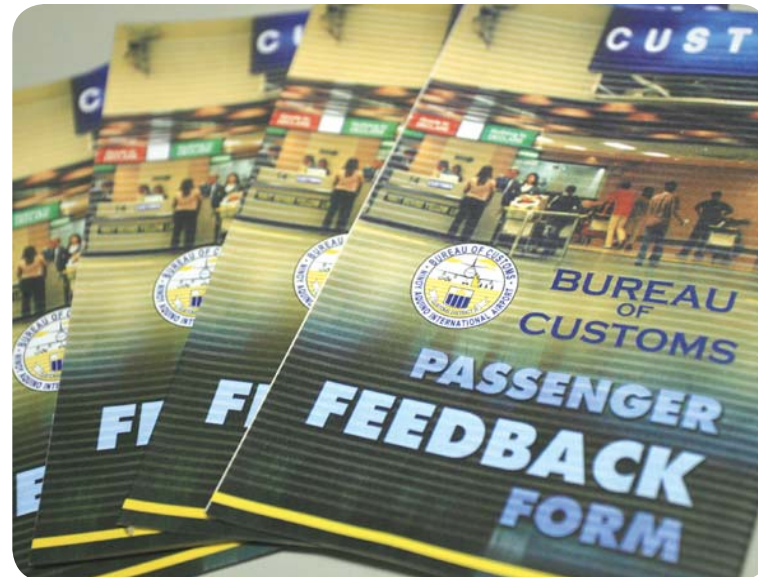
- The BoC Risk Management Manual was completed by the IICO and its Consultant on October 14, 2009
- The Manual covers three identified risk areas: Liquidation of Warehousing Entries; Cancellation of Bonds, and; X-Ray Inspection Project (XIP)

The Internal Control Review Manual, which was funded by the Presidential Ant-Graft Commission (PAGC), was also developed. It was completed and submitted by the SGV & Co. to the IICO and the BoC on June 25, 2009.

The manual was specifically developed to cover the four identified priority areas of BoC operations, namely: Accreditation; Selectivity and Monitoring; Import/Export Declaration and Classification, and; Audit and Monitoring.

The purpose of the manual is to provide guidelines on the structure and activities of the IICO of the BoC. The guidelines for Internal Control Standards for the Public Sector set by the International Organization of Supreme Audit Institutions (INTOSAI) were incorporated in the manual.

This manual is also based on the requirements of law and various government issuances. It is a living document which should be updated by the IICO Head in consultation with and the approval of the Commissioner or Oversight Body to reflect requirements of new legislation or issuances and/or internal control standards (e.g., new provisions from professional organizations such as Institute of Internal Auditors or the Association of Government Internal Auditors), to the extent that these standards do not violate any existing legislation or issuances. The manual, which follows the Risk-Based, Process-Focused



Review Approach (RBPFR) is divided into five volumes, briefly discussed as follows:

- a. Volume I – Internal Control Office Policy pertains to the structure and guidelines relating to the activities of the ICO. It considers the guidelines prescribed by the practice of internal control review in the Philippines. It includes basic principles based on existing laws and issuances that are mandatory and applicable provisions of the INTOSAI which are recommended.
- b. Volume II – Internal Control Review Methodology relates to the review methodology that the ICO can adopt. The methodology embraces risk-based, process-focused review approach which is in accordance with the relevant provisions in the Guidelines for Internal Control Standards for the Public Sector of the INTOSAI. It includes additional requirements that are not in conflict with laws and issuance, such as the Code of Ethics, follow-up monitoring, and the quality assurance and improvement program.
- c. Volume III – Internal Control Review Tools and References contains guidance, tools and templates which the IICO can further customized to better tailor then to specific needs of the IICO. This volume also includes, as reference, the National Guidelines on Internal Control Systems (NGICS).
- d. Volume IV – Compliance and Performance Review Programs and Standards Process Maps is a compilation of the review work programs and standard process maps of the four identified priority areas of BoC operations.
- e. Volume V – Results of Pilot Test includes results of pilot testing conducted in four locations: Port of Manila (POM), Ninoy Aquino International Airport (NAIA), Port of Cebu, and Port of Davao, where compliance reviews using the manual were executed. This is comprised of the review work programs, tools/templates, and work products of the IICO team who performed the pilot test.

The Internal Audit and Review was also conducted regularly across all ports. The following internal audit/review of Customs procedures and activities to maintain integrity were conducted by the IICO for 2009:

- Compliance review on CMO 21-2007: “Procedural Guidelines in the Requisition, Issuance, Reporting and Monitoring of BOC Accountable Forms” at the Port of Cebu and Sub-Port of Mactan from March 2 to 20, 2009
- Pilot Testing of the ICO Manual in four locations: Port of Manila, Ninoy Aquino International Airport, Port of Cebu, and Port of Davao) on four priority areas of BoC operations: Accreditation; Selectivity and Monitoring; Import/Export Declaration and Classification; and Audit and Monitoring.
- As pre-requisite to the development of the Risk Management Manual, the IICO conducted process observation and review of the following Customs procedures and activities: Liquidation of Warehousing Entries; Cancellation of Bonds; and X-Ray Inspection (XIP).

To raise public accountability, enhance the quality of service, and to ensure effective interface with stakeholders, the following activities were conducted for 2009: Launching of the Citizen’s Charter (Service Charter) at the Port of Manila on March 5, 2009 by President Gloria Macapagal-Arroyo, Clients Service Charter published and distributed in all ports of entry, Posting of Client Service Charter in concerned offices and all ports of entry.

Finally, Anti-Fixing and Anti-Red Tape campaign materials were distributed and posted in all ports of entry in compliance with the Anti-Red Tape Act of 2008. A monthly feedback report to the Civil Service Commission (CSC) is being monitored also in compliance with the Anti-Red Tape Act of 2008.





## Teamwork and legacy-building

All the reforms implemented at the BoC, from professionalizing the service, instituting full automation and instilling a sense of pride in service stakeholders could not have been achieved without the indispensable cooperation of everyone.

This is the teamwork that Commissioner Napoleon Morales developed at the Bureau as part of his commitment to leave a legacy of fine service and devotion to duty.

In spite of the difficulties experienced by Morales and the staff as the global economy suffered a downturn and the manufacturing sector in the country reduced its importations, BoC tried its very best to increase collections and plug the loopholes that stood in the way of better revenue generation.

Indeed, the many problems encountered by the economy had a serious impact on the level of imports and, consequently, the amount of revenue that the Bureau generated.

With this big issue confronting the Bureau, Commissioner Morales imparted the very serious message to the Customs team that it is the best time to train personnel in ferreting out

dutiable items and in monitoring the subtle methods employed by those who cheat on their Customs declarations.

The BoC under Commissioner Morales' watch did its part in working doubly hard to increase collections and slap delinquents with criminal and administrative charges to ensure that government is not defrauded.

It is in this context that the teamwork led to the reassessment of many importations and the scrapping of duty-free privileges by large companies that have been profiting through the mis-declaration of their imports as raw materials.

This is an achievement and this could not have materialized had Morales and the Bureau been lax and afraid to rock the boat.

He took the cudgels for government's collection efforts and he earned the ire of corporate citizens who have little respect for the law.

Be that as it may, Commissioner Morales says it was a pleasure being at the helm of the BoC and working with Bureau personnel who gladly worked as a team and produced results, no matter how modest they were under these trying times.

Commissioner Napoleon L. Morales

# Fruitful in the most trying times

**W**e can be the best if we want to.

That is the best description we could make about our mission to transform the Bureau of Customs (BoC) into an agency that is efficient, effective and trusted by the general public and those who transact business with it on a daily basis.







We have tried our best to impart to everyone, from the highest officials of the land to the most ordinary citizen of the republic that BoC is more than willing to reform itself and aspire to be a world-class service.

Since 2006, when Commissioner Napoleon L. Morales took over the leadership of the Bureau, changes have been implemented and benefits enjoyed by Customs stakeholders.

He has given substance to his philosophy that work makes the man, and his dedication to his job has been infec-

Dedication, determination and hours and hours of hard work made him understand the intricacies of the job, eventually getting promoted and landing a position as Customs Examiner, Appraiser and Principal Appraiser in the ports.

These are critical jobs since they cover the determination of actual values and classifications of a welter of commodities to ensure that the correct duties are being paid to the national treasury.

No one in the Bureau begrudged him as he gained more experience and got pro-

award, which is really an honor given to top revenue earners.

Under his watch, the Ports of Manila and Batangas posted an accumulated collection surplus of over P7 billion.

His performance was known not only in BoC circles but in Malacanang as well.

President Gloria Macapagal Arroyo decided to give him a chance to lead the Bureau at a time when it was being savaged by attacks on the purported culture of corruption that has pervaded the BoC.

He was Customs Collector VI, the highest Collector item in a District Port of the Bureau, and was heading the Valuation Reference Information System (VRIS) when he was called to head the agency on May 5, 2006.

Regarded as an expert in valuation, Morales also handled the Societe Generale de Surveillance (SGS) Ad Hoc appeals committee for 12 years. The panel presides over protests against the SGS-Clean Report of Findings, particularly on valuation and tariff classification.

#### **Life as a government official**

Heading the BoC is a most difficult job but Morales is made of sterner stuff that he welcomed it, being organic to the Bureau and wise to the ways of the Customs world.

Thus, he buckled down to work, and

### **Morales' own record at the BoC, from the time he was hired as a mere messenger in 1968, shows that there is no hindrance for anyone to rise in the hierarchy, and win the confidence of his co-workers.**

tious, with all personnel of the Bureau measured in terms of how they achieve their targets, and how they conduct themselves as public servant in a principal revenue-generating office.

Morales' own record at the BoC, from the time he was hired as a mere messenger in 1968, shows that there is no hindrance for anyone to rise in the hierarchy, and win the confidence of his co-workers.

In spite of his humble job, Morales found time to work and study at the same time. It is his industriousness that allowed him to gain the trust of his peers and superiors.

moted to District Collector of the Port of Batangas in 2001, a premier port that is better known as the point of discharge of oil products, grain and other goods.

The following year, Morales was named District Collector of Manila, a most strategic position for career officials of the Bureau.

Two years later, he was back to his former post in Batangas, incidentally his home province, and continued with his excellent performance.

As collector, he consistently bagged the Most Outstanding District Collector



told each and everyone in the Bureau that action will be the operative word of his administration.

He took the post not knowing that a financial storm was about to break out in less than two years, zapping not only Wall Street but big US companies, financial institutions and mutual funds, dampening consumption and putting a break on industrial and even agricultural production.

The impact of the financial tsunami of 2008 was so great that it meant reduced importations, snapping what could have been a period of growth for the electronics industry and intermediate goods.

As a veteran Customs official, Morales knew just what he must do to improve collections at a time when importations,

the lifeblood of the Bureau, were hitting rock bottom, and the collection of duties took a perilous dive.

“It (being organic) really helped me during this difficult time because being an employee that comes from the ranks, through my stock knowledge, I was able to confidently resolve the problems of the Bureau practically,” he said. “Like what I have been saying, the valuation system that we have established has proven to be very effective.”

“Even the specific description and classification has helped the Bureau this year,” he added. “With the help of the x-rays, which are but one of the enhancements that we set in place when I took over as commissioner, the Bureau has improved its collections from P143 billion to P260 bil-

lion in 2008. The figures for 2009 are still being tallied by the Department of Finance so the figures are still not available, but based on their calculations, as of November, we still have a positive efficiency of P1.2 billion compared to the projected deficit.”

Among the biggest problems the Commissioner faced in 2009 were death threats, which forced him to even seek additional security personnel.

“It’s part of the job,” he said. “For as long as we do good with the government, I have said that even with these threats, I still consider it natural because as long as there are people affected, there will be those who will intend to do you harm.”

The threats come from parties affected by the campaign against smuggling and the drive to collect the correct duties from importers.

They come from the usual malevolent elements whose interest has been affected by the right things the Bureau is implementing.

“We have to institute reforms as mandated by the President. I have no choice but to do it. The President is even telling other Asean neighbors during their meetings that we are doing a lot of reforms in the Customs Bureau, and as Commissioner, I have to make sure that the President’s orders are being implemented.”

Critics comprise a puny segment of the BoC's public. He stressed, but they can be truly hazardous to the health of the Bureaucracy.

"The critics are there to stay. It is a given that they will not relent because it is human nature that once there is change and this change affects the vested interest of people, they will not stop hitting the one who caused them problems," he said. "But I will tell them this: I am only doing my job and I will not stop if it is good for the country."

As a public servant, the Commissioner is answerable to his superiors, first to the top officials of the Department of Finance and second, to the President. "Well, there are times that we are scolded during sessions and hearings," he admitted. "But I accept this as part and parcel of my job. I am used to it. Sometimes, we are the shock absorber, and sometimes we are criticized for the way we do our jobs. That is natural. That is our role as public officials."

As a team player, he has to play a role commensurate with his ability and consistent with the level of performance demanded by his superiors.

"We accept their criticisms. I have to take into account their inputs also. I am an accountable officer, so if they are not satisfied with the way things are being done by me, then it is their right to file cases against me if they want," he said.

Quitting when the going was tough never occurred on Morales' mind and this explains why he is still at the top of the game and ready to deliver the results. "Being the Commissioner, I have had a lot of sleepless nights. There have been a lot of trouble, but never have I considered resigning my post. I think it is my duty and my obligation to the President to submit or to follow or complete as mandated by her to do what is right," he said. "And that is to collect efficiently on the part of Customs."

As a government official, he plays many roles. As a leader, his subordinates find him as knowledgeable and result-oriented.

"He is always on top of things and he never forgets what he has ordered to get done," a Customs official said. "He is very resourceful, even during the time he was in Batangas. He is very organized and has strategies to collect more revenues for the government. I think that is the reason why he stood out and got the attention of the President in the first place. He is a performer."

Most of the time, the Commissioner can be found in his office at the OCOM complex in Manila's Port Area, and calculating figures on his calculator, or giving lectures to his subordinates on his trusty white board.





“He really knows what he is talking about,” an official said.

To reporters, he is known as a transparent and approachable official who readily gives interviews whenever he finds time.

“Most of the things that I learned about the Bureau, I learned from his impromptu lectures,” a reporter covering the BoC beat once said.

He said he was surprised that the Commissioner was even able to compute taxes due an arriving importation in mere minutes, including discounts or surcharges.

“What takes other officials days to provide, he has given in minutes,” he said. Aside from this, Morales also makes sure that members of the media understand the background and the steps being undertaken by the Bureau especially on sensitive cases, during press conferences and interviews to ensure that all the facts will be presented to the public.

### **Coping with the Crisis**

The Commissioner admits that 2009 was a very challenging year.

Not only has the volume of importations dropped by 30 percent this year, but big-ticket items, which make up bulk of the Bureau’s collection, have also dropped compared to 2008.



**“He really knows what he is talking about.”**

“As far as the volume of importation on the average, compared to last year, it has dipped by approximately 30 percent,” he said. “For big ticket items, the projections did not materialize on the part of crude oil because oil firms in the country have refrained from importing crude, they opted to bring in finished products so crude imports against the program of DoF is down by 40 percent... against last year, it was down by 35 percent.”

However, the Commissioner said that the measures he has established since 2006 have helped greatly in this time of crisis.

“Well, for 2009, the establishment of the data for test value became very effective,” he said. “Not only that, the proper

monitoring of tariff classification has also been very successful. Plus we also have the full implementation of the x-ray units in the country’s ports to thank.”

Morales said they need not order additional units of the x-ray machines as earlier planned because the current number is already sufficient in trade facilitation and monitoring the entry of goods.

The separation of the Intelligence and Enforcement Group into the Intelligence Group and the Enforcement Group was also implemented this year and it boosted the drive to apprehend smuggled goods.

“Of course, they have become more effective since the groups are more specific in their functions now,” he argued.

The Commissioner said that while 2009 was a difficult year, mostly on account of the global economic crisis, there were also bright spots that make us optimistic about improved performance in the succeeding year.

### **Against corruption**

Last year, the BoC committed itself to stamp out corruption and pledged to abide with all the provisions of Republic Act No. 9485, otherwise known as the Anti-Red Tape Act of 2007.

The Bureau’s campaign against corruption is illustrated fully in the pamphlet on the Citizens’ Charter.

Signs and warnings against fixers have been mounted in all ports.

All the procedures and steps for every type of transaction, along with the time and cost the transacting public may expect for each are likewise posted in all processing units of the BoC.

Morales says these notices serve as a guide and gauge for those transacting with the Bureau to know if they are receiving quality time and efficient service.

“Even before this Citizens’ Charter, we have the service charter under the Integrity Action Plan of the BoC. But this new charter is improved and more comprehensive for our stakeholders, to show that they may demand the level of service we assure them in the charter. This is our way of doing our part to improve the frontline service delivery in the Bureau,” he said.

The e2m project, or the computerization of import processes went full blast last year, a move which slashed the processing of imports to a third of the usual time.

“E2m facilitates releases at a faster pace. Second it is cost efficient on the part of the importers because they can cut their required manpower. For example, before they have 10 shipments that require 10 people who will oversee

the processing of the release, now even one person could follow up on the 10 shipments, maybe an additional messenger, but that’s about it,” Morales revealed.

With the advance submission of electronic manifests 12 hours before the arrival of the shipment, BoC personnel could already profile the shipments in advance and thus cut the time needed to check the content of the shipments.

“That is trade facilitation. Before it takes roughly three days before shipments are released but now we can do it in one,” he said. The possibility of corrupt schemes is minimized with the new scheme, which disallows cash or check payments.

“Payments are now made bank-to-bank,” he said, which minimizes face-to-face contact and the opportunity to negotiate under the table.

The streamlining of Customs processes, he said, with other Customs practices around the world through the single administrative document (SAD) has contributed to the uplift and professionalization of the Customs Bureau in the eyes of the international community.

“Most specifically with this e2m, we become consistent with Asean countries, not only Asean but all over the world,

this is compliant with the Revised Kyoto Convention, which the country is now trying to accede to,” he said.

Morales stressed this means the country is abiding by the best practices of top Customs administrations in the world.

In essence, this promotes investor confidence.

He said that the Bureau is also trying to secure ISO certifications to further reinforce its standing as a world class and compliant Customs Bureau. In this endeavor, Morales secured the support of the Japan International Cooperation Agency (JICA), one of the Bureau’s top partners.

JICA is also sponsoring the Philippine Customs Intelligence System which will provide the Bureau with a P10 million worth intelligence database which could speed up and improve profiling measures being done by the Bureau.

For 2010, the Commissioner has vowed to continue implementing measures that will help the government collect more revenues to fund vital projects.

“I remain optimistic that with the help of my fellow officials and personnel of the BoC, we will be able to capitalize on the gains of 2009 and sail past this year better and stronger than ever,” he said.





## Mandates

The Bureau of Customs, which is under the auspices of the Department of Finance, is mandated to implement an effective revenue collection, prevent and suppress smuggling and entry of prohibited imported goods, supervise and control over the entrance and clearance of vessels and aircrafts engaged in foreign commerce, and the enforcement of the Tariff and Customs Code of the Philippines and all other laws, rules and regulations related to tariff and Customs administration.

## Vision

A Customs administration that is among the world's best that every Filipino can be proud of.

## Mission

- To enhance revenue collection;
- To provide quality service to stakeholders with professionalism and integrity;
- To facilitate trade in a secure manner;
- To effectively curb smuggling, and;
- To be compliant to international best practices.







## Guiding principles

- Commitment to the delivery of high quality services to our transacting public;
- Enhanced use of modern management techniques such as electronic transactions, compliance audit and risk management;
- Focus on personnel as the driving force in the achievement of our missions, and;
- Consideration of relevant international instruments, conventions, agreements, such as the Revised Kyoto Convention, World Customs Organization, World Trade Organization, Asia-Pacific Economic Cooperation and Association of Southeast Asian Nations.

## Strategic Goals

- Enhanced revenue collection
- Developed personnel competence and welfare
- Secured trade facilitation
- Strengthened enforcement
- Improved work environment

## Values

As Customs administration, we are committed to:

- Professionalism and integrity
- Transparency and accountability
- Consistency and simplicity
- Vigilance and dynamism
- Be responsive to the needs of the community and industry

As Customs personnel, we are committed to be:

- Competent and efficient
- Accountable and responsible
- Honest and dedicated
- Firm and fair
- Helpful and courteous
- Simple in lifestyle

# The Deputy Commissioners

## Alexander M. Arevalo



Harvard-trained Deputy Commissioner for Management Information Systems and Technology Group (MISTG) Alexander M. Arevalo joined the Bureau of Customs in 2001 and is in charge of the implementation of BoC's computerization program.

He is the point-person for the Electronic-to-Mobile or e2m Customs and the National Single Window Project and Project Coordinator for projects supported by the European Union Trade Related Technical Assistance and Japan International Cooperation Agency, including the ISO 9001 and 27001 Certification of the BoC.

Arevalo is the Chairman of the ASEAN Single Window Steering Committee. He is a member of the UNECE and the APEC Single Window Working Groups, and was the Chairman of the ASEAN Customs ICT Head for three years.

He used to be the Presidential Assistant for E-Commerce and Information Technology and was Executive Assistant to two Presidents of the Philippines. Before working at the Palace, he was the Administrative Officer and Senior Aide-de-Camp to the Secretary of Defense.

His last military stint was a Deputy and Executive Officer of the 600-man elite Special Action Force with the rank of Lieutenant Colonel.

Arevalo received his Master's degree in Public Administration from the Harvard University, Massachusetts in 2000, a Master's degree in Business Management from the Asian Institute of Management, Makati in 1987, and a Bachelor's degree from the Philippine Military Academy in 1982, cum laude. Among his awards are the Presidential Legion of Honor, Military Gold Cross and Bronze Cross.



## Gregorio B. Chavez



As Deputy Commissioner for the Internal Administration Group, Gregorio B. Chavez assists the Commissioner in the formulation of policies and helps craft objectives related to financial, administrative, personnel, planning and management improvement services of the BoC.

Chavez also represents the Commissioner in meetings and conferences, signs memorandum circulars and reviews official communications and documents relevant to internal administration.

He is the Chairman of the Committee on Negotiated Sales, Committee on Rewards, the Lateral

Attrition Implementation Committee and Managing Chairman of the Integrity Development Committee.

Chavez has been President and Chairman of the Lower Isarog Foundation Exponents, Inc. since 1995.

From 1988 to 1998, he was the Acting Assistant Chief of the Law Division of the Manila International Container Port.

He was senior partner of the Chavez Law Office from 1987 to 1988, senior partner at the Castro Chavez Law Offices from 1986 to 1987, Legal Counsel of Heller Industrial Factoring Corp from 1983 to 1985 and Industrial Finance Corp. from 1980 to 1982.

Chavez was Assistant Attorney at the Ambrosio Padilla Law Offices from 1979 to 1980.

He completed his political science course and law studies at the Lyceum of the Philippines.

## Reynaldo S. Nicolas



The Deputy Commissioner for Assessment and Operations Coordinating Group (AOCG) since 2005, Reynaldo S. Nicolas handles the gathering and publication of values of commodities imported into the country.

Nicolas monitors the implementation of rules and regulations governing assessment, end processing of goods for exports, warehousing and support operations, and auction and disposal activities.

He also spearheads the trade facilitation efforts of the BoC locally and internationally since he is an active member of the Executive Committee of Customs Modernization and Revised Kyoto Convention Management Committee and Supervisor of its Assessment, Operation and Compliance Working Group.

He presently chairs the Task Force on National Implementation of the World Customs Organization Framework of Standards to Secure and Facilitate Global Trade, the BoC-Task Force on Export Controls, the Customs Bonded Warehouse Committee, the Super Green Lane Committee, and the Customs Valuation Committee, among others.

A senior Customs official for 20 years, he is the Bureau's expert in policy-making and decision-making. He was Deputy Commissioner for Intelligence and Enforcement Group from 2004 to 2005, District Collector of the Manila International Container Port from 2003 to 2004 and held the same post at the Port of Manila from 2001 to 2003.

In 1999, he was awarded Customs Model employee after the Port of Manila regained its title as the country's premier port in revenue generation by posting the biggest surplus over its assigned cash collection target.

He placed 9th in the 1983 Bar exams after graduating cum laude in economics and law at the University of the Philippines (UP).

## Jairus D. Paguntalan



Deputy Commissioner for Intelligence Group (IG) Jairus D. Paguntalan is responsible for gathering intelligence information related to Customs and economic activities and leads in the conduct of internal inquiry and investigation.

He was the Deputy Commissioner of Intelligence and Investigation Group before it was divided into two offices.

In 2007, he received commendations from the Philippine Drug Enforcement Agency (PDEA) for his outstanding performance of duty as a member of the Intelligence Group responsible for the seizure of the illegal drug ketamine at the Ninoy Aquino International Airport.

The Philippine National Police–Anti-Illegal Drugs Special Operations Task Force (PNP-AIDSOTF) also awarded him for his support and assistance during the case build up and neutralization operation against transnational groups involved in the manufacture and sale of illegal.

The Philippine Center for Transnational Crime (PCTC) also gave him a commendation for his contributions as a member of the National Law Enforcement Coordinating Council Sub-Committee on Interpol Matters.

He is a board member of the Career Executive Service Board (CESB), and was a lecturer at the GATT Valuation Training Course for the BoC in 1998.

He is a licensed mining engineer, having completed his degree at the University of the Philippines–Diliman, where he also took his Master’s degree in Public Administration.

## Horacio P. Suansing Jr.



Suansing is the Deputy Commissioner for Enforcement and Security Group (ESG). As ESG chief, he exercises police authority in Bureau of Customs territory.

Before his appointment to the newly-created office, he was District Collector of Port of Manila.

He was Deputy Collector of Manila International Container Port from 2004 to 2005, Chief of Pier and Inspections Division at the Port of Manila in 2004 and Deputy Collector of Port of San Fernando in 2004.

A Certified Public Accountant (CPA) since 1980, he finished his undergraduate course at the Central Philippine University (CPU), which later bestowed him its Centennial Award. He took law courses at the Far Eastern University and completed his Master’s degree in Business Administration at the Philippine Christian University.

## Reynaldo V. Umali



Umali is the Deputy Commissioner for Revenue Collection and Monitoring Group (RCMG) since 2007 and concurrently the Executive Director of the Run After the Smugglers Group since it was established in 2005.

As Deputy Commissioner of RCMG, he is tasked to maintain an accounting of revenues collected, administer the legal requirements of the BoC, provide information and analysis of collection statistics and audit liquidated entries and bonds.

He was one of the brains of the Customs and Tariff Modernization Act in 2008 and the BoC Rationalization Plan two years earlier.

Umali is also the Executive Director of Anti-Oil Smuggling Coordinating Committee, Supervisor of the Legal and Legislative Liaison Working Group, and the BoC Change Management Team.

He was Director of the Customs Legal Service from 2005 to 2007 and Executive Director of the Customs Accreditation Secretariat from 2006 to 2008.

Umali chaired the Chairman of Working Group on Legal and Regulatory Matters, ASEAN Single Window Project, from 2007 to 2009 and headed the Incentives Review Committee from 2007 to 2008.

He was also Deputy Head, Technical Committee for Lateral Attrition Implementation Committee from 2006 to 2008 and Executive Officer of Task Force on Anti-Smuggling from 2006 to 2007.

Umali worked as Chief of Staff of the Customs Commissioner in 2003-2004, Officer-In-Charge, Deputy Commissioner for Intelligence and Enforcement Group and for Revenue Collection and Monitoring Group, in 2004 and 2005, respectively.

Before joining BoC, he was Legislative Chief of Staff of Rep. Alfonso V. Umali from 2001-2003 and held the same post at the office of Rep. Gerard P. Cabochan from 1988 to 1989.

He worked in the National Economic Development Authority as Division Chief of Multilateral Division, Supervising Economic Development Specialist and Division Chief of European and Middle Eastern Division, External Assistance Staff, and Project Coordinator of Evaluation and Information Management System for Foreign Assisted Projects, among others.

Umali has been a practising lawyer since 1988, managing partner of Westwood Law in 1998 and senior partner of the Law Firm of Umali, Soriano and Associates in 1992.

He finished his economics course at the Ateneo de Manila University, took a certificate course in executive management at the University of Southern California, and pursued his Bachelor of Laws and post-graduate studies at San Beda College.





## Rolando T. Ligon Jr.

Ligon is the Officer-In-Charge (OIC) of Post Entry Audit Group.

He was the Director of the Compliance Assessment Office, PEAG and the Special Assistant for Legal Affairs to the Commissioner of Customs.

Before joining the BoC, he used to work at the Bureau of Internal Revenue as Assistant Chief at the Appellate Division, National Office, as Executive Assistant at the Office of the Commissioner and as Revenue Officer at the Tax Fraud Division.

His special assignments at the BoC were as Team Head of the Task Force on Anti-Smuggling in 1999, member-representative of the BoC to the Presidential Anti-Smuggling Group (PASG) and as resource person in various congressional committee hearings

## CUSTOMS ADMINISTRATIVE ORDERS

CAO NO.	SUBJECT
1-2009	Revised Rules and Regulations for the Establishment, Operation, Supervision and Control of Customs Bonded Warehouses.
2-2009	Rules and Regulations governing overtime services and payment of corresponding offshore duty pay and overtime service pay applicable to the offshore operations of the operator of the oil drilling and exploration under service contract no. 56 in the South Sulu Sea.
3-2009	Amendment to CAO 1-2007: Penalties Related to Inward Cargo Manifest and Consolidated Cargo Manifest.
4-2009	Temporary Suspension of the Operational Provision of CAO 2-97 Governing the 150-day Allowable Dwell Time of Foreign Containers in the Philippines.
5-2009	Granting Temporary Relief to Distressed Exporters unable to timely liquidate Imported Raw Materials/Articles intended for manufacture into Finished Products for Export.
6-2009	Transforming the Risk Management Group of the Bureau of Customs into the Risk Management Office pursuant to Executive Order No. 836, series of 2009.

## CUSTOMS MEMORANDUM ORDERS

<b>CMO NO.</b>	<b>SUBJECT</b>
01-2009	Additional Guidelines for the Accreditation of Information Validation Service Provider (IVSP)
02-2009	Amendment to Section VI. par. (4) of CMO 32-2007.
03-2009	Executive Order No. 691, Temporarily Modifying the Rates of Import Duty On Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of The TCCP of 1978 (P.D. No. 1464), as amended.
04-2009	Executive Order No. 691, Temporarily Modifying the Rates of Import Duty On Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of The TCCP of 1978 (P.D. No. 1464), as amended.
05-2009	Abolition of the Interim Scanning Unit and Transfer of Its Functions to the X-ray Inspection Project.
06-2009	Procedures for the Payment of Advance Duty Deposit and the Final Payable Implementing CAO 10-2008 and BSP Circular 638 Series 2009.
07-2009	Electronic Transmission of the Certificate of Payment / Clearance (e-CPC) to the Land Transportation Office.
08-2009	Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
09-2009	Guidelines in the Implementation of the Border Patrol Agreement and Border Crossing Agreement Between the Government of the Republic of Indonesia and the Government of the Republic of the Philippines.
10-2009	Procedures for the Implementation of e2m Customs – Import Assessment System (IAS) at the Port of Batangas starting March 21, 2009.
11-2009	Creating the new composition of the Committee to Supervise the Printing of various BOC Accountable Forms and Defining its duties and functions.
12-2009	Definitive General Safeguard Duty on Importation of Clear and Tinted Float Glass from Various Countries.
13-2009	Parameters for Regularizing the Provisional Authority to Import Resin Through the Warehousing Scheme Granted Pursuant to CAO 4-3008A.
14-2009	Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
15-2009	Revised Rules and Regulations on Accreditation of Importers.
16-2009	Abolition of the Vehicle Importation Compliance Monitoring Unit (VICMU) and Creating for the Purpose, the Electronic Certificate of Payment and Clearance Unit (E-CPCU) under the Office of the Commissioner.
17-2009	Revision on the BOC Performance Management System under CMOs 13-2008, 6-2008 and 31-2002.



- 18-2009 Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
- 19-2009 Safeguard Investigation No. 01-2007 entitled: "In the Matter of the second year final extension of the definitive general safeguard measure against the importation of Ceramic Floor and wall tiles from various countries (AHTN Code Nos. 6907.1910, 6907.9090, 6908.9011, 6908.9021, 6908.9029, 6908.9090), Ceramic Tile Manufacturers' Association Petitioner".
- 20-2009 Guidelines in the Allocation of Revenue Collection Target and Submission of Financial Reports.
- 21-2009 Provisional Safeguard Measures against the Importation of Steel Angle Bars from Various Countries.
- 22-2009 Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
- 23-2009 Revised Rules and Regulations on Accreditation of Importers thereby amending Customs Memorandum Order No. 15-2009 dated April 13, 2009.
- 24-2009 Amended Guidelines and Procedures for Implementing BOC-PEZA Joint Memorandum Order No. 03-2002 dated 27 July 2002.
- 25-2009 Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
- 26-2009 Guidelines in the Computation and/or Determination of the Fine Imposable on the Seized Goods and Redemption Value of the Forfeited Goods for Settlement and Redemption Pursuant to Section 2307 of the Tariff and Customs Code of the Philippines, As Amended (TCCP)
- 27-2009 Procedure for the Implementation of e2m Customs System Phase 3: Import Assessment System (IAS)
- 28-2009 Supplemental Provision to CMO No. 7-2009, Re: Electronic Transmission of the Certificate of Payment/Clearance (E-CPC) to the Land Transportation Commission
- 30-2009 Procedures for CPRS Accreditation of CBWs and CY / CFS
- 31-2009 Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
- 32-2009 Schedule of Cargo Handling Tariff Arrastre Charges and Wharfage Dues for Assessment Purposes at MICP.
- 33-2009 Effective Implementation of BSP Rules on Physical Cross-Border Transport Currencies.
- 34-2009 Rules and Regulations Strengthening the Functions of Warehouse Coordination Division (WCD) under the Office of the Assessment and Operations Coordination Group (AOCG)
- 35-2009 Amendment to CMO No. 27-2009, Rules, Regulations and Procedures in the Reporting and Monitoring of Personnel Attendance and Applications for Leave of Absence.
- 36-2009 Policies, Rules, Regulations and Procedures in the Disbursement of Employees Payrolls.

- 37-2009 Submission of e-Manifest through a Value Added Service Providers (VASP's) and Implementing Guideline for Customs Administrative Order 1-2007.
- 38-2009 Supplemental Guidelines in the Implementation of CMO 27-2009.
- 39-2009 Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
- 40-2009 Transitory Procedures prior to Full Implementation of e2m Customs system for Informal Entries and Transshipment/Transit Declaration.
- 41-2009 Procedure Governing Utilization of Tax Credit Certificate.
- 42-2009 Definitive General Safeguard Duty on Importation from Various Countries of Steel Angle Bars, of a height less 80mm.
- 43-2009 Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
- 44-2009 CPRS Registration of Once-A-Year Importer (Previously First and Last Importation Scheme).
- 45-2009 Supplemental Guidelines in the Implementation of Customs Memorandum Order (CMO) 27-2009 regarding Tentative Release.
- 46-2009 Amending Annex "A" of CMO 27-2009 – Procedures for the Implementation of e2m Customs system – Phase 3: Import Assessment System (IAS) in all Ports Nationwide.
- 47-2009 Executive Order No. 831 dated October 1, 2009 creating a One-Stop Shop in the Bureau of Customs to expedite the processing and release of importation of donated relief goods/articles/equipment intended for calamity-declared areas and victims of disasters/calamities under Section 105 of the TCCP, as amended and the prevailing provisions of the General Appropriations Act.
- 48-2009 Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
- 49-2009 Issuance and Signing of BOC Clearance.
- 50-2009 Executive Order No. 691, Temporarily Modifying the Rates of Import Duty on Crude Petroleum Oils and Refined Petroleum Products Under Section 104 of the TCCP of 1978 (P.D. No. 1464), as amended.
- 51-2009 Transformation of the Risk Management Group into the Risk Management Office pursuant to E.O. No. 836 (s. of 2009) and CAO No. 6-2009.
- 52-2009 Amending CMO 37-2009 entitled "Submission of e-Manifest through Value Added Service Providers (VASPs) and Implementing Guidelines for Customs Administrative order 1-2007".

## 2009 CUSTOMS MEMORANDUM CIRCULARS ON EXECUTIVE, ADMINISTRATIVE AND DEPARTMENT ORDERS AND MEMORANDUMS OF AGREEMENT

03-2009	Implementation of the Senate Ratified Rules of Origin and related parts of the Japan-Philippines Economic Agreement (JPEPA) and bilateral final text of Operational Procedures and related documents.
08-2009	MOA between the Bureau of Customs (BOC) and Aquarius Container Yard, Sasa Davao.
18-2009	One-Stop-Shop Inter-Agency Tax Credit and Duty Drawback Center (CENTER)
36-2009	R.A. No. 9513/ Promoting the Development, Utilization and Commercialization of Renewable Energy Resources.
50-2009	Implementation of the Senate Ratified Rules of Origin (ROO) under the Japan- Philippine Economic Partnership Agreement (JPEPA).
57-2009	Instituting measures to assist workers affected by the Global Financial Crisis and Temporary Filling up of Vacant Position in the Government.
58-2009	Fight Against Fixers.
63-2009	Department Order No. 12-09 dated 27 February 2009 entitled: “Extension of the Pilot Implementation of Department Order (DO) 23-2007 as amended by DO 06-2008 on the marking of imported kerosene and diesel.
65-2009	DOF Department Order No. 10-09 dated 19 February 2009 creating a Technical Working Group (TWG) for evaluating the proposed Customs and Tariff Modernization Act of 2008 (CTMA).
79-2009	Clarificatory Guidelines on Duty-Free Importation of Books.
83-2009	Executive Order No. 783 s. 2009, entitled, “Providing for Employment Interventions to Save and Create Jobs as Part of the Economic Resiliency Plan”.
120-2009	AO No. 261 dated 07 April 2009 entitled “Reiterating Government Belt-Tightening”
131-2009	E.O No. 790/ “Modifying the Nomenclature and Rates of Import Duty on Various Products Under Section 104 of the Tariff and Customs Code of 1978 (Presidential Decree no. 1464), as amended”.
135-2009	Republic Act No. 9547 entitled “An Act Strengthening and expanding the coverage of the special program for employment of students amending for the purpose provisions of R.A. No. 7323, otherwise known as the Special Program for Employment of Students”.
136-2009	WCO Customs Action Plan against the spread of the H1N1 virus.
142-2009	Health Declaration Checklists for Passengers and Crew Requirements at Airports.
156-2009	Office of the President (OP) Administrative Order (AO) No. 262, entitled: “Providing for the Chairmanship of the Committee for Accreditation of Cargo Surveying Companies”.



- 163-2009 Department Order No. 30-09 dated May 28, 2009 / Re: Extension of the Pilot Implementation of Department Order (DO) 23-2007 as amended by DO 06-2008 on the Marking of Imported Kerosene and Diesel.
- 172-2009 E.O. No. 805 dated May 25, 2009 entitled "Creating Two Separate Offices, the Intelligence Group and the Enforcement Group, from the Intelligence and Enforcement Group in the Bureau of Customs".
- 176-2009 2007 ASEAN Harmonized Tariff Nomenclature (January 2009)
- 186-2009 Joint DTI-DENR-DA-DOF-DOH-DILG-DOLE-DOTC Administrative Order No. 01 Series of 2009 on the subject "The Adoption and Implementation of the Globally Harmonized System of Classification and Labeling of Chemical (GHS)".
- 192-2009 E.O. No. 812/ "Modifying the Rates of duty on certain Imported Articles as Provided for under The Tariff and Customs of 1978, as amended in order to Implement the Commitment to reduce the Tariff rates of ninety percent (90%) of the products in the normal track to zero with flexibility under the ASEAN-Korean Free Trade Area (AKFTA)".
- 198-2009 EO Nos. 818 and 819 "Extending the effectivity of the zero rate of import duties on wheat and cement," respectively
- 203-2009 "Interim Guidelines on the Use of Leave Credits for Absence Due to Self-Quarantine and / or Treatment relative to the Influenza A (H1N1) Global Pandemic".
- 215-2009 E. O. NO. 817 dated July 7, 2009 entitled "Providing for the Government's Intensified Campaign Against Loose Firearms", together with the copy of its Implementing Rules and Regulations dated 23 July 2009 which took effect July 26, 2009.
- 220-2009 Resolution Adopted by the WCO on the Continuing Response to the Global Economic Downturn.
- 222-2009 Administrative Order No. 268 entitled "Ordering the Department of Health to take Preliminary Steps Toward Local Manufacturers and Low Cost Importation of Flu Vaccines Under Compulsory Licensing Mandated by Law During National Health Emergencies and Other Related Instructions".
- 236-2009 "Monitoring All Importations of AVGAS containing Tetraethyl lead (TEL) which is subject to regulatory requirements under RA 8749, "The Clean Air Act" and RA6969 DENR AO 2005-27, "Revised Priority Chemical List to present PCL Compliance Certificate".
- 251-2009 E. O. 830 dated Aug. 15, 2009 entitled "Directing the Bureau of Immigration and Deportation, Philippine National Police, Bureau of Customs and Department of Health in Coordination with the Civil Aviation Authority".
- 266-2009 E. O. No. 826 dated August 14, 2009 entitled "Defining the Powers, Functions, and Responsibilities of Government Agencies in Response to Ebola Reston Virus Infection and Matters Related thereto"
- 270-2009 OP Administrative Order No. 243-A Mending AO No. 243 entitled "Creating a System for the Bulk and Break Bulk Cargo Clearance Enhancement Program of the Bureau of Customs".
- 271-2009 "Facilitate Release of Donations Process Under Presidential Memorandum Order No. 36.

- 281-2009 EO No. 836 dated October 20, 2009 entitled “Transforming the Risk Management Group of the Bureau of Customs into Risk Management Office”.
- 286-2009 Letter of Understanding to Incorporate the Transposed Product Specific Rules (PSRs) under the ASEAN-Korea Rules of Origin into the ASEAN-Korea Trade in Goods Agreement signed by the Ministers on 15 August 2009 in Bangkok, Thailand.
- 290-2009 Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA).
- 294-2009 EO No. 834 dated October 15, 2009 entitled “Authorizing the National Food Authority / Food Terminal Incorporated and the Philippine International Trading Corporation to intervene in the stabilization of the supply and price of basic items”
- 298-2009 Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA).
- 309-2009 Act of Acceptance of the Amendment of the Convention establishing a Customs Co-operation Council, adopted by the Customs Co-Operation Council at Brussels on the 30th day of June 2007 (by the Republic of Ghana on 5 October 2009; The Republic of Portugal on 7 October 2009; The United Kingdom of Great Britain and Northern Ireland on 14 October 2009).
- 329-2009 Act of Acceptance of the Amendment of the Convention Establishing a Customs Cooperation Council, Adopted by the Customs Cooperation Council at Brussels on the 30th Day June 2007.

## DIRECTORY OF OFFICIALS AND KEY POSITIONS

Customer Relationship Management System  
917-3201

Office of the Commissioner  
527-4573/527-4537/527-6355

E-CPCU-OCOM  
526-6657

VRIS-OCOM  
527-3085/ 917-3217

X-ray Inspection Project  
521-2238

Internal Administration Group  
527-1960/527-4507

Administration Office  
527-4518/ 527-6389

Financial Management Office  
527-4525

Revenue Collection and  
Monitoring Group  
527-4602/ 527-9453

Legal Service  
527-4515/ 527-4565

Financial Service  
527-4577/527-4575/917-3277

NAPOLEON L. MORALES  
Commissioner

WILLIAM DIONISIO  
Chief

EMMELINE DAVID  
Chief

MA. LOURDES MANGAOANG  
Collector V

GREGORIO B. CHAVEZ  
Deputy Commissioner

MA. CORAZON AZAÑA  
Officer-in-Charge

LIWAYWAY MENDOZA  
Acting Director

REYNALDO V. UMALI  
Deputy Commissioner

SIMPLICIO DOMINGO II  
Director III

EDNA BARRIDA  
Officer-in-Charge

Collection Service  
527-4523/527-3727

Assessment and Operations  
Coordination Group  
527-4602/ 527-9453

Import and Assessment Service  
527-4439/523-9648/ 527-4549

Port Operations Service  
527-7976/527-4476

Intelligence Group  
527-0638/4560

Customs Intelligence &  
Investigation Service  
527-9861

Enforcement Group  
527-3864

Enforcement and Security Service  
527-8257

Management Information  
System & Technology Group  
526-6396/ 526-6361

Planning & Systems  
Development Service  
527-9456/ 527-6091

BALMYRSON VALDEZ  
Officer-in-Charge

REYNALDO S. NICOLAS  
Deputy Commissioner

BERNARDO SALES  
Director III

RAMON CUYCO  
Director III

JAIRUS D. PAGUNTALAN  
Deputy Commissioner

FILOMENO VICENCIO, Jr.  
Director III

HORACIO P. SUANSING, Jr.  
Deputy Commissioner

NESTOR GUALBERTO  
Director III

ALEXANDER M. AREVALO  
Deputy Commissioner

JOSEPHINE NAGALLO  
Officer-in-Charge



Technology Management Service  
526-6608/ 527-9452

JONATHAN SORIANO  
Officer-in-Charge

Post Entry Audit Group  
527-4518/ 527-6389

ROLANDO T. LIGON Jr.  
Officer-in-Charge

Trade and Information and  
Risk Analysis Office  
527-8257

CARMELITA CRISOLOGO  
Director III

Compliance Assessment Office  
917-3273

ANGELITO URSABIA  
Officer-in-Charge

Port of San Fernando  
(072) 888-5581

CARMELITA TALUSAN  
OIC-District Collector

Port of Manila  
527-2979/ 526-8610

ROGEL GATCHALIAN  
District Collector

Manila International Container Port  
(MICP)  
245-2762/245-2798/247-0981

ADELINA MOLINA  
District Collector

Ninoy Aquino International Airport  
(NAIA)  
8796003/ 8322955/ 877-1109  
Loc.3301

CARLOS SO  
District Collector

Port of Batangas  
(043)722-0705/ 723-0631

JUAN TAN  
Acting District Collector

Port of Legaspi  
(052)820-2508/214-3439

TITUS SANGIL  
Acting District Collector

Port of Iloilo  
(033)335-0998/ 337-5831

ROBERTO MADRID  
OIC-District Collector

Port of Cebu  
(032)256-1690/ 245-2935  
Port of Tacloban  
(053)321-3370/ 321-3395

RONNIE SILVESTRE  
District Collector  
LEOVIGILDO DAYOJA  
Acting District Collector

Port of Surigao  
(086)232-7535/ 826-5112

ALFRED CORO  
Acting District Collector

Port of Cagayan De Oro

ABEDIN MACAPASIR  
Officer-in-Charge

Port of Zamboanga  
(062)992-0337/ 992-6845

RODOLFO CAMPOS  
Acting District Collector

Port of Davao  
(082)235-1085/ 235-0812

ANJU NEREO CASTIGADOR  
OIC-District Collector

Port of Subic  
(047)252-3534/ 254-4312

MARIETTA ZAMORANOS  
Acting District Collector

Port of Clark International Airport  
(045)599-2162/ 892-3088

EDWARD DELA CUESTA  
Collector of Customs VI

Port of Limay  
(047)244-6034

FEDERICO BULANHAUGI  
Officer-in-Charge  
Concurrent OIC District Collector  
Sub-port of Mariveles

Port of Aparri  
(078)822-8873

ENRICO TURINGAN JR.  
OIC/ District Collector

## Notes

The 2009 Commissioner's Report



**Teamwork sees BoC through a challenging year**





# BUREAU OF CUSTOMS

PORT OF MANILA

[www.customs.gov.ph](http://www.customs.gov.ph)

