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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA 1099

May 24, 2016

**CUSTOMS MEMORANDUM CIRCULAR**

**NO.** 77-2014

**TO:** All Deputy Commissioners  
All Directors and Division Chiefs  
All District / Port Collectors  
And Others Concerned

**SUBJECT: DOF-DOJ-DOTC-DTI Joint Department Administrative Order (JDAO) No. 001-2016 / *Implementing Rules and Regulations of Republic Act No. 10668***

Attached is a copy of Joint Department Administrative Order No. 001-2016, entitled: Implementing Rules and Regulations of Republic Act No. 10668, otherwise known as "An Act Allowing Foreign Vessels to Transport and Co-Load Foreign Cargoes for Domestic Transshipment and for Other Purposes".

For your information and guidance.

Please confirm the dissemination of this circular throughout your offices within fifteen (15) days from receipt hereof.

*Alberto D. Lina*  
**ALBERTO D. LINA**  
Commissioner



MAY 31 2016

## JOINT DEPARTMENT ADMINISTRATIVE ORDER

NO. 001.2016**IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 10668, OTHERWISE KNOWN AS "AN ACT ALLOWING FOREIGN VESSELS TO TRANSPORT AND CO-LOAD FOREIGN CARGOES FOR DOMESTIC TRANSSHIPMENT AND FOR OTHER PURPOSES"**

Pursuant to Section 10 of Republic Act. No. (R.A.) 10668, the following rules are hereby promulgated:

**SECTION 1. Title.** These rules shall be referred to as the "Implementing Rules and Regulations of Republic Act No. 10668".

**SECTION 2. Objectives.** – It is the policy of the State:

- (a) To assist importers and exporters in enhancing their competitiveness in light of intensifying international trade; and
- (b) To lower the cost of shipping Export Cargoes from Philippine Ports to international ports and Import Cargoes from international ports for the benefit of the consumers.

**SECTION 3. Definition of Terms.** – The following terms are defined as follows:

- (a) *Break bulk cargoes* refer to those cargoes that are listed in a number of bills of lading, each consisting of different commodities. These include, but shall not be limited to bagged cargoes, crates, cylinders, cases, baskets, bales, rolls, drums and such other like or similar types of packing, including vehicles, live animals, crated or uncrated fowls such as chickens, ducks and the like and other loose cargoes;
- (b) *Bulk cargo* refers to liquid or dry goods shipped in bulk, not packed or bundled in separate units, including commodities that are loose or in mass and which are required to be pumped, shovelled, scooped, grabbed or forked during loading or unloading;
- (c) *Co-loading* refers to agreements between two (2) or more international or domestic sea carriers whereby a sea carrier bound for a specified destination agrees to load, transport, and unload the Container Van or cargo of another carrier bound for the same destination;
- (d) *Containerized Cargo* refers to cargo stuffed inside a Container Van with the external dimensions and ratings enumerated in Series 1 of ISO 668-1976, including its recent amendments, which are specifically designated to facilitate ready handling particularly their transfer from one mode of transfer to another;
- (e) *Container Van* refers to a standardized reusable steel box used for the safe, efficient and secure storage and movement of materials and products within an intermodal freight transport system where the cargo carried in the Container Van can be moved from one (1) mode of transport to another without having to unload or reload the contents of such Container Van;
- (f) *Domestic Cargo* refers to goods, articles, commodities or merchandise which is intended to be shipped from one (1) Philippine Port to another Philippine Port, even if, in the carriage

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of such cargo, there may be an intervening Foreign Port. This includes Foreign Cargoes, of which customs duties and taxes have been paid;

(g) *Domestic Movement* refers to coastwise and inter-island trade or the transport of cargo from one (1) Philippine Port to another Philippine Port;

(h) *Electronic Consolidated Cargo Manifest (e-CCM)* refers to all house bills of lading of shipments consigned to the ultimate consignees degrouped/split from the master bills of lading of shipments whose consignees are nominal such as banks, forwarders and consolidators;

(i) *Electronic Inward Foreign Manifest (e-IFM)* refers to all master bills of lading of shipments consigned to ultimate and nominal consignees;

(j) *Export Cargo* refers to goods, articles, commodities or merchandise carried in Foreign Vessels and duly declared before the Bureau of Customs at the port of origin as cargoes for shipment to a port outside the jurisdiction of the Philippines;

(k) *Foreign Cargo* refers to Import or Export Cargo carried by a Foreign Vessel;

(l) *Foreign Container Van* refers to a Container Van, whether empty or loaded with Foreign Cargo, owned or leased by shipping companies;

(m) *Foreign Port* refers to any seaport outside the jurisdiction of the Philippines;

(n) *Foreign Ship Operator* refers to a citizen, partnership, or corporation, whether foreign or local, owning or chartering a Foreign Vessel;

(o) *Foreign Vessel* refers to a ship registered or documented in a flag registry other than that of the Philippines;

(p) *Import Cargo* refers to goods, articles, commodities or merchandise of foreign origin, whether for consumption, warehousing or Transshipment, carried in a Foreign Vessel which is intended to be cleared before the Bureau of Customs for delivery to the Port of Discharge of Goods within the jurisdiction of the Philippines;

(q) *Philippine Port* refers to any port within the Philippines duly authorized by virtue of contract with the relevant government authority to handle Domestic, Import or Export Cargo;

(r) *Port Authorities* refer to entities engaged in the development and operation of seaports including, but not limited to, Philippine Ports Authority, Cebu Port Authority, PHIVIDEC Industrial Authority, Cagayan Special Economic Zone Authority, Aurora Special Economic Zone Authority, Bases Conversion and Development Authority, Free Port Area of Bataan and Subic Bay Metropolitan Authority;

(s) *Port of Discharge (of Goods)*, for purposes of this Order, refers to the Philippine Port that is specified in the Electronic Inward Foreign Manifest (e-IFM) and Electronic Consolidated Cargo Manifest (e-CCM) as the final destination of the goods;

(t) *Port of Entry (of Vessel)* refers to the first Philippine port of call of a Foreign Vessel. These shall be the ports designated as such by applicable laws or by the President in the exercise of his authority to open or close any port. The ports of entry shall be Manila, Cebu, Iloilo, Davao, Tacloban, Zamboanga, Cagayan De Oro, Surigao, Legaspi, Batangas, San Fernando,

Subic, Manila International Container Port, Limay, Aparri, including all their subports and any other sea ports which may be designated by the President;

(u) *Port of Final Destination (of Vessel)* refers to the last Philippine port of call of a Foreign Vessel to unload Foreign Cargo. It likewise refers to ports defined and enumerated in Paragraph (t) of this Order;

(v) *Transshipment* refers to the transfer of cargo from one (1) vessel or conveyance to another vessel for further transit to complete the voyage and carry the cargo to its final destination; and

(w) *Transshipment Port (of Vessel)* refers to a Philippine Port where a Foreign Vessel is allowed to unload or load Import and Export Cargo before proceeding to its Port of Final Destination, whether Philippine or foreign.

**SECTION 4. Coverage.** – These rules shall apply exclusively to Foreign Vessels carrying Foreign Container Vans or Foreign Cargoes, whether Containerized, Bulk or Break Bulk, under the following conditions:

a) Any Foreign Vessel, arriving from a Foreign Port, shall be allowed to carry Foreign Cargo to its Philippine Transshipment Port or Port of Final Destination, after the vessel is cleared at the concerned port;

(b) Any Foreign Vessel, arriving from a Foreign Port, shall be allowed to carry Foreign Cargo of another Foreign Vessel calling at the same Port of Entry or Transshipment Port to the Philippine Port of Discharge of such Foreign Cargo;

(c) Any Foreign Vessel, departing from a Philippine port of origin through another Philippine Port to its Foreign Port of Final Destination, shall be allowed to carry Foreign Cargo intended for export; and

(d) Any Foreign Vessel, departing from a Philippine port of origin, shall be allowed to carry Foreign Cargo of another Foreign Vessel through a Transshipment Port and transferred at such Transshipment Port to its foreign Port of Final Destination.

A Foreign Vessel shall likewise be allowed to transport foreign empty containers for domestic transfer or for immediate exportation, under the above conditions.

**SECTION 5. Commissioner of Customs.** – The Commissioner of Customs, upon such reasonable conditions as may be imposed, may do the following acts:

(a) Authorize the conveyance of Foreign Cargo brought from abroad by a Foreign Vessel;

(b) Allow a Foreign Vessel to take cargo intended for export at any Philippine Port of Entry and convey the same upon such Foreign Vessel to a Foreign Port; and

(c) Authorize the Transshipment of such Foreign Cargo intended for import or export through another Philippine Port of Entry by another Foreign Vessel to the cargo's Port of Final Destination.

Provided, That such acts shall not diminish or impair any existing and valid government contract covering the handling of Import and Export Cargo: *Provided, further,* That the Commissioner of Customs shall have the authority to impose penalties to Foreign Ship

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Operators found to have violated any provision of this Order and to take measures to address illegal activities, including smuggling.

The Commissioner of Customs is authorized to issue Customs orders relevant to the implementation of this IRR, including among others, the issue of overstaying cargoes, after due consultations with other implementing agencies, to ensure effective implementation of the objectives of Republic Act 10668.

**SECTION 6. Co-loading of Import Cargo.**

a) Import Cargo as defined in this Order shall be covered by the necessary import entry for consumption, warehousing or Transshipment (in case of importation by accredited locators of Philippine Economic Zone Authority (PEZA) and freeports), which shall be filed at the assessment office at the Port of Discharge, whether:

a.1) carried by a Foreign Vessel and unloaded at the Port of Discharge, after passing through another Philippine Port; or

a.2) carried and discharged by a Foreign Vessel at a Port of Entry or Transshipment Port before being loaded by a another Foreign Vessel and unloaded at the Port of Discharge

b) For purposes of the filing of the Electronic Inward Foreign Manifest (e-IFM) and Electronic Consolidated Cargo Manifest (e-CCM) of co-loaded Foreign Cargo, the Port of Final Destination shall be the Port of Discharge in the e-IFM or e-CCM.

The original Foreign Vessel carrying the cargo subject of Co-loading will submit the e-IFM or e-CCM to the Bureau of Customs at the first port of call or Port of Entry using the bill of lading nature code for Transshipment. Likewise, the Foreign Vessel that will co-load subject cargo at the Transshipment Port will submit the e-IFM or e-CCM to the Port of Final Destination using the bill of lading nature code for consumption.

The arrastre operators shall likewise be furnished copies of the e-IFM and e-CCM.

c) An arrastre operator at the port where the Foreign Cargo is unloaded prior to its transport to the Port of Discharge shall maintain an inventory record of Foreign Cargo subject of Co-loading and shall ensure that the same are properly monitored.

Arrastre operators shall periodically submit the inventory record to the Bureau of Customs and the relevant port authority.

d) An arrastre operator shall provide adequate space in its yard for temporary storage of Foreign Cargoes subject of Co-loading.

**SECTION 7. Co-loading of Export Cargo.**

a) Export Cargo as defined in this Order shall be covered by an export declaration and other necessary documents, which shall immediately be filed in the first port of loading:

a.1) For immediate exportation by a Foreign Vessel, whether or not passing through another Philippine Port of Entry; or

a.2) For domestic transfer and discharge by a Foreign Vessel to another Philippine Port of Entry before the same is loaded for export in another Foreign Vessel for delivery to the Foreign Port of destination.





b) An arrastre operator at the port of loading where the export declaration is filed or the port of loading as a Transshipment Port, shall maintain an inventory record of Export Cargo subject of Co-loading and shall ensure that they are properly monitored.

Arrastre operators shall periodically submit the inventory record to the Bureau of Customs and the relevant port authority.

c) An arrastre operator shall provide adequate space in its yard for temporary storage of Export Cargoes subject of Co-loading.

**SECTION 8. Co-loading of Empty Containers.**

For purposes of this Order, an empty Foreign Container Van going to or coming from any Philippine Port, or going to or coming from a Foreign Port, and being transhipped between two (2) Philippine Ports shall be allowed.

a) Foreign Vessels shall be allowed to load or co-load empty containers:

a.1) From any port in the Philippines to any Philippine Port of Entry for repositioning abroad or for use in the stuffing of Philippine exports;

a.2) When loading Import Cargo from the Port of Entry or Transshipment Port to the Port of Final Destination; and

a.3) When loading Export Cargo from the port of origin in the Philippines to another Philippine Port where the same shall be immediately exported or utilized for the stuffing of Philippine exports.

The Bureau of Customs shall issue a Special Permit to Load for Domestic Movement (SPL-DM) with reference to the domestic leg in case the empty container is transferred from one Philippine Port to another and a Special Permit to Load for Immediate Exportation (SPD-IE) in case the foreign empty container is loaded by a Foreign Vessel for immediate exportation.

**SECTION 9. Application of the Carriage of Goods by Sea Act.** – Carriage conducted in accordance with this Order shall be governed by Commonwealth Act No. 65, otherwise known as the “Carriage of Goods by Sea Act” with respect to the liability of the carrier for the loss of, or damage to, goods carried.

**SECTION 10. Carriage by Foreign Vessels Not a Public Service, Foreign Vessels Not Common Carriers.** –Foreign Vessels engaging in carriage conducted in accordance with this Order shall not be considered common carriers as provided in Republic Act No. 386, otherwise known as the “Civil Code of the Philippines”; neither shall such Foreign Vessels be considered as offering a public service and thus shall fall outside the coverage of Republic Act No. 9295, otherwise known as the “Domestic Shipping Development Act of 2004”.

**SECTION 11. Prohibitions.** – Foreign Ship Operators shall submit their cargo manifest to the Port Authorities to ensure that no Domestic Cargoes are carried by the foreign ship. No Foreign Vessel shall be allowed to carry any Domestic Cargo or domestic Container Van, whether loaded or empty, even if such domestic Container Van may contain Foreign Cargo.

**SECTION 12. Authority of Other Agencies.** The concerned national agencies, bureaus and other government offices involved in Co-loading, namely: Department of Finance (DOF), Department of Transportation and Communication (DOTC), Department of Trade and Industry (DTI) and Department of Justice (DOJ), shall continue to exercise their respective

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mandates and may issue rules and regulations in relation thereof: Provided, that it is exercised in accordance and consistent with the objectives set forth in Republic Act No. 10668.

**SECTION 13. Fines and Penalties.** – The Bureau of Customs, upon due notice, hearing and determination of the existence of any breach or violation of the provisions of this Order or any rule and regulation issued pursuant thereto, shall impose a penalty or fine on any erring Foreign Ship Operator or its agent in accordance with applicable provisions of the Tariff and Customs Code of the Philippines, or any amendments thereof and other related laws.

**SECTION 14. Separability Clause.** – If any provision of this Order is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

**SECTION 15. Repealing Clause.** – All orders, rules and regulations, and other issuances, or parts thereof, inconsistent with the provisions of this Order are hereby repealed or modified accordingly.

**SECTION 16. Effectivity.** – This Order shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation, and the submission of a copy to *UP Law Center Office of the National Administrative Registrar*.

Approved:

*[Signature]*  
**ADRIAN S. CRISTOBAL, JR.**  
Secretary  
Department of Trade and Industry

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**CESAR V. PURISIMA**  
Secretary  
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