REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

CUSTOMS MEMORANDUM ORDER
NO. 1- 2011

TO	:	**Deputy Commissioner for AOCG** **Deputy Commissioner for Intelligence** **Deputy Commissioner for Enforcement** **Directors, ESS/CIIS** **All District/Port Collectors** **All Others Concerned**
DATE	:	**January 3, 2011**
SUBJECT	:	**RULES AND REGULATIONS TO IMPLEMENT THE PROVISIONS OF THE MEMORANDUM OF AGREEMENT (MOA) DATED NOVEMBER 19, 2010 BETWEEN THE BUREAU OF CUSTOMS (BOC) AND THE FEDERATION OF PHILIPPINE INDUSTRIES (FPI)**

I. **Objectives**:

1. To ensure the accurate and correct collection of revenues due the government by enhancing and strengthening the campaign to stop technical smuggling, and to foster an environment that magnifies a fair and level playing field for all business/industry players, one that will contribute to industry and economic growth.
2. To put into action the efficient implementation of the rules and regulations pertaining to the Bureau of Product Standards' (BPS) Philippine National Standards (PNS) conformance particularly on covered imported products under the Mandatory Product Standards Certification Scheme in order to ensure that only safe, quality imported products are processed by the Bureau of Customs.
3. To further strengthen the cooperation between the Bureau of Customs (BOC) and the Federation of Philippine Industries (FPI), as provided in the Memorandum of Agreement dated November 19, 2010, with a view to combating smuggling, monitoring injurious import transactions and fraudulent valuation, and preventing the proliferation of unsafe, non-PNS-compliant, low quality and substandard imported products.
4. To protect government revenues and the general consuming public.

II. **Coverage**:

This Order shall only be applied to all imported articles entered in the Bureau of Customs on the importation of articles specified in the following, which may be amended as the need arises:

1) All imported products covered under Mandatory Product Standards Certification Scheme as listed in Annex A;
2) All imported sensitive agricultural products such as, but not limited to, sugar, onions, etc., whose corresponding and related tariff lines are listed in Annex B;
3) All monitored/sensitive products listed in Annex C that are considered subject to continuing alert.

III. **Definition of Terms**:

1. "**Industry Technical Expert (ITE)**" is a person duly accredited by the Federation of Philippine Industries (FPI) and duly issued an Authorization from the Deputy Commissioner for Assessment and Operations Coordinating Group and the corresponding Mission Order by the Bureau of Customs; who is competent to act as an ITE and possesses the necessary expertise in a particular industry he/she represents; and is capable to assist Customs on technical matters. An ITE observes the physical examination of shipments subject of an alert, participates in the review of import documents presented and submits recommendations as to proper description and classification, price, quantity and checks conformance of imported goods to Philippine National Standards (PNS) in order to protect the general consuming public in accordance with the Consumer Act of the Philippines. If required, this also includes compliance to any government regulations prior to their release in the domestic market such as permits from DENR, BFAD, among others.

2. "**Alert**" is an alert issued pursuant to CMO 92-91, as amended.

3. "**Industry**" shall refer to industry association members and/or qualified corporate members engaged in the actual business of manufacturing.

4. "**Industry Screening Committee**" – The Committee chaired by the FPI tasked to update the List of Industry Technical Experts (ITEs) and List of Monitored/Sensitive Articles for submission to the Bureau of Customs, including that of the "List of Products under the Mandatory Product Standards Certification Scheme" under PNS.

5. "**ITE Secretariat**" – functions as Liaison on Joint FPI-BOC monitoring activities and chaired by the FPI.

6. "**ITE Mission Order**" is an Order issued by the Bureau of Customs identifying the List of Commodities with their corresponding Tariff Headings to be monitored by an ITE. As far as practicable, all entries declared under the listed Tariff Headings including consolidated entries that contain such Tariff Headings, and articles covered under the BPS-PNS Mandatory Product Standards Certification Scheme shall be

coursed through the ITE for observation, comments and recommendations before final assessment and clearance by the Bureau of Customs.

7. **"Bureau of Product Standards (BPS)"** is a government agency under the Department of Trade and Industry (DTI), and regarded as the Philippines' National Standards body, that develops, formulates, promotes and implements the Philippine National Standards (PNS) to ensure that the quality and safety features of covered products are compliant with such standards. Its main function is to certify manufacturers and importers including their products under mandatory certification against the requirements of the PNS.

8. **"PNS Mark"** and **"ICC"** Mark – The Philippine National Standards (PNS) Mark and the Import Commodity Clearance (ICC) Mark are both issued and securely affixed by the BPS to all products covered under the Mandatory Product Standards Certification Scheme, to certify that same have complied with the PNS rules and regulations.

IV. **Administrative Provisions**:

1 The Industry Technical Expert shall act as an observer in the physical examination of shipments and/or articles subject of an alert covered under this Order. As such, he/she shall be provided with copies of the import entry and other import documents and upon appropriate review of same may submit recommendations as to the proper description and classification, quantity, quality and price among others, making reference to the declaration of the shipment as appearing in the import documents. Other than those articles covered by continuing alert, the recommendations shall be submitted to the Officer-on-Case assigned in the Alert Order.

2 The Bureau of Customs shall ensure that all covered shipments enumerated under Annex "A," Annex "B," and Annex "C," except those importations covered under the Super Green Lane Plus (SGL+) are forwarded to FPI Secretariat for clearance/physical examination on RED Channel.

3 The Industry Technical Expert shall always be available to observe in the conduct of physical examination on an alerted shipment. Notification to the Industry Technical Expert shall be made in the fastest way possible; otherwise subject to the provisions of the four (4)-hour rule, physical examination shall proceed as scheduled even without the Industry Technical Expert.

4 The authorized Industry Technical Experts shall see to it that all possible assistance shall be given to the Bureau of Customs, its agents and officials in establishing violation/s committed in order to expedite the prosecution of apprehended cases arising from the issuance of an alert.

5 The District Collector of Customs shall be the designated Coordinator who shall implement the provisions of this Customs Memorandum Order thereby assisting the members of Industry in the pursuit of the objectives of this Order.

6 Where practicable, the ITE Secretariat shall be provided an office space within the Collection District; where practicable, the ITEs shall confine their activities in the Secretariat's Office. All the necessary improvement and equipment therein shall be provided by the Industry.

V. Operational Provisions:

1. All documents related to import entries forwarded to FPI Secretariat for clearance/physical examination on RED Channel as enumerated under Annex "A" including consolidated entries with Tariff Headings covered by an ITE Mission Order; and import entries as enumerated under Annex "B" and Annex "C," shall be coursed through the ITE Secretariat.

2. The ITE Secretariat may file a request for alert or for inclusion under continuing alert with the Bureau of Customs. Only the Head of the ITE Secretariat or, his duly authorized representative may request for an alert. The Industry Secretariat or Officer designated by Industry for the purpose shall be responsible in having the request for alert received by the concerned District Collector of Customs.

3. Upon receipt of the request for Alert, the District Collector of Customs shall consider the request and decide on whether or not to issue the alert.

4. Should the concerned District Collector of Customs decide to issue the alert he shall immediately notify the ITE Secretariat of the exact date, time and place of examination for them to send the concerned Industry Technical Expert. For this purpose, the District Collector shall devise a notification form to all parties concerned.

5. To avoid delay in the release of an alerted shipment, the following shall be strictly observed:

5.1 Immediately after examination, the ITE who examined the alerted cargo shall submit a written report in the prescribed form to the assigned COO III, which in no case shall exceed one hour after the examination, furnishing a copy of his/her report to the District Collector of Customs.

5.2 If the ITE report is adverse, the District Collector of Customs shall inform the ITE Secretariat of the action taken by the BOC on the adverse report.

5.3 The opinion of the ITE shall be recommendatory. Any dispute arising from such recommendation shall be resolved in accordance with existing BOC rules

and regulations. The recommendation of the ITE shall not be used to cause delay in the processing of any shipment.

5.4 The BOC can request a competent Industry Technical Expert to witness an examination in pursuit of the objectives of this Order even if the alert was not initiated by Industry. In such cases, Industry shall extend full assistance to the BOC.

5.5 BOC shall ensure that all covered shipments consistent with the list enumerated under Annex "A" including those as enumerated under Annex "B" and Annex "C" is shown to the concerned ITE. Other goods may be added to the List upon written request to the BOC, justifying the need for such an article to be included thereto.

VI. **Resolution of Issues**:

Any issue(s) arising from this Order shall be resolved by the concerned District Collector of Customs within fourty (40) hours. Importation with pending or unresolved issues may be allowed tentative release, subject to existing rules and regulations.

VII. **Repealing Clause**:

All other rules, orders and regulations inconsistent hereto are hereby revoked, amended or modified accordingly.

VIII. **Effectivity**:

This order shall take effect immediately.

1/11/11

ANGELITO A. ALVAREZ
Commissioner

BUREAU OF CUSTOMS
ANGELITO A. ALVAREZ
Commissioner

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CMO 1-2011

ANNEX "A"
LIST OF PRODUCTS COVERED BY THE BPS MANDATORY PRODUCT STANDARDS CERTIFICATION SCHEME

Air conditioners	LPG Cylinders for Requalification
Appliances	LPG System Code of Practice
Automatic Voltage Regulator (AVR)	Luminaries
Ballast Electronic	Matches
Ballast Pre-heat Magnetic	Medical Grade Oxygen
BI/GI Steel Pipes	Metal Boxes for Electrical Use
Brake Fluids	Microwave Ovens
Cement	Monobloc Chairs/Stools
Ceramic Floor and Wall tiles	Ovens
Christmas Lights	Pipes PE for Water Supply
Circuit Breakers	Pipes uPVC
Circular Flourescent Lamps	Pipes, PB
Coffeemaker	Plugs
Cooking Ranges	Plywood
Deformed Steel Bars	PVC Electrical Tapes
Coffeemaker	PVC Rigid Electrical Conduits
Dehumidifiers	PVC-U Pipes for Drain Waste and Vent
Cooking Range	Range Hoods
Dryers	Refrigerators
Edison Screw	Rerolled Steel Bars
Electric Fans	Rice Cookers
Electric Heat Pumps	Rice Cookers, airport and coffeemaker
Extension Cords	Roasters
Fire Extinguishers	Safety Belts, Seat Belts
Flat Glass	Safety Glass for Automotive
Flat Irons	Sanitary Wares
Flexible Cords PVC	Socket Outlets
Flourescent Lamps linear double cap	Spin Extractors
Fuseholders	Steel sheet Cold-Reduced Carbon
Fuses	Steel Sheet Continuous Hot-Dip Aluminum Alloy Coated
Gas Stove	Steel Sheet Hot-Dip Zinc 5% Aluminum Alloy Coated
Grills	Steel Sheet Hot Dip Zinc Coated
Hobs	Steel Sheets and Coils
Immersion Water Heaters	Steel Wires Low Carbon
Incandescent Lamps/bulbs	Storage Water Heaters
Inner Tubes for Tires	Switches Snap
Instantaneous Water Heaters	Switches, Snap
Kitchen Machines	Switches Knife
Lamp Holder	Storage Water Heaters
Lamp Starter	Television Sets
Lead Acid Batteries	Tires for Automotive Vehicles
Lighters	Toasters
Lighting Chains	Vacuum Cleaners
LPG Cylinders for Household Use	Washing Machines
LPC Cylinders for Motor Vehicles	Wire Nails
LPG Cylinders for Repair	Wires and Cables

CMO 1-2011

ANNEX "B"
Sensitive Agricultural Products and Their Corresponding Tariff Lines

I. **SUGAR**

i. Tariff Headings 1701.11.00 to 1701.99.90 (inclusive of all tariff subheadings)
- Cane or beet sugar and chemically pure sucrose in solid form.

ii. Tariff Headings 1702.11.00 to 1702.90.90 (inclusive of all tariff subheadings)
- Other sugars, including chemically pure lactose, mallose, glucose and fructose, in solid form; sugar syrups not containing flavouring or colouring matter; artificial honey, whether or not mixed with natural honey; caramel.

iii. Tariff Headings 1703.10 to 1703.90.90 (inclusive of all tariff subheadings)
- Molasses resulting from the extraction or refining of sugar.

iv. Tariff Headings 1704.10.00 to 1704.90.90 (inclusive of all tariff subheadings)
- Sugar confectionary (including white chocolate), not containing cocoa.

v. Tariff Headings 2104.10 to 2104.20.90 (inclusive of all tariff subheadings)
- Soups and broths and preparations therefor; homogenized composite food preparations.

vi. Tariff Headings 2106.90.20 to 2106.90.99 (inclusive of all tariff subheadings)
- Food preparations not elsewhere specified or included.

CMO 1-2011

ANNEX "C"
LIST OF MONITORED/SENSITIVE PRODUCTS

1.	Automobiles (brand new, including used/second-hand motor vehicles) and parts thereof
2.	Automotive Batteries, Motorcycles and Industrial Batteries including scraps
3.	Cassava Starch/Modified/Other Starch
4.	Cement/Clinker
5.	Ceramic Tiles (Wall/Floor Ceramic Tiles)
6.	Chemicals (STPP, Disodium Sulphate, Others; Mono or Disodium Phosphates, Trisodium Phosphates, Potassium Phosphates, Calcium Phosphates, Tribasic, Tetrasodium Phosphates (TSPP), Other phosphates; Soda ash, Sodium Hydrogen Carbonate, Calcium Carbonate, Salt, Phosphoric Acid, Zinc Oxide, PVC Stabilizers, Litharge, Stearic Acid, Other Stearates, Cadmium Sulfide, Aluminum Anodes, and Other Chemicals.
7.	Cigars and cigarettes/tobacco
8.	Electrical products/Electrical Appliances
9.	Fertilizers
10.	Footwear (shoes and footwear)
11.	Glass Products (Flat-glass-float glass, sheets, figured, mirror, tempered, toughened, insulated/double glazed, safety, furniture and furniture parts, glass wares).
12.	Kitchen wares, cook wares, table wares, utensils, etc.
13.	Petrochemicals (Resins and Other Plastic Products)
14.	Plywood and other wood products
15.	Pulp and paper/other paper products
16.	PVC Sheets/Tarpaulin/Floor Matting/Vinyl Flooring Tiles
17.	Packaging materials/tin cans/tin plates
18.	Rubber Products
17.	Safety Matches/Lighters
18.	Sanitary Wares
19.	Sugar/Other sugar products
20.	Steel Products (Long-Steel Products: Billets, Rebars, Angles, Shapes and Sections, Structures, Wire Rods/Other Steel Wire Products, Cast Iron Pipe Fittings, Steel Pipes/Tubes and Others; Aluminum including other stainless steel products.
21.	Steel Products (Flat-Steel Products: Hot-Rolled/Cold-Rolled Steel Coils/Sheets, Plates, Strips, G.I. Sheets, Tinplates, Aluminum-Zinc Coated Sheets and Pre-painted/painted G.I. Sheets and Coils.
22.	Terry Towels/Toilet Linens
23.	Textiles and garments
24.	Tires (motor cars, buses, trucks, tractors and others)
25.	Tomatoes, whole or in pieces, tomato paste, tomato powder, tomato juice, others
26.	Transformers
27.	Trucks and buses including used/second hand trucks/buses and parts thereof
28.	Welding Electrodes
29.	Wheat flour
30.	Other Agricultural Products, including vegetable oils and allied products
31.	Other Manufacturing Products