

**[ EXECUTIVE ORDER NO. 592, December 15, 2006 ]**

**IMPOSING THE MANDATORY PAYMENT OF CONTAINER SECURITY FEE IN THE IMPLEMENTATION OF THE NON-INTRUSIVE CONTAINER INSPECTION SYSTEM (NCIS) PROJECT OF THE BUREAU OF CUSTOMS AND CREATING A TRUST FUND FOR THE USE THEREOF**

WHEREAS, under Section 602 of the Tariff and Customs Code of the Philippines, as amended, the Bureau of Customs (BOC) is mandated to, among others, assess and collect lawful revenues from imported articles, prevent and suppress smuggling and other frauds against Customs, and exercise supervision and control over all import and export cargoes, landed or stored in piers, airports, terminal facilities, including container yards and freight stations, for the protection of government revenue;

WHEREAS, in the pursuit of trade facilitation and law enforcement, the BOC issued Customs Administrative Order (CAO) No. 1-2002 providing for the use of container x-ray machine as an alternative to actual physical examination to further speed up the examination of shipments and movement of cargoes;

WHEREAS, in line with such mandate, the BOC proposed to the National Economic and Development Authority (NEDA) Board, and the latter approved, the Non-Intrusive Container Inspection System (NCIS) Project, which is the most reliable means of container content identification while at the same time improving accuracy and correctness of assessment and collection of duties and taxes; abating smuggling and the illegal entry of drugs and hazardous materials; and improving the inflow and outflow of containers through the ports;

WHEREAS, the NCIS Project, as embodied in the Framework of Bilateral Agreement between the Republic of the Philippines and the People's Republic of China, provides for the acquisition by the BOC of its NCIS through the grant of a concessional loan by China and pursuant to a government-to-government (G-to-G) procurement arrangement;

WHEREAS, pursuant to the government-to-government (G-to-G) procurement arrangement, the BOC and Nuctech Co Ltd. of China, the company nominated by the Chinese government as being the only qualified supplier of the required container scanning machines, signed a purchase agreement for the procurement of the NCIS;

WHEREAS, the loan agreement between the BOC thru the Department of Finance and the Export-Import Bank of China, the bank nominated by the Chinese Government for the loan processing, was signed, thus, the purchase agreement entered into by and between the BOC and Nuctech Co. Ltd. has come into force and effect;