

**[ CUSTOMS ADMINISTRATIVE ORDER NO. 7-2002,  
NOVEMBER 29, 2002, November 29, 2002 ]**

**ESTABLISHMENT OF INDUSTRY-SPECIFIC CBWS AND THE RULES  
AND REGULATIONS GOVERNING ITS OPERATIONS**

**I. Objectives**

1. To rationalize the importations of the requirements of export producers such that export industry groups may be served by industry-specific Customs Bonded Warehouses (ICBW).
2. To ensure that the ICBWs shall not be used to delay or evade payment of proper taxes and duties.

**II. Scope**

This Order covers the operations of industry-specific Customs Bonded Warehouses duly registered with and authorized by the Bureau of Customs (BoC) to operate as such.

**III. General Provisions**

1. For purposes of this Order, an "Industry-Specific Customs Bonded Warehouse" refers to a facility duly licensed with by BoC to import under bond and under its name and account raw materials — except fibers, yarns, fabrics and accessories for the manufacture of garments — for storage and subsequent sale/transfer to the following where these shall be manufactured into export products:
  - a. a Customs Bonded Manufacturing Warehouse;
  - b. an ecozone/PEZA locator; or
  - c. an export producer duly accredited by BoI/DTI
2. There shall be established industry-specific Customs Bonded Warehouses which shall be authorized to import under bond the raw material requirements of export producers in the industry groups identified and listed herein.
3. The following shall serve as the initial list of industry groupings for the purposes of this Order:
  - a. Microelectronics
  - b. Food Products
  - c. Motor Vehicle Parts and components

- d. Raw materials for Furniture and Home Furnishings
4. The Customs Bonded Warehouse Committee may change/modify the above list of industry groupings, or add to/remove from said list, subject to the approval of the Commissioner of Customs.
5. An ICBW shall be allowed to operate for a period of three (3) years, renewable for the same period thereafter; provided that the application for renewal shall be filed at least (3) months prior to the expiration of its license, otherwise the ICBW shall be deemed closed at the expiry of the license.
6. The Customs Bonded Warehouse Committee, in issuing the ICBW license, shall specify therein the following:
  - a. the specific industry group the ICBW is licensed to service/support;
  - b. the specific raw materials, with their corresponding H.S. tariff lines it is allowed to import.
  - c. the volume/quantity of said raw materials, in the particular unit of measure (e.g. square meters, kilograms, liters), it is authorized to import, taking into account the storage capacity of the ICBW; and
  - d. the clients for whom said raw materials, identified according to their corresponding H.S. tariff lines, may be transferred/sold; and the quantities/volumes, in the particular unit of measure (e.g. square meters, kilograms, liters), allowed per client.
7. The Customs Bonded Warehousing Committee shall notify the industry association of the industry sector affected and sought to be serviced by an ICBW about the latter's application for an ICBW license.
8. The list of an ICBW's importable raw materials and/or their quantity/volume may be changed or adjusted from time to time upon the instance of the concerned ICBW, provided such adjustments have been determined and approved by the Customs Warehouse Committee to be within the requirements of the export industry being serviced by the applicant ICBW; provided further that the changes shall not be deemed to effect an extension of the lifespan of the ICBW license.
9. Unless otherwise provided herein, all existing regulations pertaining to the application, documentary requirements in the evaluation of applications, responsibilities of the operator and all other provisions governing the operations of other types of CBWs, shall apply to ICBWs.

#### **IV. Specific Provisions**

##### **A. Warehousing Importations**

###### 1. Importable Warehousing Articles

ICBW importations shall be made within the limits and period specified in their respective authority/license, as applied for and approved, to wit:

- a. the specific raw materials, according to their corresponding H.S. tariff lines;

- b. the volume/quantity of said raw materials, in the particular unit of measure (E.G. square meters, kilograms, liters), it is authorized to import; and
- c. the clients for whom said raw materials, identified according to their corresponding H.S. tariff lines, may be transferred/sold; and the quantities/volumes, in the particular unit of measure (e.g. square meters, kilograms, liters), allowed per client.

Imported warehousing articles may be stored at the ICBW authorized to import them, for a period of nine (9) months to be counted from the date of their arrival. Said articles shall be withdrawn within this period, which may be extended for another three (3) months by the District Collector.

## 2. Prohibited Warehousing Shipments

- a. Fibers, yarns, fabrics and accessories for the manufacture of garments.
- b. Finished articles, except when such articles are intended to be used as a component in the manufacture/production of another finished article for export as approved by the Customs Bonded Warehouse Committee.
- c. Articles not authorized for importation or in excess of the volume and quantity allowed under the ICBW's license.
- d. Prohibited articles, and regulated articles without the corresponding clearance and/or import authority duly issued by a competent authority.

## 3. Except for those covered under Section IV.A.2.d, which shall be subject for seizure/forfeiture proceedings and such other applicable sanctions, importations made in violation of the above provisions in this Section on Warehousing Importations shall be penalized thus:

- a. First offense/violation — full payment of proper duties and taxes due on the imported articles that are subject of the violation;
- b. Second offense/violation — full payment of proper duties and taxes as described in letter (a) above; and one-month suspension of operations;
- c. Third offense/violation, full payment of proper duties and taxes as described in letter (a) above; and closure of its warehouse.

The violation shall be reckoned within the 3-year lifetime of the license.

- 4. The imposition of the above penalties shall be without prejudice to the authority of the Warehouse Audit and Monitoring Unit (WAMU), Post Entry Audit, or any other unit authorized by the Commissioner of Customs, to conduct an audit on the importations/operations of the erring ICBW. In case other units have derogatory information on ICBWs, such unit shall request WAMU to investigate, and if appropriate, to conduct an audit of the concerned ICBW.
- 5. The concerned Customs operating division shall maintain a data bank of all articles imported by the ICBWs, which data banks shall at all times be made