

**[DTI DEPARTMENT ADMINISTRATIVE ORDER NO.
2, February 22, 1995]**

**AMENDED RULES AND REGULATIONS
ACCREDITATION/REGISTRATION OF FREIGHT FORWARDERS,
NVOCCS, CARGO CONSOLIDATORS AND BREAKBULK AGENTS**

Pursuant to Section 4(c) of Executive Order No. 514, the following rules are hereby promulgated governing the accreditation/registration of freight forwarders, non-vessel operating common carriers, cargo consolidator and breakbulk agents.

Statement of Policy - It shall be the policy of the state to facilitate and assist the development and growth of Philippine trade and the national economy by enhancing the legitimate interests of Philippine shippers.

For this purpose, the Department of Trade and Industry (DTI) through the Philippine Shippers' Bureau shall be tasked to undertake the following measures:

1. promote and professionalize the freight forwarding industry through a system of registration and accreditation.
2. establish an environment conducive to the growth of free competition in the freight forwarding industry in order to promote better services to exporters/shippers.

In the furtherance of these tasks, the PSB as a lead agency shall coordinate the implementation of the Memorandum of Understanding (MOU) entered into with the Bureau of Customs (BOC), Maritime Industry Authority (MARINA) and the Civil Aeronautics Board (CAB).

Rule 1.

Definition of Terms

1. Memorandum of Understanding - Refers to the Memorandum of Understanding entered into among the Philippine Shippers' Bureau (PSB), Bureau of Customs (BOC), Maritime Industry Authority (MARINA) and the Civil Aeronautics Board (CAB).
2. Registration - An act whereby the applicant/enterprise is certified to have complied with the basic requirements of the industry and has shown its professional and financial competence in its operations and is therefore reliable and capable to service the export and import trades.
3. Certificate of Registration - Document issued by PSB certifying to the registration of an entity for the purpose of transacting business with all the parties to this Memorandum of Understanding.
4. *Registration and Monitoring Committee (RMC) - A committee composed of a regular representative each from MARINA, BOC, CAB and PSB to be assisted by a*

representative each from DTI recognized freight forwarding industry association and from an association of exporters/shippers, by an industry expert and by the Secretariat whose members shall be appointed by the PSB Director.

5. Freight Forwarder - Cargo intermediary enterprise which directly or indirectly procures the transport of goods on behalf of its customer by booking ship space, negotiating freight rates, preparing documents, advancing freight payments, providing trucking and warehousing and related undertakings, without himself assuming the role of carrier.

6. Non-Vessel Operating Common Carrier (NVOCC) - A transport enterprise which publishes its own freight tariff, issues its own bills of lading and assumes all responsibilities of a common carrier without operating its own vessels.

7. Cargo Consolidator - A company or person who undertakes groupage of the small (LCL) shipments for single or various consignors/consignees by procuring vessel/container space from carriers and issuing its own bills of lading or its equivalent.

8. Shipper - Exporter/importer, cargo owner, freight forwarder, cargo consolidator.

9. Breakbulk/Consolidation Agent - The Philippine agent representative of a freight forwarder/consolidator named in a master bill of lading as shipper/consignee of consolidated shipment.

10. Philippine Shippers' Bureau (PSB) - Party signatory to the Memorandum of Understanding which shall act as the implementing agency.

11. PISFA - Philippine International Seafreight Forwarders' Association - the national association of international seafreight forwarders recognized by the Department of Trade and Industry (DTI) and the Philippine Shippers' Bureau. It is a member of the Federation of International Freight Forwarders' Association (FIATA) based in Zurich, Switzerland.

12. Minimum Paid-Up Capital - The amount of capital required for each category of registration/accreditation and classification of the firms in the industry as prescribed in these Rules. The paid-up capital of the applicant firm (corporation or single proprietorship) shall be defined as unimpaired, i.e., the net equity shall be equal to or greater than the prescribed minimum paid-up capital in each category, and the amount shall not be impaired by either the operating losses or the long-term liabilities and or other operating aspects affecting the net equity of the firm upon application for registration.

13. RMC Identification Card - *An identification card to be issued by the RMC through PISFA, to duly authorized representatives of accredited entities which shall serve as proof that the person whose signature and picture appearing thereon, is duly authorized to transact business with the BOC.*

Rule II.

Functions of the Registration and Monitoring Committee

The Registration and Monitoring Committee should have the following powers and functions:

- a. *Monitor and periodically review the implementation of the MOU and formulate policies and programs for the professionalization of the freight forwarding industry.*
- b. *Deliberate and act on applications for registration referred to it by the Philippine Shippers' Bureau for final action.*
- c. *The Committee and its Secretariat shall meet regularly to assess the overall implementation of the MOU.*

Rule III.

Requirements for the Issuance of Certificate of Registration

No non-vessel operating common carriers, cargo consolidators, freight forwarders and breakbulk agents shall be permitted to transact business with the Bureau of Customs without first being registered by the PSB. All freight forwarders, non-vessel operating common carriers (NVOCC), cargo consolidators including breakbulk agents who are actually engaged in cargo forwarding business shall apply for registration with the PSB Registration and Accreditation Division upon the effectivity of the Memorandum of Understanding, and shall apply for a renewal of their registration in accordance with these Rules. Every applicant for registration whether or not a member of PISFA shall submit a written application together with the following requirements:

SECTION 1. Corporation and Partnership -

1. List of company officers/directors and their residential addresses.

The Chief operating officer or the operations manager of the company should have at least two (2) years experience in shipping, freight forwarding and/or related activities subject to the evaluation of the RMC.

2. Audited Financial Statement (latest Income Statement and Balance Sheet with supporting schedules), which must show a minimum paid-up capital as certified to by the Securities and Exchange Commission (SEC) according to the nature of business operation as follows:

| Nature of Transport Operation | Paid-in Capital Requirement |
|-------------------------------|-----------------------------|
|-------------------------------|-----------------------------|

| | |
|--|-------------|
| a. Non-Vessel Operating Common Carrier (NVOCC) | P500,000.00 |
| b. Cargo Consolidator | P400,000.00 |
| c. Freight Forwarder | P300,000.00 |
| d. Breakbulk Agent | P250,000.00 |

3. List of Agents/Offices abroad and a copy of their existing contract and/or agency agreement.
4. Company profile which shall include the following:

- a. Certificate of SEC incorporation;
 - b. Articles of Incorporation and by-laws: *the nature of business operation being applied for by the applicant must be specifically provided for in the primary purpose of its Articles of Incorporation/Partnership. Provided, that in the case of applicant applying for NVOCC category with no specific provision in the Articles of Incorporation that it is allowed to engage in NVOCC operations, the applicant shall be required to file with the Securities and Exchange Commission (SEC) an amendment to that effect. Upon submission of the application for amendment, an accreditation shall be granted without waiting for the final approval by the SEC, subject to the condition that within ninety (90) calendar days the duly approved amended Articles of Incorporation shall be submitted by the applicant.*
 - c. Bio-data/personal sheet of Directors and principal officers; 2 passport size ID pictures each of principal officers.
 - d. Inventory of transport equipment, or contracts with trucking company/ies; and
 - e. List of major clients.
5. The applicant must submit proofs of insurance coverage (e.g. Proof of payment of premiums) in the following amounts:

| Nature of Transport Operation | Amount of Insurance |
|--|---------------------|
| a. Non-Vessel Operating Common Carrier (NVOCC) | P500,000.00 |
| b. Cargo Consolidator | P400,000.00 |
| c. Freight Forwarder | P300,000.00 |
| d. Breakbulk Agent | P250,000.00 |

SECTION 2. Single Proprietorship

1. *Bio-data/personal data sheet of applicant and 2 passport size ID pictures of applicant and his principal officers.* The applicant should have at least two (2) years experience in shipping freight forwarding and/or related activities subject to the evaluation of the Registration and Monitoring Committee.
2. List of equipment and facilities.
3. Latest Income Tax Return for two (2) consecutive years
4. Proof of Financial resources (e.g. Real Estate Title/Certificate
5. Vehicle Registration Papers