

[BC CUSTOMS ADMINISTRATIVE ORDER NO. 5-94, May 26, 1994]

**SUPPLEMENTARY RULES AND REGULATIONS IN THE
OPERATION, SUPERVISION AND CONTROL OF CONTAINER
YARDS AND CONTAINER FREIGHT STATIONS OUTSIDE CUSTOMS
ZONE (CY/CFS-OCZ)**

Pursuant to the provision of Section 608 of the Tariff and Customs Code, as amended, the supplementary rules and regulations in the Operations, Supervision and Control of Container Yards and Container Freight Stations Outside Customs Zone are hereby promulgated.

**I
Objectives**

Section A. General - Promote the utilization of CY/CFS-OCZ as facilities for the proper collection of duties and taxes, the prevention of the entry of drugs and other anti-social goods, and to facilitate the Customs clearance process for containerized consolidated shipments.

Section B. Specific

1. On Proper Collection of Duties and Taxes

- a. Insure that only shipments subjected to Pre-Shipment Inspection (PSI) are transferred to outside CY/CFS-OCZ.
- b. Provide for sufficient security to cover any losses on goods transferred to the CY/CFS-OCZ.
- c. Set up control measures to prevent unauthorized releases of goods from the CY/CFS-OCZ.
- d. Operate a computerized warehouse inventory and audit system.

2. On Prevention of the Entry of Drugs and other Anti-Social Goods

- a. Installation of drug detection equipments.
- b. Provision for analysis of chemical shipments by the Philippine Customs Laboratory.

3. Facilitation of Customs Clearance Process

- a. Detail of sufficient customs examiners and law enforcement personnel to the customs office at the CY/CFS-OCZ.

b. Provision for the electronic transmittal of the following to and from concerned Bureau of Customs office and the CY/CFS-OCZ Customs office:

- (1) entry documents
- (2) examination return
- (3) delivery authorization

II Scope

This order shall cover the Customs business function of TRANSFERRING CONSOLIDATED CONTAINERIZED SHIPMENTS to CY/CFS-OCZ AND RELEASE OF GOODS THEREFROM.

III General Provisions

Section A. Amendments to the Evaluation Process of Applications For CY/CFS-OCZ Transfers

1. The pertinent provisions of all Customs Memorandum and Administrative Orders allowing transfers to CY/CFS-OCZ only when there is congestion in the port is hereby revoked.
2. Only consolidated shipments with accompanying rider included in the Inward Foreign Manifest (IFM) shall be considered for transfer.
3. In addition to the existing evaluation criteria particularly those provided for under CMO 54-93 and 54-93A, shipments exempt from pre-shipment inspection (PSI) under the CISS under existing orders shall not be allowed transfer to a CY/CFS-OCZ but shall be cleared in the port.
4. The Deputy Collector of Operations of the port who is in charge of the evaluation and approval of transfer applications shall use as basis in evaluating applications following number #3 above the descriptions appearing in the riders. Should any consignment in the consolidated shipment not be sufficiently described to allow for proper evaluation, the Deputy Collector shall first cause the spotchecking of the van.
5. The Deputy Collector concerned must cause the removal of the unqualified consignments from the van before allowing its transfer to a CY/CFS-OCZ.
6. Notwithstanding 3, 4 and 5 above, and in the interest of facilitating transfers to a CY/CFS-OCZ under this Order, SGS-sealed consolidated shipments shall be motu proprio allowed transfer provided it does not have any of the disqualifications under CMO No. 96-92.
7. The CISS Surveyor must transmit via fastest electronic means possible, a Clean Report of Findings (CRF) to cover a consolidated container confirming that the

only contents thereof are shipments covered by CRF and that the stuffing of the van has been supervised. The CRF shall contain the following information:

- a. Container number/shipping seal number
- b. SGS seal number
- c. CONSOLIDATOR — SHIPPER
- d. Number of shipments contained and details thereof, i.e., consignees, description, marks and numbers, no. of packages for each shipment, total packages in the van and total measurement.

Section B. Bank Deposit to Guarantee Payment of Duties and Taxes

1. Accredited CY/CFS-OCZ operators must form an Association of offdock CFS's and shall put up an interest bearing account with the PNB Port Area Branch the outstanding balance of which must not be allowed to go lower than one million pesos.

(2.) If after three (3) working days from receipt of the demand letter provided under paragraph III (F) the amount demanded is not paid by the erring CY/CFS-OCZ Operator, the Commissioner of Customs shall then send demand letter to the offdock CFS Association demanding payment within three (3) working days from receipt thereof, of the duties and taxes not paid by the erring CY/CFS-OCZ operator. Failure of the Association to pay the amount within the prescribed period shall authorize the bank to automatically transfer the amount stated in the demand letter from the interest bearing account stated in paragraph III (B-1) to the account of the Bureau of Customs. The bank shall issue to the Commissioner of Customs a confirmation letter stating that the transfer has been effected.

The offdock CFS Operators Association must replenish the interest bearing account to meet the balance stated in paragraph III (B-1) within five (5) working days from the time of withdrawal from the account. In case of failure of the Association to replenish the account within the prescribed period, the Commissioner of Customs shall temporarily suspend all transfers of shipments destined to all members of the Association until the account has been replenished.

(3.) The bank shall automatically transfer the amount demanded upon presentation by the Bureau of Customs of the following documents:

- a. Copy of Demand Letter sent to the offdock CFS Operators Association;
- b. Copy of Demand Letter to the erring CY/CFS-OCZ operator for the payment of duties and taxes on goods entered in the CY/CFS-OCZ;
- c. Copy of the Customs Appraiser's computation of duties and taxes that may be based on Clean Report of Findings covering the shipment or other available value information on file;

d. Approved CY/CFS-OCZ Transfer documents.

(4.) CY/CFS-OCZ operators who are not members of the Association shall put up its own bank deposit equivalent to P1.0 million under the same terms and conditions set forth in paragraph III (B) herein.

Section C. Releases from CY/CFS-OCZ

1. In addition to the existing procedures of release document verification at the CY/CFS-OCZ, it is hereby instructed that FAX machines be provided for the receipt from Customs of FACSIMILE instructions to release. The Customs wharfinger must make telephone verifications with the Cash Division on the fax message received to insure that the release instructions originated from said Office.

2. The CY/CFS-OCZ operator must likewise set up a computerized warehousing system duly approved and accessible at anytime to the Bureau to provide the following information:

- a. List of shipments received for any given period.
- b. List of shipments released for the same period, the entries covering the shipment and the duties and taxes paid with the BCOR (Bureau of Customs Official Receipt) numbers.
- c. List of shipments remaining in the CY/CFS-OCZ with their respective locations.

Section D. Drug and Other Anti-Social Goods Detection - 1. The Association shall assist the Bureau of Customs in the detection of drugs and other anti-social goods which may require the purchase of drug detection equipment consistent with its financial capability.

2. The CY/CFS-OCZ operator shall assist in the extraction of samples of chemical shipments entered into the CY/CFS-OCZ to be sent to the Customs Laboratory.

Section E. Customs Clearance

1. Prior to its actual release, the Deputy Collector for Operations of the concerned port shall furnish copies of the approved transfer to CY/CFS-OCZ to the following offices:

- a. Office of the Commissioner
- b. Director, CIIS
- c. Director, ESS
- d. Deputy Commissioner, IEG
- e. District Collector

2. The Chief, Formal Entry Division, based on the volume of transaction for each CY/CFS-OCZ, shall form a customs pool of COO III and COO V to be assigned thereat on rotation basis, the duration of which shall not be less than one (1)