

**[CUSTOMS ADMINISTRATIVE ORDER NO. 2-2006,
January 12, 2006]**

**CARGO PRE-CLEARANCE RELEASE SYSTEM FOR THE AIR
EXPRESS CARGO INDUSTRY**

I. Objectives

1. To address the growing demand of the air express cargo industry to effect release of their cargoes prior to final customs clearance under certain conditions.
2. To provide a control mechanism to ensure that the cargo pre-clearance procedure is not used to evade payment of the correct revenue due the government.
3. To continue providing services to air express cargo industry even beyond regular working hours.

II. Scope

The pre-clearance system shall apply only to air express cargoes consigned to accredited air express cargo operators arriving two (2) hours or more before the start of regular office hours or right after the end of office hours, or on Saturdays, Sundays and non-working holidays.

III. General Provisions

1. The cargo pre-clearance release system herein provided refers to the procedure wherein air express consignments may be released prior to the payment of the assessed customs duty, tax and other charges subject, however to the posting of a bank guaranty hereinafter provided and the issuance of the final clearance by the Bureau of Customs.
2. Requisites for Application of Pre-Clearance Release Procedure.
 - 2.1 There must be assigned in the premises of the air express cargo operator BOC personnel to perform the functions specified in 2.2. and 2.3 hereinbelow;
 - 2.2 The import entry for the air express cargo sought to be released shall have been duly filed and processed;
 - 2.3 The documentary and/or physical examination of the cargo, if necessary, has been completed, and the duties, taxes and other charges due on the consignment have been properly determined by the Customs Appraisers;

2.4 Only such number of consignments with aggregate assessed duties, taxes and other charges not exceeding the amount guaranteed by an accredited agent bank shall be allowed to be released.

2.5 The cargo sought to be released is not a regulated or prohibited cargo that requires prior import clearance or permit from the concerned government agencies.

2.6 The cargo sought to be released is not subject to any alert/hold order issued by competent BOC unit or other government agencies.

3. Required Bank Guaranty

The air express cargo operator shall submit to the District Collector of Customs a notarized written commitment executed by an accredited agent bank (ABB), guaranteeing to pay the Bureau of Customs upon demand whatever customs duties, taxes and other charges assessed on any import not paid by the air express cargo operator in the manner as prescribed in this Order.

4. Amount of Deposit and Conditions of the Bank Guaranty

The air cargo express operator shall deposit and maintain at all times in a duly accredited commercial bank the amount of not less than TWO MILLION PESOS (2,000,000.00) specifically to guaranty immediate payment by the bank upon demand by the Bureau of Customs, in case of default on the part of the operator, of all assessed customs duties, taxes and other charges on importations the release of which have

secured under the provisions of this Order.

5. When Payment is Due

The air express cargo operator shall pay the Bureau of Customs the customs duties, taxes and other charges assessed on consignments processed under the provisions of this Order not later than 12:00 Noon of the first working day following the release of the cargo.

6. Notarized Undertaking

In addition to the bank guarantee, the air express cargo operator shall execute a notarized undertaking holding itself liable and responsible for any damage caused to the Bureau occasioned by the operator's breach of the pre-clearance privilege.

7. Physical Examination

The physical examination of every shipment processed under the provisions of this Order shall not be mandatory. However, the Customs Operations Officer in charge, in the presence of certain risk factor, e.g., the track record of the importer, country of origin, nature of item, value declared or other criteria established by higher authorities, may authorize a random examination of the packages; provided that, a written report on the result of the examination shall be submitted to the District Collector of Customs immediately thereafter.

8. Task of the Special Deputy Collector