

[PSB ADMINISTRATIVE ORDER NO. 2, April 19, 1996]

CONSOLIDATING AND REVISING THE EXISTING RULES AND REGULATIONS GOVERNING THE ACCREDITATION AND REGULATION OF SEA FREIGHT FORWARDERS (INTERNATIONAL OR DOMESTIC), NON-VESSEL OPERATING COMMON CARRIERS, CARGO CONSOLIDATORS, AND BREAKBULK AGENTS

Pursuant to Sections 3 (h) and 4 (c) of Executive Order No. 514, Series of 1992 (Charter of PSB), the following rules and regulations are hereby prescribed and promulgated for the compliance, guidance, and information of all concerned:

Rule I

Short Title: Statement of Policy and Objectives; Definition of Terms

SECTION 1. Short Title. — This Order may be cited as: "PHILIPPINE SHIPPERS" BUREAU (PSB) — RULES ON FREIGHT FORWARDING".

SECTION 2. Statement of Policy and Objectives. — It is the declared 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 (per Section 1, E.O. 514). Further, one of the ten (10) Key Operating Principles of the government in its export development drive is, that "urgent attention must be given to policies affecting infrastructure in order to ensure the adequate supply and quality of transportation (e.g. shipping and cargo handling) to support the flow of goods and services in the context of the national export drive". (per section 3 (f), R.A. 7844 — Export Development Act).

In pursuance of this policy and principle, the PSB shall maintain and operate a reasonable accreditation and regulation system for the covered firms, with the following objectives:

- a. Lay down the minimum standards and requirements under which covered firms may legally do business;
- b. Upgrade the quality of services, capabilities, resources and expertise of the covered firms in order that they may meet the demands of the Philippines' new global trade and upsurging domestic trade; and
- c. Curtail acts and practices inimical to the fast growth of the freight forwarding industry and prejudicial to the interests of Philippine shippers.

SECTION 3. Definition of Terms. — Unless the context provides otherwise, the following terms shall have the meaning indicated for each term:

a. Certificate of Accreditation. — a document issued by PSB officially authorizing the firm named therein to engage in the freight forwarding operations specifically indicated in the document. Said Certificate may be original or renewal.

b. International Freight Forwarder — a cargo intermediary firm which directly or indirectly facilitates the transport of goods by sea on behalf of its customer by acceptance of cargo for delivery to an overseas destination, booking cargo space, negotiating freight rates, preparing documents, advancing freight payments, providing packing/crating, trucking and warehousing, and other related undertakings, without assuming the role of a carrier.

c. Domestic Freight Forwarder — a cargo intermediary firm, which directly or indirectly facilitates the transport of goods by sea on behalf of its customer by acceptance of cargo for delivery to a domestic destination, booking cargo space, negotiating freight rates, preparing documents, advancing freight payments, providing packing/crating, trucking and warehousing, and other related undertakings, without assuming the roles of a carrier.

d. Non-Vessel Operating Common Carrier (NVOCC) — a firm which publishes its own freight tariff, issues its own Bills of Lading, and assumes all the responsibilities of a common carrier without however operating its own vessels.

e. Cargo Consolidator — a firm which undertakes groupage of the small (LCL) shipments of/for single or various consignors/consignees by procuring vessel/container space from carriers and issuing its own Bills of Lading or equivalent using its own name and address.

f. Breakbulk/Cargo Consolidation Agent — the Philippine agent/representative of a freight forwarder/cargo consolidator named in a master Bill of Lading as shipper/consignee of a consolidated shipment.

g. Shipper — the person whose name appears in the Bill of Lading or other transport document as the party contracting with the carrier for the carriage of goods by sea, such as the exporter, importer, cargo owner, freight forwarder, and cargo consolidator.

h. Consignee — the person whose name appears in the Bill of lading or other transport document as the party to whom the goods are to be delivered by the carrier.

i. PSB — the Philippine Shippers' Bureau.

j. Director of PSB — includes the Officer-in-Charge of PSB.

k. RAD — Registration and Accreditation Division of PSB.

l. Person — a natural person or a juridical person.

m. This Order — this PSB Administrative Order.

n. Working days — working days of PSB.

o. Subsisting Certificate of Accreditation — one that is existing and has not expired, not cancelled, not under suspension, not automatically/deemed revoked, and not acquired by way of transfer/alienation/inheritance.

Rule II

Covered Firms; Standards and Documentary Requirements for Accreditation

SECTION 4. Covered Firms. — International Freight Forwarders, Domestic Freight Forwarders, NVOCCs, Cargo Consolidators, and Breakbulk Agents, as defined above, are covered by this Order, hence they must be accredited first as provided in this Order before they can legally engage in the said categories. For brevity, these five (5) categories shall be referred to in this Order as "covered firms".

SECTION 5. Standards and Documentary Requirements for Accreditation. — The standards for accreditation are stated hereunder. The applicant shall file with the PSB a written application under oath, in the prescribed form (in one copy only), together with a clear copy of each of the following documents;

A. FOR CORPORATIONS AND PARTNERSHIPS:

1. List of Board of Directors and principal officers (including the Operations Manager or Chief Operating Officer or equivalent).

The Operations Manager or Chief Operating Officer or equivalent must have at least two (2) years experience in shipping, freight forwarding and/or related activities, subject to evaluation by the PSB.

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

Category	Minimum Paid-up Capital Requirement
a. NVOCC	P 500,000.00
b. Cargo Consolidator	400,000.00
c. International Freight Forwarder	300,000.00
d. Domestic Freight Forwarder	250,000.00
e. Breakbulk Agent	250,000.00

When the applicant is just a division of a company composed of two or more divisions, it shall submit, in addition to the financial statements applicable to the

entire company, a statement of income and expenses applicable only to its freight forwarding operations as a separate Profit Center.

The applicant's net equity shall be equal to or greater than the above-prescribed minimum paid-up capital for each category, and the amount shall not be impaired by the operating losses, the long-term liabilities, or other operating aspects affecting the net equity of the firm upon application for accreditation.

3. List of agents/principals/offices abroad, if any, and a copy of the existing contract and/or agency agreement (not applicable to Domestic Freight Forwarders).

4. Company profile documents, namely:

- a. A photo copy of the SEC Certificate of Incorporation.
- b. A photo copy of the Articles of Incorporation/Partnership.
- c. A photo copy of the By-laws.

The category being applied for by the applicant must be specifically provided in the Primary Purpose portion of its Articles of Incorporation/Partnership. However, if the application is for NVOCC category and there is no specific provision in applicant's Articles of Incorporation/Partnership allowing it to engage in NVOCC operation, the applicant shall be required to file with SEC an amendment for that purpose. Upon submission to SEC of the application for amendment, an accreditation shall be granted by PSB subject to the condition that within ninety (90) days from issuance of the Certificate of Accreditation, a copy of the duly approved Amended Articles of Incorporation/Partnership shall be submitted by the applicant to PSB.

d. Bio-data of Board Directors and principal officers.

e. Two (2) recent passport-size ID pictures each of principal officers.

5. List of transport equipment and/or photo copies of contracts with trucking company/ies. For vehicles owned by the applicant, a photo copy each of the vehicle registration papers shall also be submitted.

6. List of major clients, stating their names and addresses (not applicable to newly-organized firms).

7. Proofs of cargo insurance coverage, namely, a photo copy each of the policy and the official receipt showing payment of the premium.

The type of cargo insurance required for accreditation under this Order is either the Merchandise in Transit (Floater) Insurance or the Through Transport Club insurance. The MIT (Floater) Insurance shall cover Truck Risks Plus Robbery and Hijacking (Standard Coverage) plus losses and damages due to loading and unloading, and losses and damages whilst the vehicles is on stop overnight at an allowed territory. The Through Transport Club Insurance is the standard comprehensive cargo liability insurance for freight forwarders and transport operators covering destinations

between the Philippines and worldwide.

Category	Minimum Amount of Insurance
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a. NVOCC	500,000.00
b. Cargo Consolidator	400,000.00
c. International Freight Forwarder	300,000.00
d. Breakbulk Agent	250,000.00
e. Domestic Freight Forwarder	100,000.00

8. A clearance each from the Bureau of Customs and Bureau of International Revenue, when required by the PSB.

9. In the prescribed form, (1) an authority to verify and inspect the applicant's office/s, warehouse/s, equipment, and documents/records; and to verify from whatever sources, even after the Certificate of Accreditation has been issued, the veracity of the entries/statements in the application form and supporting documents as well as the genuineness of the said documents; and (2) an authority to conduct the visitorial activities mentioned in Sections 34 and 35 hereof for the life-span of the Certificate of Accreditation.

10. Photo copy of the Permit to Operate (PTO) issued by the PPA) applicant only to firms doing or planning to do business within PPA premises.

11. Specimen of Bill of Lading or equivalent (applicable only to NVOCCs and Cargo Consolidators).

12. A copy of the freight tariff (applicable only to NVOCCs).

Notwithstanding the above, the PSB may require the submission of other documents as may be necessary in the evaluation of the application.

B. FOR SOLE PROPRIETORSHIPS:

1. List of principal officers (including the Operations Manager or Chief Operating Officer or equivalent).

The Operations Manager or Chief Operating Officer or equivalent must have at least