

**[BOC CUSTOMS MEMORANDUM ORDER NO. 23-
2010, June 21, 2010]**

**RULES AND REGULATIONS PRESCRIBING THE PROCEDURE FOR
THE IMPORTATIONS BY CUSTOMS BONDED WAREHOUSE
OPERATORS OR ACCREDITED MEMBERS OF CUSTOMS COMMON
BONDED WAREHOUSE OPERATORS CONSISTING OF ETHYLENE,
BUTANE AND OTHER SIMILAR RAW MATERIALS DIRECTLY
DISCHARGED FROM THE VESSEL THRU PIPELINE TO THE
MEMBER AS AN EXCEPTIONS TO CMO 39-91**

I. OBJECTIVES

1.1 To fix as a baseline case the direct transfer thru pipeline of ethylene and butane from the discharging vessel to the Mariveles, Bataan Plant of NPC Alliance (accredited member of Philippine Exporters Confederation, Inc.) under the August 6, 2008 2nd Indorsement of the Assessment and Operations Coordinating Group approving the said direct transfer of raw material importations as an exception to CMO 39-91 based on reasons and under terms and conditions set forth therein (copy of Indorsement attached as Annex A* and forming an integral part hereof).

1.2 To provide the procedure which all similarly situated customs bonded warehouse operators (CBWs) and members of customs common bonded warehouse operators (CBW members) shall adopt subject to prior determination and approval by the Customs Bonded Warehouse Committee as to whether or not the CBW/CBW member's pertinent circumstances are similar to the aforestated NPC Alliance baseline case.

1.3 To ensure that all concerned Collection District Ports (i.e. the Port with jurisdiction over the CBW/CBW Member and the District Port where the pertinent vessel will dock and discharge) and Bureau of Customs offices, including the Customs Bonded Warehouse Operating Division and the concerned Warehousing Assessment offices, such as the Warehousing Assessment Division (WAD)/Special Warehousing Assessment Unit (SWAU), are well-coordinated in their respective functions under the procedure herein set forth in order to prevent misdeclarations and other violations of bonded warehousing rules and regulations and for monitoring purposes in general.

II. SCOPE

2.1 This Order applies only to the raw material importations of Customs Bonded Warehouse Operators (CBWs) and Accredited Members of Customs Common Bonded Warehouse Operators (CBW Members) consisting of ethylene in bulk, butane in bulk, and other similar raw materials that can be discharged only thru pipeline from the vessel direct to the CBW/Member's Plant as the only efficient, practical and viable way of transporting the same without inflicting material damage thereto.

III. GENERAL PROVISIONS

3.1 Under the provisions of CAO 2-91 as implemented by CMO 39-91, all raw material importations of Common Bonded Warehouse Operators (For the Account of its Accredited Members) shall be transported under-guarded by a Customs Guard and covered by a boat-note from the Customs zone to the Common Bonded Warehouse. No withdrawal from said warehouse for production at the CBW member's factory shall be carried out unless a regular Warehousing Entry has been processed and supported by a requisition slip approved by the Customs warehouseman and, covered by a boat- note, under-guarded up to the said factory.

3.2 On account of the nature of ethylene and butane which can only be transported thru a pipeline at a temperature of negative 102 degrees centigrade, the direct transfer from the vessel to the CBW member's plant was deemed justified in the case of NPC Alliance and thereby approved by the Customs Bonded Warehouse Committee under its 1st Indorsement dated August 6, 2008 as an exception to CMO 39-91.

IV. OPERATIONAL PROVISIONS:

Procedure for Importation

4.1 The CBW/CBW FAO of its Accredited Member shall give the Bonded Warehouse Operating Division and the WAD or SWAU Examiner (whichever is applicable) two-working day advance notice for every importation of ethylene and butane or the pertinent raw material to enable the latter sufficient lead time to mobilize their personnel or representative for the intended examination and under-guarding at the site where the vessel is docked under the jurisdiction of the pertinent District Port or Sub-Port.

4.2 The CBW shall provide its assigned accredited broker the required Authority to Import/Process and undertake advanced processing of the Transshipment Permit with the concerned Bonded Warehouse Operating Division.

4.3 The Bonded Warehouse Operating Division shall issue the following concomitant to the advanced processing of the Transshipment Permit: