

**[ BOC CUSTOMS ADMINISTRATIVE ORDER NO. 4-97, October 14, 1997 ]**

**RULES AND REGULATIONS IMPLEMENTING SECTION 7 OF EXECUTIVE ORDER NO. 444 REQUIRING THE PRE-SHIPMENT INSPECTION OF IMPORTS BOUND FOR DUTY FREE SHOPS/OUTLETS IN THE FREEPORT AND SPECIAL ECONOMIC ZONES**

**I**

**Objectives:**

1. To prevent abuse of duty free importation privilege at the Free Ports and Special Economic Zones.
2. To protect local industries from unfair competition.

**II**

**Coverage:**

This Order shall cover all goods imported into the Philippines which are bound for duty free shops/outlets as well as for trading warehouses catering to duty free shops/outlets.

**III**

**Administrative Provisions**

1. All imported goods bound for duty free shops/outlets or trading warehouses catering to duty free shops/outlets in the Freeports and in the Special Economic Zones ("DFS Goods" from hereon) shall be subject to pre-shipment inspection (PSI) by the Societe Generale de Surveillance (SGS) in the country of exportation, except the following:
  - 1.1 DFS goods with Letter of Credit (LC) opened prior to the effectivity of this Order.
  - 1.2 DFS good financed thru means other than by LC whose Bill of Lading or Airwaybill is dated prior to the effectivity of this Order.
2. DFS shall be declared based on the covering Clean Report of Findings (CRF) issued by SGS without prejudice to the right to appeal the same pursuant to the conditions and procedure laid down in CMO 39-92 in relation to Joint Order No. 1-91