

## Container Trade Under The Philippine Setting: Obstacles To Growth And The Need For Infrastructure Support

### 1. The Philippine Bureau Of Customs: In The Midst Of Administrative Reforms

- A. 1990s: Legislative Initiatives Towards a Computerized Environment
- B. ASYCUDA WORLD Project

### 2. Where Do These Initiatives Lead To ?

- A. Revenue Generation
- B. Means To Effectively Combat Smuggling
- C. Deter Entry Of Goods Used For Terrorism
- D. Accelerate Movement Of Trade

### 3. Acceleration Of Container Trade: An On Again, Off Again Deliverable

#### **A. Legislative Barriers**

#### 1. Provision On Abandonment Of Cargoes

Implementation of the law has nagged the Bureau of Customs for years. There is the apparent absence of a hard and fast rule to enforce the law due to technical questions that could infringe on property rights. Legitimacy of Customs Memorandum Order No.15-94 placed under legal scrutiny.

Impact: Accumulation of overstaying cargoes that cannot be auctioned off . There is a corresponding loss of economic value due to deterioration of condition and quality.

#### 2. Proposed Anti-Smuggling Bill (House Bill No. 4069)

##### *2.1 Foreign Transshipment*

The proposed bill requires the transshipment operator to submit a Certificate of Discharge issued by Customs or port authorities at the foreign port of destination. Seen as a disincentive. This will stonewall all efforts to make the Philippines as a transshipment hub.

## *2.2 Prohibiting vessels from Loading Agricultural Products Without Import Permit*

The interdiction is a government function and militates against the role of vessels as common carriers. The measure will impede vessel efficiency and unnecessarily clothe the carriers with police functions.

### **B. Administrative Constraints**

#### 1. The BOC's Port Operations Manual (CMO 75-73)

The Bureau's Port Operations Manual, while still existing, has completely lost track of developments in shipping. Issued in 1973, it is antiquated and needs drastic overhaul.

#### 2. Current Procedure on Foreign Transshipments

Governed by Customs Administrative Order 1-86. Manual-based and entails too much documentation. Bureaucratic procedures are evident.

#### 3. Underguarding

Hampers movement of containers to a considerable degree. Except for some specified areas such as transfers to the Philippine Export Processing Zone, physical underguarding of shipments moved from one Customs facility to another is the rule. This procedure translates into cost as the lines have to pay for the services rendered by the Customs guards. Likewise, its effectiveness has yet to be measured.

#### 4. Erroneous Discharge of Containers

The lack of set guidelines to deal with misrouted containers or those mistakenly offloaded in the Philippines has amounted to months of delay before final action can be taken. In the meantime, shipping lines bear the brunt for the mistake in terms of cost, damages and lost business opportunity.

## 5. Disposition of Overstaying Containers

### *1. Auction Sale*

Historically a long process due to observance of procedures. Needs a fresh approach as current practice gives priority to high-value goods. Procedures should be streamlined to expedite sale.

### *2. Stripping*

BOC suffers from a dearth of facilities inside the ports to accommodate stripping of overstaying containers. Security warehouses situated outside are utilized for storage of seized cargoes and do not achieve a substantial impact in reducing the number of overstaying containers.

### *3. Condemned Containerized Cargoes*

The scarcity of environmentally-compliant disposal sites for condemnation of rotten foodstuffs, toxic materials and expired chemicals will likely increase the number of overstaying containers unless the Bureau of Customs begins to channel some of its energy in finding a viable alternative. The cost factor and who will shoulder it will be part of the equation.

## 6. Striking a Balance Between Facilitation and Control

### *1. Reengineering the Mindset*

The zeal in instituting controls is by no means, superior in catalyzing global trade. Neither is the latter paramount. Down the line, there is the road for constructive co-existence.