



## Chapter 8

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# Results from the Follow-up ASEAN Seamless Trade Facilitation Indicators (ASTFI II) – Philippines

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# 1. Introduction

The ASEAN Economic Ministers (AEM) adopted the ASEAN Seamless Trade Facilitation Indicators (ASTFI), designed to measure and monitor the extent to which trade facilitation measures are implemented in the region through various Association of Southeast Asian Nations (ASEAN) agreements, such as the ASEAN Trade in Goods Agreement (ATIGA), the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT), and the various sectoral work plans relevant to trade facilitation. To support the AEM decision, ERIA was commissioned to develop the methodology and conducted the baseline survey for the ASTFI.

The first baseline ASTFI data collection in the Philippines was conducted in 2018 with support from country researchers and government focal points. The ASTFI report was submitted to the ASEAN Trade Facilitation Joint Consultative Committee (ATF-JCC) in July 2018.

A follow-up activity was conducted starting in September 2020 to study and examine the extent to which trade facilitation measures have been implemented ASEAN-wide and at the ASEAN Member States (AMS) level since the baseline study. The responses were collected from government offices that regulate trade (e.g. Department of Trade and Industry, Bureau of Customs, Department of Agriculture, Food and Drug Administration) and other relevant agencies involved in the implementation of trade facilitation initiatives and measures. The responses received were collated and verified through desk research to arrive at one consistent set of responses per country. Online meetings and consultations were also undertaken to validate the responses from government agencies.

This public version of the report highlights the improvement of the trade facilitation environment in the Philippines, including the initiatives and measures implemented by the country from the ASTFI baseline study in 2018 until October 2022.

## 2. Trade Overview

The Philippine economy was on an upbeat before the onslaught of the COVID-19 pandemic. As expected, the pandemic greatly affected the Philippine economy in 2020 as evidenced by the 9.5% contraction in the GDP. There was no growth in all of the sectors of the economy with the industry sector registering the highest contraction at 13.1%. This is rather expected since many companies and establishments shutdown during the lockdown period.

The effective management of COVID-19 risks, a calibrated reopening of the economy, roll-out of the vaccine, and the speedy passage of key reforms contributed to the recovery of the economy. The Philippines' total external trade in goods indicated an annual growth rate of 18.1% in February 2022, amounting to US\$15.85 billion compared with annual growth of only 4.6% in the previous year.

**Table 8.1. Year-on-year Growth Rate of the Value of Philippine Exports for Top Ten Major Commodity Groups: February 2022**

Philippine Exports – Commodity Group	Annual Growth Rate (%)
1. Cathodes and sections of cathodes, of refined copper	130.2
2. Coconut Oil	118.2
3. Other mineral products	27.5
4. Electronic equipment and parts	17.2
5. Electronic products	15.1
6. Chemicals	14.2
7. Other manufactured goods	12.2
8. Ignition wiring set and other wiring sets used in vehicles, aircrafts and ships	6.4

Source: PSA (2022). Highlights of the Philippine Export and Import Statistics February 2022 (Preliminary), <https://psa.gov.ph/statistics/foreign-trade/fts-release-id/> (accessed June 2022).

<sup>1</sup> See progress in Doing Business reform at <http://db.investlaos.gov.la/en/reform-topics/trading-across-borders/reforms-updates/>.

Amongst the 10 major commodity groups, eight recorded an annual growth rate in terms of export value (shown in Table 8.1), which was led by cathodes and sections of cathodes, of refined copper (130.2%). This was followed by coconut oil (which includes crude and refined) (118.2%); other mineral products (27.5%); electronic equipment and parts (17.2%); electronic products (15.1%); chemicals (14.2%); other manufactured goods (12.2%); and ignition wiring sets and other wiring sets used in vehicles, aircrafts, and ships (6.4%). The year-to-date annual total export earnings represent an annual increase of 11.9% compared with the year-to-date annual total export value earned in January–February 2021. In February 2022, the United States had the highest export value, with a 15.7% share of total exports and with 85% of the country's imported goods sourced from Asia-Pacific Economic Cooperation (APEC) member countries, i.e., raw materials and intermediate goods, capital goods, mineral fuels, and lubricants and related materials.<sup>1</sup>

### 3. Key Trade Facilitation Reforms

The pandemic caused by the COVID-19 virus in 2020 has severely hampered the movement of goods across borders. The movement of goods was notably slower during the pandemic period as compared to the period prior to the pandemic. To address the mounting task of preventing the spread of COVID-19 and maintaining economic activities, the Philippine government re-activated the Inter-agency Task Force (IATF) for the Management of Emerging Infectious Diseases. This task force was created under Executive Order No. 168 in May 2014 and was organised as government's instrument to assess, monitor, contain, control, and prevent the spread of any potential epidemic in the Philippines.

The IATF was convened in January 2020 and recommended measures that restricted the movement of goods and persons. At that time, only the deliveries of essential commodities (food, medicine) were allowed across localities. Public transportations were halted and only authorised persons outside of residence (APOR) were permitted to travel.

With the protocols issued by the IATF, the Department of Trade and Industry (DTI) identified the critical industries and business establishments that will be allowed to operate and issued corresponding regulations to operationalise them. The DTI likewise made sure to improve the supply chain movement and minimise the disruptions during the pandemic. Some of the regulations that were issued to set the operating guidelines of the tax and duty-exempt importations of supplies and equipment and to identify the critical health equipment and supplies needed to address the spread of COVID-19.

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<sup>1</sup> Highlights of the Philippine Export and Import Statistics February 2022 (Preliminary), (<https://psa.gov.ph/statistics/foreign-trade/fts-release-id/167219>).

The Philippines is a signatory to several Agreements that are aimed at facilitating trade and implementing reforms agreed on by member nations. Since the Baseline Study was conducted in 2018, some of the reforms that the country is currently implementing were anchored on different laws, Agreements, and initiatives. These reforms include the ATA Carnet, AEO, ATIGA e-Form D, and ACDD. Implementing guidelines have been issued for the ATA Carnet System in the Philippines, which allows the importation/exportation of conditional duty- and tax-free goods for up to one year. However, the implementation date of the system is subject to compliance by the National Issuing and Guaranteeing Association (NIGA) of its duties and responsibilities under the Istanbul Convention, the only association that will be accredited to issue temporary admission papers (TAP) and to guarantee the amount of security and other charges to be imposed. The PCCI can only perform its mandate as the NIGA once it has become affiliated with the International Chamber of Commerce (ICC), World Chambers Federation (WCF) ATA International Guarantee Chain.

The ICC has acknowledged the PCCI as the NIGA for ATA Carnet, as endorsed by the DOF through the BOC. The PCCI has complied with ICC World ATA Carnet Council (WATAC) requirements and is comprised of representatives from countries and territories where Carnets are issued and accepted.<sup>2</sup>

On 30 December 2019, the Philippines joined Indonesia and Malaysia in exchanging the electronic Certificate of Origin (e-CO), known as the ASEAN Trade in Goods Agreement (ATIGA) via the ASEAN Single Window (ASW). CMO 15-2019 governs the application, submission, and processing of e-CO. It aims to facilitate the transmission of e-CO for export products and the receipt of e-CO for imported products.

CMO 9-2020 established the Authorized Economic Operator (AEO) programme for importers and exporters. It also provides guidelines for the application. The programme is in compliance with the WCO SAFE Framework Agreement to which the Philippines is committed. An AEO office was built with the following units: Accreditation Unit, Post Validation Unit, and Mutual Recognition, Statistical and Records Management Unit. The first company granted level 1 AEO accreditation was Toyota Motors Philippines Corp. (TMPC).

The ASEAN Customs Declaration Document (ACDD) Portal was formally launched on 6 December 2022, Customs Commissioner Ruiz mentioned that the digital tool is expected to improve bureaucratic efficiency, strengthen market competition, and reduce barriers to entry and limits to entrepreneurship. The portal is the platform for the exchange of ACDD messages between the Philippines' ASW gateway and the ASW gateways of its ASEAN neighbours.<sup>3</sup> CMO 26-2022 provides the guidelines and procedures for the use of the ACDD Portal by BOC-authorized personnel and exporters.

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<sup>2</sup> <https://www.portcalls.com/pcci-finalizing-bond-requirement-under-ata-carnet-system/>

<sup>3</sup> <https://www.manilatimes.net/2022/12/11/business/top-business/boc-launches-acdd-portal/186982/1mp>

The Philippine Bureau of Customs (BOC) was part of the organised government Task Force and issued several regulations that allowed the unhampered processing and release of cargoes at the ports considering the welfare of the stakeholders, the transacting public, and employees. Electronic submission of documents was allowed, and no face-to-face transactions were permitted.

The Congress passed Republic Act (RA) No. 11469, otherwise known as the Bayanihan to Heal as One Act, which provided the administrative and legal backing for the exemption/conditional relief of customs duties and taxes on imports on essential goods during crises and epidemics. In Bayanihan Act 2, the DICT was instructed to fast-track the improvement of ICT infrastructure as the demand for internet connectivity surged amongst businesses, industries, students, workers, and the larger public since the start of the pandemic. Their focus was on promoting faster telecom tower build-up through reduced permitting requirements to streamline regulatory processes and procedures and contribute to the development of the sector.

The pandemic accelerated the need for the BOC to ensure that the frontline services were 100% fully automated: by allowing the online submission of documents through its Customer Care Portal System; by upgrading its electronic-to-mobile (e2m) system to computerise manual processes, and to upgrade its overall performance, stability, and maintainability; and, by accepting online payment options like PayMaya or mobile wallets for miscellaneous fees payments. The BOC issued CMO 08-2020, which sets the guidelines for the implementation of zero-contact policy at the assessment offices of the BOC pursuant to RA No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act to mitigate the spread of the COVID-19 virus.

In the recent State of the Nation Address, in terms of the economy, President Ferdinand Marcos, Jr. said that his government would implement sound fiscal management. Some of the solutions to increase revenue collection are as follows: (1) tax reforms; (2) realign expenditure priorities; (3) promote productivity-enhancing investments; (4) support fully the Ecozones by bringing in high-tech manufacturing as well as all emerging technologies; (5) imposition of VAT on digital service providers; (6) for the BOC, promote streamlined processes through the use of ICT; (7) exports of goods are projected to increase by 18% this year, 6% by 2023, and 8% from 2024 onwards; (8) support the agricultural sector by introducing new technologies; (9) creation of the Center for Disease Control and Prevention, and a vaccine institute for a stronger health care system; and (10) for the Philippine Competition Commission to look into the cartel in the pharmaceutical companies

President Marcos, Jr. also said that the DICT should identify and utilise innovations to improve governance. Documents and records stored in the government warehouse and archives need to be digitised, harmonised, and shared across departments and agencies in a secure manner. He also mentioned that an important part of digital transformation is the use of the national ID. Universal connectivity will be a vital component to achieve the government's plan (SONA 2022). The DICT is to deploy digital connectivity across the various islands through the implementation of the National Broadband Plan connecting the Geographically Isolated and Disadvantaged Areas (GIDA) via the 'Broad Band ng Masa' Project.

### 3.1. World Trade Organization Trade Facilitation Agreement (WTO-TFA)

On 22 February 2017, the WTO-TFA entered into force after a required two-thirds of WTO members ratified it. The agreement contains provisions to facilitate the movement, release, and clearance of all goods, including goods in transit. It was considered a landmark agreement.

The agreement has three main objectives, namely: a) to expedite the release of goods that cross international borders; b) to improve cooperation amongstst customs authorities; and c) to provide technical assistance and capacity building on customs and trade facilitation matters to developing countries and least-developed countries.<sup>4</sup>

In October 2016, the Philippines deposited its Instrument of Acceptance to the WTO-TFA. Based on the Philippines' status of implementation, the current rate of implementation commitments stands at 98.3% with a time frame spanning from February 2017 to June 2022.<sup>5</sup> Under Category A commitments, the country obtained a current rate of implementation of 93.3%, which is quite high. On the other hand, the rate for Category B commitments attained was 5%, which has been duly complied with as of 12 March 2021. The rate gathered for Category C, which covers the Article on the National Single Window, was only at 1.7% and is yet to be fulfilled to reach a perfect score of 100%.

Category A covers articles on publication, information availability through the internet, consultations, advance rulings, pre-arrival processing, electronic payments, risk management, post-clearance audit, authorised operators, expedited shipments, temporary admission, customs cooperation, and the like. As for Category B, the articles covered are border agency cooperation, rejected goods, and notification for enhanced controls or inspections.

Under Category C, with a 30 June 2022 definitive date of implementation, the Philippines has requested additional assistance and support for capacity building that was not earlier anticipated, specifically: a) training and other forms of technical assistance to build the capacity of the human resources of each government agency and other relevant sectors that shall form part of the National Single Window (NSW) programme; b) funding for the development of a programme or software that will be used as the operating system for the NSW; and c) funding for the upgrade of the current ICT equipment that will be used for the implementation of the NSW at all ports of entry and at the facilities of participating sectors and government agencies.<sup>6</sup> Assistance to this category will be facilitated by other WTO member countries.

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<sup>4</sup> [https://www.usitc.gov/publications/332/journals/wto\\_trade\\_facilitation\\_agreement.pdf](https://www.usitc.gov/publications/332/journals/wto_trade_facilitation_agreement.pdf)

<sup>5</sup> <https://tfadatabase.org/members/philippines>

<sup>6</sup> <https://www.portcalls.com/unescap-ph-significant-strides-trade-facilitation/>

The Philippine Bureau of Customs (BOC), in cooperation with the World Customs Organization (WCO), conducted a gap analysis on the BOC's compliance to the WTO-TFA under the WCO's Mercator Programme, as supported by the United Kingdom's Prosperity Fund on Trade Facilitation in Middle Income Countries Programme. To date, under the Framework of the WCO's Self-Assessment Maturity Model vis-à-vis compliance to the WCO Mercator Programme Implementation Plan and WTO-TFA, the BOC continuously and progressively fulfils the fundamental deliverables under the aspects identified.

### 3.2. Customs Modernization and Tariff Act

The passing of RA No. 10863, otherwise known as the Customs Modernization and Tariff Act (CMTA), simplified customs procedures, pushed for full customs automation, and aligned the Tariff and Customs Code of the Philippines (TCCP) with the Kyoto Convention and other international standards and practices to make it easier for traders, importers, exporters, and other stakeholders to comply with border requirements.

The BOC, as the focal agency for cross-border trade, has executed several paperless trade systems, including the Electronic-to-Mobile (e2m) System, Philippine National Single Window (PNSW), TradeNet, and the World Bank funded Philippine Customs Modernization Program as some of the agency's projects for a paperless trade system.

A new regulation has been issued by the BOC: rules for the establishment, supervision, operations and control of customs facilities and warehouses (CFW). CMO 18-2022 took effect on July 8 and implements Customs Administrative Order (CAO) 9-2019 under the CMTA. It aims to protect government revenues and prevent customs fraud.

The Port Operations Coordinating Division (POCD) shall establish a compliance rating system to ensure that the rules and regulations are properly implemented. The compliance rating system shall be used to measure and assess the compliance and performance levels of all CFWs. It will be utilised as a risk management mechanism in evaluating any CFW application.<sup>7</sup>

The CAO 7-2022 aims to simplify accreditation procedures for BOC stakeholders such as importers, including the use of mandatory receipt of electronic notices subject to submission of the required documents. A separate guideline shall be issued by the BOC for the application for accreditation of non-regular importers; importers of postal items; importers through informal entry processes; locators of free zones; and other importers as may be determined by the Commissioner. A new processing fee of ₱2,000 will be charged for new applications or the renewal of accreditation.

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<sup>7</sup> <https://www.portcalls.com/boc-rules-on-setting-up-cfws-now-in-effect/>



The BOC will establish an efficient IT-based mechanism to monitor the compliance of accredited importers.

### 3.3. National Single Window

Implementation of the NSW and TradeNet, which was developed to become the new NSW, is expected to further advance paperless trade systems in the Philippines. Several other government agencies have also established their own systems to facilitate information processing in completing trade transactions.

The Philippine Ports Authority's automation projects include the Electronic Accreditation System, Electronic Permit Management System, and Internet-based Port Operations and Receipting for Terminals System.

The Maritime Industry Authority is working on its Integrated Domestic Shipping Information System, whilst the Civil Aviation Authority of the Philippines maintains electronic systems that are limited to air navigation and air traffic systems and equipment.

To improve its domestic paperless trade environment and its readiness to participate in cross-border paperless trade, the report said the Philippines should complete the integration of trade regulatory government agencies into TradeNet, the Port Community, and other paperless trade systems that are interoperable within and across borders.

This would involve the Philippines enhancing its national technical capacity in this area, designing a long-term plan, and continuing the exchange of selected data and documents.

### 3.4. Ease of Doing Business and Efficient Government Service Delivery Act of 2018

The country passed RA No. 11032 or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018 to help facilitate trade and address the inefficiency in the business sector. The law was signed and became effective and provides the creation of the Anti-Red Tape Authority (ARTA) – the government agency mandated to monitor and ensure compliance with the national policy on anti-red tape and ease of doing business in the country. ARTA is currently exerting its mandate to encourage regulatory agencies to participate in the NSW.

The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) mentioned in their report that the Philippines has shown 'strong political will' and made 'significant progress in implementing trade facilitation' and paperless trade despite the pandemic.

However, 'more remains to be done to further enhance trade efficiency, particularly by adopting digitalisation of trade procedures across all agencies,' according to the report entitled 'Readiness Assessment for Cross-Border Paperless Trade: The Philippines', as mentioned by UNESCAP (Portcalls, 15 March 2022, *UNESCAP Cites PH 'Significant' Strides in Adopting Trade Facilitation*).

The country's trade facilitation implementation level is significantly above the Asia-Pacific regional average and Southeast Asian subregional averages, the report noted, but it also found execution of cross-border paperless trade remains 'uneven' amongst agencies and stakeholders. Still 'the progress is trending in the right direction.'

It was pointed out in the report that the successful implementation of cross-border paperless trade comes with significant benefits, having the potential to slash trade costs by 13% across Asia and increase regulatory compliance, reduce illicit financial flows, and facilitate engagement in an increasingly digital global economy.

The report, which was co-published with the Philippine Bureau of Customs, looked into the country's readiness for cross-border paperless trade, i.e. conducting international trade based on electronic data and documents, amongst others.

It also put forward recommendations to advance implementation of cross-border paperless trade measures.

It examined trade facilitation measures adopted during the pandemic, noting that 'paperless trade was recognised as an effective way to mitigate trade disruptions during the COVID-19 crisis, providing more seamless and resilient trade opportunities.' As a result, the customs bureau and other agencies sped up efforts to enable paperless trade, in the process improving ICT infrastructure.

The Philippines had a very high rate of 94.1% in implementing the World Trade Organization Trade Facilitation Agreement and scored 86.02% in the 2021 UN Global Survey on Digital and Sustainable Trade Facilitation, higher than the Southeast Asia average of 74.29%, the UNESCAP report noted.

Still, the Philippines' cross-border paperless trade measures have low implementation rates, and the country is still working on achieving full implementation of its cross-border trade measures, the report said.<sup>8</sup>

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<sup>8</sup> <https://www.portcalls.com/unescap-ph-significant-strides-trade-facilitation/>

### 3.5. ASEAN-Wide Self-Certification (AWSC) Scheme

The AWSC is a scheme that will simplify and streamline procedures to claim and avail ATIGA preferential tariff rates for intra-ASEAN exports. It is a trade facilitation initiative that authorises qualified exporters to self-certify the origin status of their goods to make them eligible for ATIGA tariff preferences.

The BOC has issued Customs Memorandum Order (CMO) 24-2020 to set the policies and guidelines that will allow certified exporters to declare the origin status of their goods themselves on permitted commercial documents to claim preferential tariff treatment under ATIGA. The CMO covers the originating goods of certified exporters that are exported to and imported from AMS.<sup>9</sup>

### 3.6. Regional Comprehensive Economic Partnership (RCEP)

The RCEP Agreement, signed on 15 November 2020, is an agreement to broaden and deepen ASEAN's engagement with Australia, China, Japan, Korea, and New Zealand. Together, these RCEP participating countries account for about 30% of global GDP and 30% of the world's population. The objective of the RCEP Agreement is to establish a modern, comprehensive, high-quality, and mutually beneficial economic partnership that will facilitate the expansion of regional trade and investment and contribute to global economic growth and development. Accordingly, it will bring about market and employment opportunities to businesses and people in the region. The RCEP Agreement will work alongside and support an open, inclusive, and rules-based multilateral trading system.<sup>10</sup>

The deal, upon entry into force, will improve market access with tariffs and quotas eliminated in over 65% of goods traded and will make business predictable with common rules of origin and transparent regulations. It aims to encourage firms to invest more in the region, including building supply chains and services, and to generate jobs.

Chapter 4 of the agreement covers the Customs Procedure and Trade Facilitation Measures that member countries are expected to implement. The specific measures set out in this chapter include: a) customs procedures; b) pre-shipment inspection; c) pre-arrival processing; d) advance rulings; e) release of goods; f) application of information technology; g) trade facilitation measures for authorised operators; h) risk management; i) express consignments; j) post-clearance audit; k) time-release studies; l) review and appeal; m) customs cooperation; n) consultations and contact points; and o) implementation arrangements.

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<sup>9</sup> <https://www.portcalls.com/boc-implements-asean-self-certification-scheme/>

<sup>10</sup> <https://asean.org/summary-regional-comprehensive-economic-partnership-agreement/>

### 3.7. Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific

The Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific is an inclusive and highly flexible cooperation and capacity building platform where countries can participate regardless of their levels of development. In the most recent regional trade facilitation report by the Asian Development Bank and ESCAP, the latest estimates suggest that the framework helps reduce trade costs by more than 20% in most of the developing countries of the region.

The five countries that have ratified or acceded to the treaty – Azerbaijan, Bangladesh, China, the Islamic Republic of Iran, and the Philippines – are committed to regional cooperation in this critical area. Armenia and Cambodia signed the treaty in 2017, whilst several other ESCAP members were in the process of completing their accession in 2021.<sup>11</sup>

## 4. Highlights and Key Findings of ASFTI II Survey

In the Philippines, the ASTFI II Project was carried out from in September 2020 to March 2021 to ascertain if there are significant developments on the components previously assessed in 2018. The ASTFI II questionnaire was distributed to 25 government agencies for them to respond questions to the seven components, namely: 1) Transparency and Information on Laws, Regulations, and Procedures; 2) Communication with and Active Engagement of the Private Sector; 3) Release and Clearance Formalities; 4) Import / Export Formalities and Coordination; 5) Cross-Border Coordination and Transit Facilitation, of which is not applicable to the Philippines, 6) Transport Facilitation: and, 7) e-Commerce.

The Bureau of International Trade Relations (BITR) of the DTI was the focal agency that coordinated all the activities pertaining to ASTFI II Survey. The BOC was identified as the lead agency on matters pertaining to trade facilitation at the border.

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<sup>11</sup> <https://customs.gov.ph/paperless-trade-agreement-enters-into-force/>

## 4.1. Transparency and Information on Laws, Regulations, and Procedures

Significant improvements have been made to the BOC website, and it is now a comprehensive source of information, regulations, laws, procedures, and documentary requirements for imports and exports. Aside from the regulations and issuances, the BOC website contains information on various programmes, references, port updates, and monthly entries processed that can be downloaded. It also contains links to the Philippine Tariff Finder of the Tariff Commission (TC), results of the Time Release Study (TRS), and the AEO programme of the BOC. The website is continuously being improved to cater to the needs of the transacting public and other stakeholders.

Aside from the BOC website, the BOC-CARES facility is active on social media, such as Facebook and Twitter, to provide news and updates about customs-related issues and topics.

The PNTR is being maintained and updated. The website has tariff nomenclatures, laws, rulings, a tariff finder, and commodity search that are available to users. Importers and traders can browse specific import regulations, procedures, and the documentary requirements of various Trade Regulatory Government Agencies (TRGAs) on the website. The DTI's website also contains a link to the PNTR website.

The BOC is continuously maintaining an interactive information centre. The BOC also established its Customer Care Center (CCC) in 2020 in almost all its ports and sub-ports as a one-stop shop for customs services. The establishment of the CCC is part of the BOC's goal to implement zero-contact policy and eradicate corruption and enhance trade facilitation. It was also meant to comply with RA 11032, or the Ease of Doing Business and Efficient Government Service Delivery Act. Likewise, information was disseminated through the Customer Assistance and Response Service (BOC-CARES) and Public Information Assistance Division (PIAD).

Also, the BOC created the Customer Care Portal in 2019, a web-based application that allows stakeholders to submit electronically their concerns, complaints, feedback, or suggestions and upload documents required for accreditation. In the said portal, issues, concerns, and requests are assigned a unique number that clients can use to track the progress online.

## 4.2. Communication with and Active Engagement of the Private Sector

Executive Order No. 136 was signed on 18 May 2021, creating the Philippine Trade Facilitation Committee (PTFC) in compliance with the country's commitment under the World Trade Organization – Trade Facilitation Agreement (WTO-TFA). It is a decision-making body to streamline and improve customs procedures and facilitate the implementation of rational, efficient, and simple customs rules.

The issuance of the EO is expected to reduce the cost of trade transactions and enable micro, small, and medium-sized enterprises to participate more actively in various international trade activities.

Based on the EO, the PTFC shall study, propose, and coordinate the position, activities, or actions of the Philippine government on matters pertaining to the implementation of the WTO-TFA and other trade facilitation commitments.

As per the EO, the PTFC shall be chaired by the DOF and co-chaired by the DTI. The BOC shall serve as vice-chairperson, and some of the government agencies serve as members. The body will also represent and advance the country's interests in trade facilitation meetings and submit reports on the compliance of the Philippines with the WTO-TFA and other trade commitments.

The PTFC is also directed to coordinate with the ARTA for the implementation of RA 11032, or the Ease of Doing Business and Efficient Government Service Delivery Act of 2018, in relation to trade facilitation.

They shall undertake outreach, advocacy, capacity-building, and studies amongst their members and stakeholders to increase awareness of the best practices and benefits of trade facilitation.

Prior to the signing of EO No. 136, it was reported that there are some equivalent mechanisms for the NTFC, as follows: the Inter-Agency Committee on the ASEAN Economic Community (CAEC) created under AO 20-2011 and the Committee on Tariff and Related Matters (CTRM), responsible for trade facilitation measures in the government.

One Country, One Voice (OCOv), launched in 2011, is the DTI's consultative mechanism to allow stakeholders' participation in trade policy formulation. It facilitates transparency and accountability as the government undertakes the process of engaging in dialogue, building mutual trust, and arriving at rational, sound, and balanced trade policies in pursuit of national development.

The Department of Finance with the Bureau of Customs jointly organised the 2nd Meeting of the Technical Working Groups (TWG) of the PTFC and the PTFC Roadmap Writeshop (Bureau of Customs, 2022). It was attended by government officials and private sector representatives from the PTFC Compliance Monitoring Technical Working Group, PTFC Trade Policy Review Technical Working Group, and the PTFC Ad-Hoc Technical Working Group. The committee invited representatives from the World Bank for them to share the best practices of other countries that would help them in refining the draft PTFC Roadmap as well as to brief them on the roles of the national trade facilitation committees.<sup>12</sup>

The BOC highlighted the importance of the PTFC Roadmap in carrying a clear service framework by the BOC and TRGAs in supporting micro, small, and medium-sized enterprises (MSMEs) and the trading community in general access to the global market.

Through several online and face-to-face workshops, the Trade Facilitation Champions have gained an excellent understanding of the strategic importance of trade facilitation with the support of the WCO.

### 4.3. Release and Clearance Formalities

The Philippines has made a notable improvement in terms of release and clearance formalities. One of the most notable improvements has been self-certification. The ASEAN-wide Self-certification (AWSC) scheme allows qualified exporters to self-certify the origin status for their goods to be eligible for tariff preferences under the ASEAN Trade in Goods Agreement.<sup>13</sup>

The BOC issued Customs Memorandum Order (CMO) 24-2020, which took effect on 20 September 20 and implements the AWSC under the First Protocol to amend ATIGA, which was signed in 2018. The said protocol provides for a simplified and streamlined procedure in claiming and availing of ATIGA preferential tariff rates for intra-ASEAN exports.

The certified exporter status may be used instead, in lieu of the CO Form D, which still requires exporters to apply for every shipment manually and do so only during office hours. The ASWC promotes convenience and cost savings because it does away with the administrative limitations of the CO Form applications, improving distribution timelines so even weekend shipments will not be delayed.

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<sup>12</sup> <https://customs.gov.ph/philippine-trade-facilitation-committee-ptfc-technical-working-groups-draft-the-ptfc-roadmap-2022-2028/>

<sup>13</sup> <https://www.philstar.com/business/2021/10/17/2134632/eporters-want-easier-application-asean-self-certification-scheme/amp/>

Self-certification by Approved Exporters is also being implemented under RCEP to facilitate claiming and availing of RCEP tariff rates. The guidelines are outlined in CMO 12-2023.

The government is continuously improving in terms of the separation of release from the final determination and payment of customs duties by allowing the tentative release of shipments to importers to avoid delay, whilst the Valuation and Classification Review Committee (VCRC) is deliberating on the valuation and/or classification issue. Under the guideline, the importer needs to pay a guaranteed equivalent to the difference in the amount of duties and taxes computed based on the recommended value and/or tariff classification.

The BOC and most of the agencies are now using electronic payments for the payment of duties, taxes, and fees. Aside from electronic payment, the BOC uses PayMaya as another payment mode. On 11 June 2020 the BOC signed a Memorandum of Agreement with the Bureau of Treasury, Development Bank of the Philippines, and PayMaya aimed at ensuring tax collection efficiency and seamless customs service. Its effort is pursuant to RA 8792, also known as the E-Commerce Act of 2000 and RA 11032, or Ease of Doing Business and Efficient Government Services Delivery Act of 2018, mandating all offices and agencies to improve transactions systems and procedures.

Further, other agencies use online banking, mobile banking, Banknet Bill Payment, and over-the-counter payments through the agency's cashier.

The BOC is continuously upgrading the appeals and review system. CAO 02-2020 was issued to provide guidelines on the right to administrative remedies of an aggrieved importer or exporter pertaining to dispute settlement or protest arising from customs valuation, rules of origin, tariff classification, and other customs issues.

Other BOC regulations include CAO 13-2020 (Imposition of Penalties, Surcharges, Interests and Other Charges for Lifting, Claiming, or Recovering Part of the Proceeds in the Sale of Impliedly Abandoned Goods) and CMO 4-2021 (Codification of the Appeals Procedures under the Customs Modernization and Tariff Act (CMTA) and Relevant Rules and Regulations).

CAO 01-2019 was issued to implement Sections 1000 to 1006 of the CMTA on the post-clearance functions of the BOC, including its prior-disclosure programme. Other agencies also conduct post-clearance audits, and the specific activities they perform are as follows: conduct compliance inspection of targeted registered entities; conducts post-market surveillance on retail outlets; and perform post-market surveillance on health products.

During the pandemic, the BOC also allowed the submission of scanned copies of Certificates of Origin from free trade agreement (FTA) partners to facilitate customs clearance, provided that the hard copy submitted was within 30 days from the filing of the import entry.



A slight improvement was noticed primarily because of the availability of statistics on dwell time published by the BOC in their Annual Report. The statistics, however, were published starting 2019 only. It was noticed that the container dwell time was kept within the desired levels in 2020. Yard utilisation at the two premier ports have significantly declined.

In terms of the Time Release Study, the BOC improved when the results were released and published in 2019 and 2020. Though, the TRS is yet to be implemented in most of the BOC's ports and sub-ports.

The import TRS indicated a slight improvement in customs processing compared to 2019. Much of the delay in 2019 TRS was noted in post-customs processing, which slightly improved in the 2020 TRS. Its performance can be attributed to the enhanced systems and procedures that have been implemented following the 2019 TRS. These include, amongst others, the implementation of the Commissioner's 'No Contact Policy' that was carried out under CMO 08-2020, the Modified Declaration Verification (GDVS) pursuant to CMO 01-2020, and the Provisional Goods Declaration (PGD) pursuant to CMO 07-2020. Likewise, the policy of the current District Collector of MICP for the same-day processing and clearance of goods is significant as it also contributed to the improvement in time release for import shipments.

Trade facilitation measures for trusted traders or authorised economic operators slightly improved. CAO 05-2017 and CMO 09-2020 were issued by the BOC to provide rules and regulations in establishing the said programmes in the country. The BOC also affirmed that it is ready to sign any mutual recognition agreements for AEO with dialogue partners.

In terms of self-certification, a significant leap was perceived that can be attributed to the full implementation of the ASEAN Self-Certification Scheme, which took effect in September 2020.

On 17 January 2022, the Philippine ambassador deposited the ATA Carnet Instrument of Accession, which was accepted by WCO Secretary General Mikuriya in Brussels, Belgium.

#### **4.4. Import/Export Formalities and Coordination**

Under this component, the Philippines improved on its performance, although there are still issues that need to be resolved, such as the integrity of the scanned copy of goods declaration and its supporting documents. A Joint Memorandum Circular 01-2020 was issued in August 2020, entitled 'Mandatory Online Filing, Processing and Payment of Port Charges, Cargo Handling Charges, Other Cargo Handling Related Charges and Ancillary Fees and Customs Taxes and Duties.' It mandated the port users to file applications for permits and clearances, including documentary requirements, through the online platforms and pay the corresponding fees online through accredited banks.

As reported by the DoF, TradeNet is already interconnected with the ASW. The e-CO filed through TradeNet is now being exchanged amongst ASEAN members through the ASW. Electronic copies of sanitary and phytosanitary documents are already scheduled to be exchanged soon in the ASW.

The DoF, through the alternate chairperson of the NSWSC, recognised and acknowledged the successful onboarding of e-CO in the TradeNet.gov.ph platform. It is being implemented in all ports and sub-ports of entry in compliance with CMO 15-2019. All e-COs are transmitted to ASEAN through the ASEAN Single Window System.

The 4th Meeting of the NSW-TWG, convened on 12 May 2022 and attended by the 54 TRGAs, highlighted the progress of the activities and programmes of the TWG in implementing the NSW and the ASW. The Vice-Chair for Technical Matters provided an intervention tackling the activities in implementing the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific.

Further, the NSW-TWG agreed to endorse the implementation of the proposed activities and international technical assistance from the USAID ASEAN Project Implementation (API) Project and the UN Economic and Social Commission for Asia and the Pacific (UNESCAP).<sup>14</sup>

The ASEAN Customs Declaration Document (ACDD) is the next document required to be exchanged using the ASW System. Its data elements are based on the export declaration (ED) issued by the BOC at the time of exportation. The United States Agency for International Development (USAID), through the ASEAN Policy Implementation (API) Project, is currently implementing a technical assistance project to the BOC for the Electronic Exchange of ACDD in the ASW System.

The DOF and BOC issued CAO 15-2020, which sets out the guidelines for boarding formalities. BOC officials and employees cooperate with the quarantine authorities in the enforcement of the port quarantine regulations promulgated by the Bureau of Quarantine.

## 4.5. E-Commerce

According to the DICT, the Philippine House of Representatives has introduced a Bill, the Digital Economy Taxation Act of 2020, which aims to subject the value created in the digital economy to withholding/income tax and value-added tax (VAT).

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<sup>14</sup> <https://customs.gov.ph/boc-chairs-the-4th-meeting-of-the-national-single-window-technical-working-group-nsw-twg/> (1 June 2022).

RA 8792 was adopted on 14 June 2000 and recognises the use of electronic commercial and non-commercial transactions and electronic signatures. The law prescribes for the piracy of protected materials using telecommunication networks and for the hacking of computer programmes, as well as the grounds for liability of service providers. In 2022, the e-Commerce Philippines Roadmap was issued to support e-commerce growth.

Twenty years since the law was passed, the government needs to revisit the law to make it more relevant to the times and future-proof it to take into account the substantial developments in technology, the use of the internet, and the growing e-commerce sector/online transactions as mentioned by DTI Secretary Ramon Lopez (PNA, 2020).

In the 19<sup>th</sup> Congress, the House and Ways Means Chair refiled the Digital Economy Value Added Tax Law. He enumerated that digital services, such as advertising subscription-based services, and other online services via the internet are considered VAT-able (Cabanban, 2022). The estimated revenue on digital transactions and the digital economy taxation service in five years is 226.5 billion.

Also, the House Technical Working Group will study the possibility of taxing digital assets, including non-fungible tokens (NFTs) and cryptocurrency, as well as digital gambling.

## 5. Conclusion and Key Recommendations

The Philippines had a modest improvement in its implementation of trade facilitation measures. It was noted that the biggest leap in communication with and active engagement of the private sector was attained after EO No. 136 was signed on 18 May 2021.

Whilst there has been an increase in release and clearance formalities, the government needs to improve on many of the activities in this component. Most of its components notably have not reached significant improvement and the BOC and other agencies have not fully implemented programmes or issued the needed regulations in the area of cargo release and clearance formalities.

Another component that showed significant improvement is border agency coordination, i.e. the Bureau of Customs, Bureau of Immigration, and Bureau of Quarantine, as well as the implementation of e-CO, which can be exchanged by Philippine exporters with other ASEAN member states through TradeNet. The BOC and TRGAs are working to onboard TradeNet to allow online applications of import and export permits.

The pandemic has battered the Philippine economy in 2020 and it is barely recovering in 2021. The government, however, has responded well in ensuring the unhampered flow of goods across border considering the health and safety of workers. Laws were enacted by the Congress and the Executive Branch issued corresponding regulations that provided the needed budget to implement measures that will contain the spread of COVID-19 virus and ensure the welfare of the people and provide exemption/conditional relief of customs duties and taxes on import of essential goods. Notably, government agencies at the port have utilised various technologies (e.g. submission of documents online, electronic payment, conduct of online consultations) to facilitate trade.

Based on the results of the survey done and assessment made in the ASTFI II study, the following are the set of recommendations for the seven components:

### **A. Transparency and Information on Laws, Regulations, and Procedures**

#### **BOC and PNTR Websites**

The success gained in creating a more informative and stakeholder-friendly BOC and PNTR websites must be sustained. The contents of the websites can be further improved by adding more information, statistics and links to various agencies to assist the traders and other stakeholders in their business planning and decisions. In the event that there will be some changes in the leadership that will result in the forthcoming election in 2022, these should not be an excuse to overhaul the effective and efficient measures that are currently in place.

### **B. Communication with and Active Engagement of the Private Sector**

#### **NTFC**

The recent signing of EO No. 136 creating PTFC is a significant development in the trade facilitation effort for the Philippines. A more permanent policy-making body is now in place to give direction in the implementation of policies in relation to trade facilitation across FTAs and other relevant agreements that the country has TF commitments.

However, the EO should have included in its membership representatives from the private sector in order to enhance the communication and consultation of trade facilitation measures that the PNTRF will agree and implement.

## C. Release and Clearance Formalities

### Advance Rulings

Under the CMTA, advance rulings on Customs Valuation and Rules of Origin are handled by the BOC. Whilst the advance rules for tariff classification have been implemented quite well, because there is transparency where rulings are posted on the website, etc. there is a need to improve the advance rulings on Customs Valuation methods and preferential and non-preferential rules of origin on goods.

Pursuant to Section 1100: Classification Ruling of the CMTA, the Tariff Commission issues Advance Rulings on Classification.

- Since January 2021, parties (importers and exporters) may file their applications for advance rulings online using the Tariff Classification Information System-Online Application System.
- Online payments are accepted by Tariff Commission via GCash and Landbank Link.Biz Portal.
- Commission Order No. 2017-01 on the Procedure on Application for an Advance Ruling on Tariff Classification Related to Importation or Exportation of Goods provides concrete guidance to parties on how to successfully apply for advance rulings with the Tariff Commission.
- All advance rulings issued by the Tariff Commission are posted on its website (<https://tariffcommission.gov.ph/tcc-rulings-issued>) for guidance by the BOC and the business community/public.

The BOC must step up its efforts on disseminating information on the benefits of applying for advance ruling. The trading community must be motivated to apply for advance rulings since the rules will provide transparency and predictability in making sound business decisions that are inherent to tariff classification and valuation and, thereby, facilitate the cargo clearance process. Transparent and simplified procedures that are integrated with the use of technology (via online application), can enhance the use of this facility. Stakeholders in the private sector, including the business chambers, can be tapped by the BOC to convince and encourage their members to use the advance rulings facility.

The BOC must be actively responsive to online queries of the public especially those that deals on issues pertaining to goods classification, valuation, and origin.

The BOC Customer Care Portal should actively provide the status of applications and responses on advance rulings. The Portal should provide a real-time status of the application.

Payment for the application of advance ruling should be made online instead of going to the Landbank. This is to avoid face-to-face transaction.

## **Risk Management**

There was a report that inspection of shipments tagged as Red is being left to the Port operators who randomly selects the container that will be inspected 100%. This practice should be clarified further because inspection of goods is an integral function of the BOC under Section 1111 of the CMTA.

The government should regularly practice the risk management process cycle, as follows: identify the risk, analyse the risk, evaluate or rank the risk, treat the risk, monitor and review the risk. By doing this, it allows the government to allocate its scarce resources to the high-risk cargoes while increasing its efficiency of the clearance process for low-risk shipments.

However, the Single Window could play a vital role in facilitating trade by applying a system of risk-based selectivity to target consignments posing a potential risk. Customs as a lead agency must build the necessary features in the Single Window environment to facilitate risk-based interdiction which is applicable to all participating government agencies.

It is also recommended for the government to secure and follow the principles and guidelines of ISO 31000 series.

## **Electronic Payment**

The pandemic necessitates the streamlining and re-engineering of government processes to avoid face-to-face interaction and prevent the spread of COVID-19 virus. The ARTA for its part, has issued Joint Memorandum Circular No. 01 series of 2020 mandating online filing, processing and payment of port charges, cargo handling charges, permits and customs duties and taxes. This order must be implemented and complied with by the TRGAs and should fast track the development of their automated programs that include payment system with the aim to improve the ease of doing business in the trading community. Aside from the TRGA's own electronic payment system, other electronic payment platforms from service providers (e.g. PayMaya, GCash,) must be made available for all port users, including importers, exporters, freight forwarders, logistics companies, cargo truck operators, container yard operators and other stakeholders.

## **Dwell Time**

Like the TRS, statistics on container Dwell Time was not made regularly available at BOC website until 2019. The information was just published in the BOC Annual Reports for 2019 and 2020. There is a need to make these statistics a regular content of the BOC website to enable the BOC and other ports users assess the movement of containers at the various ports.

## **Time Release Study**

The BOC implemented the TRS in 2019 and 2020 only. Further, it was observed that TRS is not implemented in all of BOC's ports and sub-ports. This activity must be sustained and made part of the annual BOC Report to better monitor performance of all ports and sub-ports.

## **AEO Program**

The BOC's effort on increasing the membership to the AEO was noted to be running on snail pace even with the guidelines and regulations already issued. The BOC needs to accelerate the implementation of AEO Program since this will improve the security and at the same time ensure seamless movement of goods across borders. BOC under its AEO Program should also engage other AMS and establish a Mutual Recognition Arrangements (MRAs) that will facilitate cross-border trade. There are already other AMS that have signed MRAs with other AMS and non-AMS. The BOC must intensify its effort on information dissemination with the trading community on the advantages and benefits of membership to the program. Endorsement of private sectors' officials and chambers must be solicited to convince significant number of their members to join the program.

## **ATA Carnet Scheme**

Noting the adoption and ratification of the ATA Carnet, the BOC has issued necessary regulation to implement the said scheme. CAO 02-2022, approved and signed on 18 March 2022, covers the importation and exportation of conditional duty- and tax-free goods under the WCO Convention on Temporary Admission (Istanbul Convention).

The BOC appointed the Philippine Chamber of Commerce and Industry as the National Issuing and Guaranteeing Association (NIGA) under the ATA Carnet system. The NIGA is authorised to issue ATA Carnets. An IT system should be established to verify, facilitate, and monitor the status of goods temporarily admitted under the scheme.

To facilitate the implementation of the ATA Carnet System scheme, particularly in the release of goods for exhibition, the following approaches could be considered:

- a. Information dissemination whether through printed or electronic documents;
- b. Training of personnel as well as users; and
- c. Installation of a help desk or customer care assistance to provide information and technical support (e.g. electronic or computer problems).

## **D. Import / Export Formalities and Coordination**

### **Acceptance of Copies**

While the BOC has allowed the electronic submission of digital copy of documents especially during the pandemic, the original copies were however required to be submitted still to BOC. It is imperative that BOC resolve the issues on the integrity of the scanned copy of the goods declaration and the supporting documents. If the aim is to further facilitate trade, then the BOC must resolve the verification on the authenticity of documents process including the signatures and free the importers and traders' burden of submitting the hardcopies.

On the acceptance of scanned COs for customs clearance, since it is required under the FTAs to present hard copies at the time of importation, it is suggested that the agreements be amended to make the arrangements permanent.

### **NSW Stability and Sustainability**

The Philippines should aggressively implement the policy setup for the National Single Window (NSW). To realise this, it is imperative that all government agencies should actively participate in the physical development of the single window in the country.

It was observed that most of the countries in Asia have adopted the PPP model like Japan, Korea, Singapore, Thailand, and Malaysia. The Philippine government should consider also adopting PPP for NSW in order to sustain its development and implementation.

There should be a support of 24 x 7 call center to respond to queries and day to day operation.

The Philippine National Single Window should be able to handle all type of documents in the cross-border trade. These documents include cargo manifest goods declaration, permits and clearances, proof of payment, release orders and other documents needed in the supply chain and transportation.

There is a need for increase the capacity building activities in all TRGAs including the private sector in relation to cross border trade. Training and retraining of public and private sector are necessary for them to adopt to the changes and development in the automated world of trade.

In the long run, there is a need to pass a law relating to the management of the NSW, including the rights and obligations integral to the use of the system. While the NSW was created and managed successfully even without the need for a specific law, the enactment of a statute would provide several benefits and ensure its sustainability in the long run, specifically:



- The law will create and establish a separate office that can concentrate its effort on the Management and maintenance of the system;
- The law will define the roles and authorities of the various TRGAs involved in managing the system.
- The law will provide the rights and obligations, including penalties for misuse or other possible violations, of the parties using it. This will assist in identifying the provisions to the needs of the specific system and help in pinpointing the parties that should be liable or responsible for certain actions. This is essential because of the number of stakeholders involved in a single transaction namely, the contractual parties (importers, exporters, value-added service providers, brokers, freight forwarders, etc.), government agencies, and including the internet service providers.
- The law will ensure that funding for its maintenance, improvement and sustainability will be appropriated through the General Appropriations Act (GAA) that Congress enact annually.

## **ASW**

The Philippines has to accelerate its pace on onboarding the TRGAs specially the agencies of the DA into the TradeNet. Although the country has already started to exchange the eCOs via the TradeNet, electronic copies of sanitary and phytosanitary documents are yet to be exchanged. These documents are already part of the ATIGA electronic form D that are now being submitted and exchanged via the ASW.

Furthermore, by having the TRGAs in the TradeNet, stakeholders will have an easy time accessing the links to other agencies with a single window or portal becomes available.

## **E. Cross-Border Coordination and Transit Facilitation**

While there was a notion that ACTS may not be easily applicable to the Philippines, the BOC maintained that the study made by EU-ARISE Plus on ACTS can be adopted for BIMP-EAGA member countries. In lieu of this, the BOC should request for a technical assistance from EU-ARISE Plus to prepare a feasibility study of adopting ACTS on BIMP-EAGA.

## **F. Transport Facilitation**

The International Maritime Organization (IMO) has adopted the mandatory requirements for the electronic exchange of information on cargo, crew and passengers as part of a revised and modernised annex to the Convention on Facilitation of International Maritime Traffic (FAL).

The Department of Transportation (DOTr) should lead the development of the Port Community System (PCS) as required by the IMO. The PCS is a single electronic platform (similar to NSW), that facilitates end-to-end flow of information that is accessible for port users, trade and logistics businesses and government agencies. The system must aim to achieve efficiency and service excellence for the port and the port community and facilitate trade - by the sea, land, rail and inter-modal, transit. The PCS will likewise eliminate the need for face-to-face transaction amongst the members of the port communities and help to contain the further spread of COVID-19 virus.

To operationalise the PCS, interconnection amongst the various systems operated by government sector (Immigration, BOC and other government regulatory agencies, PPA, DOH, Navy and Coast Guard) as well as the private sector (Shipping Lines/Agents, Freight Forwarders, Shipper/Consignee, Port operators) must be established.

As mandated by the IMO under the FAL and in accordance with the purpose of achieving efficient and excellent service for the port and the port community and facilitating trade, the Philippine should start planning its PCS, with the specific objectives of:

- a) Integrating all stakeholders related to logistics and transportation of goods by sea, land, rail and air which will serve a community of port and logistics service providers, businesses and government agencies
- b) Connecting the ports, airports, Free Trade Zones, bonded warehouses, depots and warehouses with their community of service users for the exchange of information to achieve greater operational efficiency
- c) Facilitating information exchange in Business-2-Government and Business-2-Business
- d) Facilitating paperless processing, increasing staff productivity and savings in cost and effort for all stakeholders
- e) Providing real-time information to support operational decision-making and use of historical data for trend analysis, forecasting and operation optimisation for the whole industry
- f) Providing a database for capturing all ships and container/cargo information and used as a 'window' for each port's Terminal Operations System to receive and disseminate such information real-time
- g) Eliminating the use of telephone or fax by port users in requesting for information in relation to container and vessel e.g., Berthing Schedule, Vessel Arrival/Departure Schedule, etc.

### **Recommended Approach in Developing the PCS**

The national government should create a governance body – the PCS Steering Committee (PCS-SC) to be composed of the DOTr (as lead agency), PPA, DOH, and DTI, amongst others.

The PCS-SC should be supported by a PCS Technical Working Group (PCS-TWG) with membership composed of the BOC, Bureau of Immigration (BI), Philippine Navy and Philippine Coast and other concerned TRGAs.

The following should be considered in planning for the establishment of PCS:

- a) Adopt the NSW design concept;
- b) Private sector participation in the steering and working group levels;
- c) Key IT Infrastructure
  - Deployment model
  - Data Security
  - Network Security
  - Regulatory Compliance
  - System availability and disaster recovery
  - Back-up system
  - Identity management
- d) In the implementation, start first with amongst the relevant agencies from the government sector and operate from a period to stabilise the system operation. When the system has stabilised and reached its efficiency level, then integrate the relevant members in the private sector.

## **G. E-Commerce**

Amendments to the E-Commerce Act must be pursued specifically to: a) simplify the requirements on the recognition of electronic and digital signatures that is consistent with the UNCITRAL Model Law on Electronic Commerce (MLEC) and the 2007 UN Convention on Electronic Communications; b) facilitate further the electronic notarisation; and, c) expressly recognise automated/electronic and smart contracts.

The Supreme Court issued the 2020 Interim Rules on Remote Notarization of Paper Documents allowing the notarisation of documents through videoconferencing in areas under community quarantine. The interim rules shall be limited to the notarisation of paper documents and instruments with handwritten signatures or marks using videoconferencing facilities but not the execution of notarial wills. The same goes for the notary public, where he shall schedule a videoconferencing session where he will perform the notarial act in accordance with the Interim Rules (The Daily Tribune, 7 August 2020).

The Supreme Court must issue the corresponding special rules on the use of electronic notarisation.

In terms of import and export procedures, the stakeholders who filed online goods declarations – with the undertaking to submit the original copies of supporting documents uploaded in the Customer Care Portal System (CCPS) – are required to print the entry declaration, affix their signatures, and submit the same to the BOC as notarised for these documents to be admissible in court.

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