

REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES¹

Notification under Article 7.3 of the
Agreement on Import Licensing Procedures

PHILIPPINES

The following notification, dated 11 October 1999, has been received from the Permanent Mission of the Philippines.

Outline of system

1. Imports into the Philippines are free unless otherwise subject to the requirements of prior approval by appropriate government agencies/committees responsible for implementing the legislation regulating imports. The Tariff and Customs Code of 1978 (Presidential Decree No. 1464) and the New Central Bank Act (Republic Act No. 7653), provide the primary legal bases for the regulation of imports in the Philippines.

Import licence applications must be submitted to the appropriate administrative body responsible for issuing licences (import permits/clearances/authorizations). The licence holder is required to present the import authority to the authorized agent banks upon the opening of the letter of credit for such imports. The licence holder is required to submit the licences to the authorized agent banks (AAB) and to the Bureau of Customs at the time of customs declaration. The licence will enable the holder to purchase from banks the foreign exchange required for the imports of regulated items. It also authorizes banks to service applications for imports effected through any mode of payment.

Purpose and coverage of licensing

2. All commodities/commodity groups subject to automatic and non-automatic import licensing are embodied in the Tariff and Customs Code of 1978 (Presidential Decree 1464), as amended, and in the Philippines Standard Commodity Classification Manual. Commodity groups whose importations are regulated or prohibited are listed in Annex A.

3. The system applies to goods originating from any country, the choice of the source of the supply being left entirely to the prospective importers.

¹See document G/LIC/3, Annex, for the questionnaire.

4. Import licensing is intended, among others to: (a) safeguard public health, safety, security and welfare; and (b) meet international treaty obligations related to the regulation of certain products/commodities as well as the medical, scientific and other legitimate needs of the country.

5. The Tariff and Customs Code of 1978 (P.D. 1464), as amended, and the New Central Bank Act (R.A. 7653), provide the primary legal bases for licensing but there are specific laws that govern the importation of, and designate the appropriate agencies/bureaus which administer the licensing regime for a specified commodity or group of commodities. These agencies and bureaus, the products they administer, and the fees or charges they collect are shown in Annex A. Central Bank Circular No. 1389, series of 1993, as amended, consolidates all foreign exchange rules and regulations on various foreign exchange transactions including those on imports. The licensing system is statutorily required.

Procedures

6. For quota products:

I. All regulations are circulated and made available to interested parties. They are also published in the Official Gazettes and/or in the national newspapers.

II. (a) Import quotas are determined on an annual basis. They are allocated on a first-come, first-served basis directly to qualified or registered importers. Since the quotas are allocated in the name of the importers, they are not published in order to avoid possible disclosure of confidential information. However, they can be made known to government, upon request and when necessary and appropriate.

1. (b) For agricultural products covered under the Tariff Rate Quota (TRQ) mechanism, the size of quotas is based on Philippine commitments contained in Section 1.b, Schedule LXXV of the Uruguay Round Final Act. The tariff rate quota year is from February of a given year to January of the following year. Tariff quotas are allocated twice during the quota year. In February, the incremental quota for the quota year, the allocation of the prior quota year which have been recalled and any portion of the quota not taken up during the prior quota year are put together in a Beginning Year Pool (BYP) which is apportioned to licence holders and new entrants. In July, the allocations surrendered or relinquished by licensees on or before the last working day of May of the quota year are put together in a Mid-Year Pool (MYP) which is reallocated to other qualified applicants.

(c) For agricultural product, regular licences are issued on a yearly basis, at the start of the quota year. Consequently, such licenses have a validity of one year. However, special licenses, whose validity may be less than a year, are issued for the following:

- (i) those quotas reallocated from the surrendered volumes during the quota year;
- (ii) the additional quotas created and then allocated by government in excess of those committed and;
- (iii) any remaining quotas allocated on a first-come, first-served basis.

III. (a) Quotas are granted on the basis of an importer's past performance in relation to historical growth in sale.

(b) For agricultural products:

- (i) In the initial year of implementation, products covered by the TRQ mechanism are classified into two types: (a) those which have been imported regularly and in substantial volumes during the representative period; and (b) those

which have been irregularly or scarcely imported. Allocation of licences for regularly imported agricultural products is based on import shares. Meanwhile, irregularly imported products are allocated based on local output shares. Under this system of allocation, a portion of the licences has, by necessity, been allocated to domestic producers. Subsequent entrants are accepted on the basis of import history.

(ii) In the subsequent year, allocation is done through a systematic distribution procedure (SDP) and then, if necessary, through a first-come, first-served distribution procedure. Under this system, the BYP and MYP are allocated as follows: (a) priority access is given to licensees which have not surrendered part or all of their allocation in the previous quota year, and have utilized at least 80 per cent of their allocations (for BYP) and 30 per cent by the last working day of May (for MYP), and qualified entrants; and (b) any volume remaining in the BYP and MYP are available to interested applicants on a first-come, first-served basis.

(iii) AO1 provides for a quota utilization threshold of 80 per cent below which penalties are imposed. Licensees whose utilization rates fall below this threshold are penalized by having 50 per cent of their unused and unsurrendered quotas deducted from their next quota year allocation on the first instance; 75 per cent on the second instance; and 100 per cent on the third and subsequent instances. Unused allocations are not added to the quotas for the succeeding period.

(iv) The list of licensees and their corresponding allocations are published in two newspapers of national circulation. Governments and export promotion bodies of exporting countries can readily have access to this information.

IV. The time allowed for submitting applications for licences is usually up to the end of the authorized period which is normally up to the end of a quarter, semester or end of the sixth month or year. For agricultural products under the TRQ mechanism, the application period for TRQ licences is approximately one month.

V. Under normal circumstances, an application for an import licence if complete in all respects can be granted within two weeks or even sooner. In the case of agricultural products under the TRQ mechanism, the processing period of application for TRQ licences is about one month.

VI. Licences are issued with a specific period of validity for shipment of goods. It is up to the importer to import goods any time during the validity period of the import licence. Goods should be shipped from the exporting country only after the import licence is issued.

VII. Only one administrative body considers the application for licence.

VIII. Under TQR rules, the allocations from the previous year are carried over to the following year plus the incremental volumes arising from the annual increase of the quotas. The incremental volume forms part of the BYP. The procedure outlined in our response to III.B above is followed regardless of whether the demand for licence is fully satisfied or not.

IX.-X. Not applicable.

7. For non-quota products:

(a) Where there is no quantitative limit on importation of products, application must be filed at least two weeks before the estimated loading date of the product.

- (b) Licences can be granted immediately depending on the urgency of the request.
- (c) Applications may be filed on any working day of the year.
- (d) Generally, consideration of application for import permit is effected by only one administrative body.

8. In the event of denial or disapproval by the pertinent administrative body of an application for import licence, the applicant is informed of the reason for such disapproval and given the right to make a written appeal for reconsideration of the decision.

Eligibility of importers to apply for licence

9.(a) Under the non-automatic licensing system, only persons, firms and institutions duly registered as bona fide importers, domestic users, breeders, producers, traders, etc., are eligible to apply for licences, except in instances when only the Government or its entities/agencies may import the products sought to be imported by applicants (e.g., rice, which is State-traded; warships by the Philippine Navy).

(b) Under the automatic system, all persons, firms and institutions, are eligible to apply for licence as long as they meet the basic requirements/criteria laid down by the administering agencies and bureaus.

(c) For certain imports there is a system of registration of persons or firms permitted to engage in importation. This system ensures that only qualified applicants are granted licences. The products and the registration fees or charges relevant in this regard are provided in Annex B.

Documentational and other requirements for application for licence

10. The information usually required in applications includes name and address of importer, business of importer, name and address of exporter/shipper, country of origin, means of transport, description and amount of goods to be imported. The documents required to support the application, usually include, among others, (a) pro forma invoice covering the importation applied for; (b) Securities and Exchange Commission (SEC) registration certificate for corporations and partnerships and Bureau of Domestic Trade registration certification for single proprietorship; (c) financial statements; and (d) a copy of export contract or L/C application.

11. Upon importation, the documents required include: (a) commercial invoice; (b) bill of lading; (c) clearance certificate from pertinent administrative bodies; and (d) formal customs entry.

12. For the list of licensing fees or administrative charges imposed, see Annex C.

13. There is no deposit or advance payment requirement associated with the issuance of licences.

Conditions of licensing

14. Some licences are issued for a particular shipment only, with a validity period adequate to cover the whole process of importation. Others are issued with a validity period identical with that of the period granted on the quota held. The period of validity ranges from one month to one year and in all cases renewable upon written application by interested parties to the concerned agency/bureau.

15. There is no penalty for the non-utilization of a licence subject to quota or a portion of it.

16. Licences are made in the name of the applicant-importer only and are non-transferable.

17. Import permit/clearance/authority is issued upon compliance with conditions/requirements imposed by a particular agency.

Other procedural requirements

18. Other than the procedures of import licensing described above, there are no other administrative procedures required prior to importation.

19. Except under conditions of a national emergency or an economic crisis that threaten among others the stability of the balance-of-payments, foreign exchange is automatically provided by authorized agent banks to a holder of an import licence.

ANNEX A

REGULATED COMMODITIES

(Commodities the importation of which requires clearance/permits from appropriate government agencies including the Bangko Sentral ng Pilipinas)

<u>Commodity Description/ Commodity Group (PSCC Code)</u>	<u>Government Agency Issuing Permit/Clearance</u>
1. Dangerous Drugs	Dangerous Drugs Board (DDB)
2. Rice	National Food Authority (NFA)
3. Cyanide	Department of Environment & Natural Resources (DENR)/Environmental Management Bureau (EMB)
4. Chlorofluorocarbons	DENR/EMB
5. Penicillin and its derivatives	Department of Health (DOH)/ Bureau of Food and Drugs (BFAD)
6. Mercury and mercury compounds	DENR/EMB
7. Color Reproduction machines	National Bureau of Investigation (NBI)/Bangko Sentral ng Pilipinas (BSP)/Cash Department
8. Various chemicals for the manufacture of explosives	Philippine National Police (PNP)/ Firearms and Explosives Office (FEO)
9. Firearms, ammunitions and parts	PNP/FEO
10. Pesticides incl. agricultural chemicals	Fertilizer & Pesticide Authority (FPA)
11. Motor vehicles (used), parts and components	Department of Trade and Industry (DTI)/ Board of Investments (BOI) Bureau of Import Services (BIS)
12. Truck and automobile tyres and tubes, used, of all sizes	DTI/BOI/BIS
13. All commodities originating in Socialist and other centrally planned economy countries	Philippine International Trading Center (PITC)
14. Warships of all kinds	Maritime Industry Authority (MARINA)

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| 15. | Coins, banknotes and gold | Bangko Sentral ng Pilipinas (BSP) |
| 16. | Radioactive materials | Philippine Nuclear Research Institute (PNRI) |
| 17. | Toys guns | Philippine National Police |
| 18. | Video machines | Games and Amusement Board |
| 19. | Used clothing | Department of Social Welfare and Development |

ANNEX B

SCHEDULE OF REGISTRATION FEES/CHARGES (in pesos)

<u>Product</u>	<u>Amount</u>
Gamefowl breeders/importers	
- Initial registration (valid for 3 years)	600.00
- Renewal (for another 3 years)	300.00
Feedgrains and feedgrain substitutes	600.00
Dangerous drugs	72.00
Antibiotics (per 5 years)	5,000.00
Pesticides	
- Application fee for the registration of a pesticide per active ingredient	3,000.00
per pesticide product	2,000.00
- Registration fee	
per active ingredient (3 years)	
Category 1 & 2	15,000.00
Category 3 & 4	10,000.00
per pesticide product (3 years)	
Category 1 & 2	10,000.00
Category 3 & 4	5,000.00
Fertilizer	1,000.00
- Organic and/or specialty products	3,500.00
- New products	5,000.00
- Old products	4,500.00
Imported logs, lumber, veneer and commercial poles and piles	
- Application fee	500.00
- Registration fee	400.00
Imported coal	
- Application fee	250.00
- Permit fee	150.00

(See Annex D for other fees not included here.)

ANNEX C

LIST OF LICENCE FEES/ADMINISTRATIVE CHARGES

<u>Products</u>	<u>Amount</u>
	(in pesos)
Carabaos, buffaloes, cattle, horses, ponies, asses, mules, donkeys, swine and goats	45.00 per cent
Dogs and cats, and other domestic livestock	60.00 per permit
Bull semen and other animal semen; embryo	36.00 per permit
Adult chicken, geese, turkeys, ducks, pigeons, doves, quails and other adult domesticated fowls, chicks, poults, ducklings, and other young fowls	45.00 per permit
Fighting or game birds	20.00 per head
Hatching eggs	40.00 per permit
Hatching eggs of gamebirds	6.00 per egg
For meat, meat products	35.00 per permit
Large-size wild animals and birds	50.00 per permit
Medium-size wild animals and birds	40.00 per permit
Small wild animals and birds	40.00 per permit
Colour reproduction machines	50.00 per permit
BOI-regulated products	100.00 per import authority
Firearms, ammunitions and explosives	
A. Permit fee to import firearms, ammunitions, spare parts, accessories and components for commercial purposes	
Firearms	10.00 per firearm
Ammunition	0.05/pc.
Components	
- Shells	0.01/pc.
- Primers	0.01/pc.
- Gunpowder	0.25/lb.
- Spare parts - barrel/frames/slides	5.00/pc
- Reloading machine	1,000.00
- Bullet-proof vests	500

B. Permit fee to unload

- Explosive/explosive ingredients (solid form) 0.25/kg.
- Explosive/explosive ingredients (liquid form) 0.02/l.
- Detonating cords, safety fuses 0.01/m.
- Blasting caps, connector 0.01/pc.

Various chemicals for the manufacture
of explosives 300.00 per permit

Fish and fishery aquatic products 100.00 per permit

Antibiotics 5.00 per clearance

Acetic anhydride 30.00 per clearance

(See Annex D for other fees not included here.)

ANNEX D

FEES AND CHARGES COLLECTED BY IMPORT REGULATING AGENCIES

<u>Fertilizer and Pesticides Authority</u>	<u>Fees and charges (in pesos)</u>
1. Fertilizer and pesticide product registration	
(a) Fertilizer product registration	
(i) Application fees - EUP/product/crop imported	1,000.00
(ii) Provisional registration (annual) - imported	
- Inorganic fertilizer (new)	1,500.00
- Inorganic fertilizer (old)	1,500.00
- Organic	1,500.00
- Soil conditioner	1,500.00
- Raw material	1,500.00
- Plant growth promoter	1,500.00
- Speciality	1,500.00
(iii) Full registration/renewal - imported (three years' validity)	
- Inorganic fertilizer (old)	4,500.00
- Inorganic fertilizer (new)	5,000.00
- Organic	3,500.00
- Soil conditioner	3,500.00
- Raw material	3,500.00
- Plant growth promoter	3,500.00
- Speciality	3,500.00
2. Licensing of fertilizer and pesticide handlers, dealers and warehouses	
Fertilizer and pesticide handlers other than dealers (annually)	
(i) Over P5M capitalization	
- 1st activity	7,000.00
- Additional activities	4,000.00
(ii) Over P1M to P5M capitalization	
- 1st activity	4,500.00
- Additional activities	3,000.00
(iii) Over P500 to P1M capitalization	
- 1st activity	3,000.00
- Additional activities	1,500.00
(iv) P550T and below capitalization	
- 1st activity	1,500.00
- Additional activities	700.00
3. Processing fees	
(a) Processing fees - fertilizer	500.00
(b) Processing fees - pesticide	500.00
(c) Import certificate	250.00
(d) Letter of authority to import	500.00

<u>National Food Authority</u>	<u>Fees and charges</u> (in pesos)
Application fee/registration fee	
- Single line of activity in rice and/or corn industry	50.00
- Two or more lines of activity	100.00
Licensing fee for importing	1,500.00
Licensing fee for exporting	200.00
Licensing fee for indenting	2,000.00
Registration fee per unit/store/branch outlet for importers	100.00
 <u>Maritime Industry Authority</u>	
Fees for importation	
Processing fee for importation/charter	
1. Fishing vessel	
- Vessels ten years old and below	6,600.00/vessel
- Vessels over ten years old	13,200.00/vessel
2. Importation/renewal of vessel spare parts	1.5% of the invoice value or a minimum P2,200.00/invoice and a maximum of P5,000.00/invoice
3. Importation/renewal of marine engines	300.00/engine
4. Extension of validity to import spare parts	250.00/invoice
5. Board of Investment endorsement of tax-free importation	
- Spare parts	500.00/application
- Vessel	2,000.00
6. Importation/purchase of vessel for overseas use	5,000.00/vessel
7. Endorsement to the Bureau of Customs through the Department of Finance for exemption from import duties and taxes	
- Vessel importation	1,000.00
- Spare parts	260.00
8. Service fee for processing of application for Certificate of Authority to import under PD 666	1.2% of the invoice value of imported item but in no case less than 1,500.00 nor more than 2,500
9. Endorsement to authorized agent banks for foreign exchange requirement of shipping companies	260.00

<u>Bureau of Animal Industry</u>	<u>Fees and charges (in pesos)</u>
Livestock and poultry feeds	
Importer/indentor	
- Analysis fee/per sample	425.00
- Registration fee	400.00
Veterinary Biological Product Permit	
Import permit fees	
- Provisional	100.00
- Special	100.00
- Regular	100.00
- Regular (renewal)	50.00
- Extension of permit	50.00
Biological distributor/importer	2,000.00
<u>Bureau of Food and Drugs</u>	
Drug importer	
Initial registration/one year	2,000.00
Renewal/two years	4,000.00
Food establishment importer	
Filing fee	10.00
Fees based on capitalization	
- below P25,000	25.00
- 25,000-50,000	50.00
- 50,000-100,000	100.00
- 100,000-200,000	200.00
- 200,000-500,000	500.00
- 500,000-1 million	1,000.00
- over 1 million	0.01% of capitalization
<u>Dangerous Drugs Board</u>	
Import fees for registered importers	
- raw materials	360.00
- finished drug products	500.00
Import fees for persons not registered as importers	30.00
Other fees based on units of measure	
- per 100g or fraction thereof in each package	1.50
- ampules	
- 1ml-5ml	0.10/ampule
- 10ml	0.20/ampule
- pack of 100 tablets or less	
- per 100g or fraction thereof	1.50
- pack of 100 capsules or less	
- per 100g or fraction thereof	1.50

Fees and charges (in pesos)

- vials	
- 0.002g-1.0g vial or 10ml vial	0.20/vial
- 1.5g (30ml)	0.40/vial
- 2.5g (50ml)	0.50/vial

Bureau of Import Services

Processing fee for the importation of used motor vehicles	
- motor vehicles	1,000.00/unit
- used cars	500.00/unit
- used trucks	500.00/unit
- used motorcycles	600.00/unit
- motor vehicle parts	200.00
- government importation	200.00

Bureau of Plant Industry

Permit to import plants and plant products	10.00
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Inspection and certification fees

Imports

Inspection of imported living plants

- shipments of ten plants or less	10.00
- every plant thereafter	1.00

Small living plants in community pots/pot	10.00
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Imported seeds, cuttings, rhizomes, bulbs, corms, grafts, scions and other materials capable of propagation/m.t. or fraction thereof	4.00
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Imported plant products and other materials capable of harbouring plant pests/m.t. or fraction thereof	2.00
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Exports

Phytosanitary certification of:

Living plants for a shipment of ten	4.00
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In excess of ten pieces, plus/piece	0.40
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Plants in community pots or similar packaging material or container	4.00
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Seeds, cuttings, rhizomes, bulbs, corms, grafts, scions and other materials capable of propagation/m.t. or fraction thereof	2.00
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Plant products and other materials capable of harbouring plant pests (animals)	50.00
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Department of Environment and Natural resources/Protected Areas and Wildlife Bureau

1. Wildlife Collector's Permit	1,000.00
2. Wildlife Farm Permit	1,000.00
3. Local Transport (Wild fauna and propagated fauna)	50.00/document

4. Inspection and Processing fees for Export/Re-Export of wildlife
 - A. Commercial Purposes
 1. Fauna (CITES and non-CITES species)
 - a) Capital-bred specimens/ progenies and derivatives 10% of export value
 - b) By-products 10% of the value of wildlife material use
 2. Flora (Propagated plants/ parts/derivatives)
 - a) CITES species

First 50pcs. and below	250.00
Each additional species	2.00
 - b) Non-CITES species 100.00/document
 - B. Non-Commercial Purposes

Lives, derivatives or by-products including specimens covered by gratuitous/research permits

 1. CITES species 250.00/document
 2. Non-CITES species 100.00/document
 5. Import Permit (both CITES and Non-CITES Species) 300.00/document
 6. Re-issuance of expired permit

CITES permit	150.00/document
Wildlife certification	50.00/document
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