

REVISED RULES AND REGULATIONS ACCREDITATION/REGISTRATION OF FREIGHT FORWARDERS, NVOCC, CARGO CONSOLIDATORS AND BREAKBULK AGENTS

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Pursuant to Section 4(c) of Executive Order No. 514, the following rules are hereby promulgated governing the accreditation/registration of freight forwarders, non-vessel operating common carriers, cargo consolidators, and breakbulk agents.

SECTION 1. It shall be the policy of the state to facilitate and assist the development and growth of Philippine trade and the national economy by enhancing the legitimate interests of Philippine shippers.

For this purpose, the Department of Trade and Industry (DTI) through the Philippine Shippers' Bureau (PSB) shall be tasked to undertake the following measures:

- a. promote and professionalize the freight forwarding Industry through a system of registration and accreditation.
- b. establish an environment conducive to the growth of free competition in the freight forwarding industry in order to promote better services to exporters/shippers.

In the furtherance of these tasks, the PSB as a lead agency shall coordinate the implementation of the Memorandum of Understanding (MOU) entered into with the Bureau of Customs (BOC), Maritime Industry Authority (MARINA) and the Civil Aeronautics Board (CAB).

SECTION 2. Definition of Terms —

- a. Memorandum of Understanding refers to the Memorandum of Understanding entered into among the Philippine Shippers' Bureau (SHIPPERCON), Bureau of Customs (BOC), Maritime Industry Authority (MARINA) and the Civil Aeronautics Board (CAB).
- b. Registration — An act whereby the applicant/enterprise is certified to have complied with the basic requirements of the industry and has shown its professional and financial competence in its operations and is therefore reliable and capable to service the export and import trades.
- c. Certificate of Registration — Document issued by SHIPPERCON certifying to the registration of an entity for the purpose of transacting business with all the parties to this Memorandum of Understanding.
- d. Committee — A registration and monitoring committee composed of a representative each from MARINA, BOC, CAB and SHIPPERCON to be assisted by the Secretariat whose members shall be appointed by the Shippercon Director.
- e. Freight Forwarder — A cargo intermediary enterprise which directly or indirectly procures the transport of goods on behalf of its customer by booking ship space, negotiating freight rates, preparing documents, advancing freight payments, providing trucking and warehousing and related undertakings, without himself assuming the role of a carrier.

- f. Non-Vessel Operating Common Carrier (NVOCC) — A transport enterprise which publishes its own freight tariff, issues its own bills of lading and assumes all responsibilities of a common carrier without operating its own vessels.
- g. Cargo Consolidator — A company or person who undertakes group age of the small (LCL) shipments for single or various consignors/consignees by procuring vessel/container space from carriers and issuing its own bills of lading or its equivalent.
- h. Shipper — Exporter/importer; cargo owner, freight forwarder, cargo consolidator.
- i. Breakbulk/Consolidation Agent — The Philippine agent representative of a freight forwarder/consolidator named in a master bill of lading as shipper/consignee of a consolidated shipment.
- j. Philippine Shippers' Bureau (SHIPPERCON) — Party signatory to the Memorandum of Understanding which shall act as the implementing agency.
- k. PISFA — Philippine International Seafreight Forwarders' Association — The national association of seafreight forwarders recognized by the Department of Trade and Industry (DTI) and the Philippine Shippers' Bureau. It is a member of the Federation of International Freight Forwarders' Associations (FIATA) based in Zurich, Switzerland.
- l. Minimum Paid-Up Capital — The amount of capital required for each category of registration/accreditation and classification of the firms in the industry as prescribed in (par. 1.b) of Section 3 herein. The paid-up capital of the applicant firm (corporation or single proprietorship shall be defined as unimpaired, i.e., the net equity shall be equal or greater than the prescribed minimum paid-up capital in each category, and the amount shall not be impaired by either the operating losses or the long-term liabilities and or other operating aspects affecting the net equity of the firm upon application for registration.
- m. Cargo Insurance Coverage/Policy — The appropriate type of insurance required for registration/accreditation for each category/classification of the firms in the industry shall be either the Merchandise in Transit (Floater) or the Through Transport Club Insurance.

The Merchandise in Transit (MIT) Floater Insurance shall cover Truck Risks Plus Robbery and Hijacking (Standard Coverage) plus losses and damages due to loading and unloading, and losses and damages whilst the vehicle is on stop overnight at an allowed territory.

The Through Transport (TT) Club Insurance is the standard comprehensive cargo liability insurance for freight forwarders and transport operators covering destinations between the Philippines and worldwide.

The amount of insurance coverage/policy shall be the amount prescribed in (par. 2) of Section 3 herein which applies to both corporation and single proprietorship.

SECTION 3. Requirements for the Issuance of Certificate of Registration —

a. All freight forwarders, non-vessel operating common carriers (NVOCCs), cargo consolidators including breakbulk agents who are actually engaged in cargo forwarding business shall apply for registration with the SHIPPERCON upon the effectivity of the Memorandum of Understanding, and shall apply for a renewal of their registration in accordance with Sections 1 to 5, Rule IV of this Rule. Every applicant for registration whether or not a member of PISFA shall submit a written application to SHIPPERCON together with the following requirements:

I. For Corporations and Partnerships — a. List of company officers/directors and their residential addresses.

The chief operating officer or the operations manager of the company should have at least two (2) years experience in shipping, freight forwarding and/or related activities subject to the evaluation of the accreditation committee.

b. Audited Financial Statement (Income Statement Balance Sheet with supporting schedules), which must show a minimum paid-in capital as certified to by the Securities and Exchange Commission (SEC) according to the nature of business operation as follows:

Nature of Transport Paid-in
Operation Capital

1. Non-Vessel Operating
Common Carrier (NVOCC)

P500,000.00

2. Cargo Consolidator

400,000.00

3. Freight Forwarder

300,000.00

4. Breakbulk Agent

250,000.00

c. List of agents/offices abroad and a copy of their existing contract or agency agreement.

d. Company profile which shall include the following:

- Certificate of SEC incorporation;
- Articles of Incorporation and by-laws;
- Bio-data/personal data sheet of Directors and principal officers;
- Inventory of transport equipment, or contracts with trucking company/ies; and
- List of major clients.

II. For Single Proprietorship — a. The applicant should have at least two (2) years experience in shipping, freight forwarding and/or related activities subject to the evaluation of the registration committee.

- b. List of equipment and facilities
- c. Latest Income Tax Return for two (2) consecutive years.
- d. Proof of Financial Resources (e.g. Real Estate Title/Certificate)
- e. Vehicle Registration Papers
- f. List of Agents/Principals
- g. Certificate of Business Name Registration
- h. A single proprietor with at least 80% of the paid-in capital requirement may still apply for registration provided that a performance surety bond equivalent to two (2) times the amount of deficiency is posted with SHIPPERCON as the assignee; provided further that the bond is good only for one year after which period the single proprietor must have met the paid-in capital requirement.
- b. The applicant must submit proofs of insurance coverage (e.g. Proofs of payment of premiums).

Nature of Transport
Operations

Amount of
Insurance

1. NVOCC

P500,000.00

2. Cargo Consolidator

400,000.00

3. Freight Forwarder

300,000.00

4. Breakbulk Agent

250,000.00

SECTION 4. Filing and Processing Fee — Every applicant for Registration shall pay a filing and processing fee in the amount of P3,000.00. An additional P1,000.00 fee will be collected for every new category applied for.

SECTION 5. Action on the Application — Within fifteen (15) working days from receipt of application and all the

requirements including proof of payment of filing and processing fee, the SHIPPERCON shall evaluate, inspect the offices, equipment, and pertinent documents of the applicant and recommend to the Committee the approval or denial of the application.

SECTION 6. Issuance of Certificate of Registration — The Committee through the Director of SHIPPERCON shall issue and sign the corresponding Certificate of Registration upon payment in full of the required fees and satisfactory compliance with all the requirements in Rule III Section 1 hereof.

SECTION 7. Validity of Certificate — The Certificate shall be valid for two (2) years from the date of issue unless sooner cancelled, or revoked by the Committee upon the recommendation by the SHIPPERCON or suspended for violation of these rules and other applicable rules and regulations.

SECTION 8. Non-Transferability of Certificate — No certificate shall be transferred, conveyed or assigned to any person, partnership or corporation. It shall not be used directly or indirectly by any person, partnership, or corporation other than the one in whose favor it was issued.

SECTION 9. Change of Ownership of Business — Transfer or change of ownership of a single proprietorship duly registered pursuant to these Rules, shall cause the automatic revocation of the Certificate. The new owner shall be required to apply for a Registration in accordance with these Rules.

A change in the relationship of the partners in a partnership duly registered in accordance with these Rules which materially interrupts the course of the business or results in the actual dissolution of the partnership shall likewise cause the automatic revocation of the certificate.

SECTION 10. Change of Directors of Corporations — Every change in the composition of the Board of Directors of a corporation duly registered pursuant to these Rules shall be registered with the SHIPPERCON within 30 days from the date the change was decided or approved.

SECTION 11. Change of Other Officers and Agents — Every change of officers or agents abroad and termination or appointment of key personnel shall be registered with the SHIPPERCON within 30 days from date the change, appointment, or termination occurred.

SECTION 12. Renewal of Registration — Within forty-five (45) calendar days before the expiry date of the certificate, all covered persons shall submit an application for the renewal thereof to the SHIPPERCON. Such application shall be supported by the same requirements provided in Rule III, Section 1, hereof.

SECTION 13. Action on Renewal of Registration — Within fifteen (15) working days from receipt of the application for renewal, the SHIPPERCON shall undertake evaluation and inspection and thereafter recommend the grant or denial of the application to the Committee.

SECTION 14. Failure to Renew — All covered persons who fail to renew their registration shall upon expiration thereof, be immediately delisted and disallowed from conducting business with the government entities signatory to the MOU.

SECTION 15. Evaluation of Performance — The Committee through the SHIPPERCON shall evaluate the performance of NVOCCs, cargo consolidators, accredited freight forwarders, and breakbulk agents for purposes of monitoring their activities.

SECTION 16. Inspection — Before approval of application for registration/renewal thereof the SHIPPERCON staff shall conduct an inspection of the premises and pertinent documents of the applicant.

SECTION 17. SHIPPERCON may also conduct inspection, whenever necessary, after approval of application to

monitor performance of the NVOCC/Cargo Consolidators/Freight Forwarders/Breakbulk Agents.

SECTION 18. Authority — Inspection shall be conducted by the SHIPPERCON staff. During the inspection, the SHIPPERCON staff may request the preparation of and examine the necessary documents, records and premises of the applicant.

SECTION 19. Inspection Procedures —

- a. Inspection shall be conducted by a team of at least two (2) members of the SHIPPERCON Staff upon written instruction/authorization of the SHIPPERCON Director or his duly authorized representative.
- b. Inspection shall be conducted in the presence of the manager or any officer of the company-applicant.
- c. Inspection report shall be submitted to the SHIPPERCON Director within twenty-four (24) hours after the inspection.

SECTION 20. Violation Found in the Course of Inspection — Any violation found in the course of inspection such as non-compliance with these Rules and other applicable issuances may be ground for the imposition of appropriate sanctions or for the denial of application for registration.

SECTION 21. The SHIPPERCON, in protecting the interests of shippers and consignees, may require freight forwarders, non-vessel operating common carriers, cargo consolidators and breakbulk agents to submit to Shippercon copies of all inward and outward manifests covering consolidated shipments.

SECTION 22. No non-vessel operating common carriers cargo consolidators, freight forwarders and breakbulk agents shall be permitted to transact business with the Bureau of Customs without first being registered by the SHIPPERCON/CAB, as the case may be.

SECTION 23. Functions of the Registration and Monitoring Committee — The Registration and Monitoring Committee shall have the following powers and functions:

- a. Monitor and periodically review the implementation of the MOU and formulate policies and programs for the professionalization of the freight forwarding industry.
- b. Deliberate and act on applications for registration referred to it by Shippercon for final action.
- c. The Committee and its Secretariat shall meet regularly to assess the overall implementation of the MOU.

SECTION 24. Effectivity — These rules and regulations shall take effect fifteen days following the completion of its publication in the newspaper of general circulation.

Adopted: 27 Nov. 1992

(SGD.) ALFONSO C. VILLAVERDE

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