

## **Presentation by the Bureau of Customs (Philippines)**

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### **1. Digitalization of the Customs System**

It is emphasized that payment and customs clearance procedures should be fully digitalized—not at a 90% level, but achieving 100% complete digitalization.

Currently, the Bureau of Customs is negotiating with a private consortium under a Public-Private Partnership (PPP) framework. The initiative incorporates Korean and Singaporean technologies to advance digitalization.

The **Customs Processing System (CPS)** will serve as the core platform for full digitalization. This system is designed to function similarly to an ATM, enabling users to complete procedures directly through the system without interacting with customs personnel.

The entire process—from declaration to cargo release—will be digitalized. A pilot rollout is targeted for the first quarter of next year, with full integration of 17 major ports and 39 sub-ports by mid-year.

Additionally, digitalization efforts are being expanded to certification, smart X-ray systems, and risk management, as part of aligning the Bureau with global standards.

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### **2. Improving the Business Environment (Ease of Doing Business)**

Alongside digital transformation, improving the business environment is recognized as a key priority.

Following a proposal to the Department of Finance, the validity period of customs accreditation has been extended from one year to three years. This is expected to significantly reduce the administrative burden on companies.

However, this measure does not currently apply to exporting companies. The inclusion of a reputation-based system for exporters is under further review.

The Bureau continues to implement various policies aimed at enhancing the ease of doing business.

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### **3. Strengthening Stakeholder Collaboration and Communication**

The Bureau emphasizes the need for practical, results-oriented partnerships rather than purely formal cooperation.

To achieve this, it aims to clearly understand both the needs of businesses and the requirements of the Bureau, and to establish a functional and effective cooperation framework.

The Bureau's primary roles are:

1. Revenue collection
2. Trade facilitation

To balance these roles, three key policy directions are being pursued:

- Digitalization
- Business environment improvement
- Partnership strengthening

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### **4. Addressing Issues and Establishing Communication Channels**

It is acknowledged that various operational challenges may arise before full digitalization is completed.

To address this, the Bureau proposes establishing direct communication channels—such as chat groups or email-based hotlines—with Korean companies and importers.

Through these channels, issues related to customs clearance, procedural bottlenecks, and on-the-ground experiences can be shared promptly and addressed accordingly.

The Commissioner and his office have expressed a strong commitment to directly review and resolve all reported concerns.

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### **5. Grievance Handling System**

The Bureau operates a platform called “**Isumbong High Commissioner**”, which allows direct submission of complaints to the Commissioner.

This platform was modeled after the Presidential complaint system and is open to importers, exporters, and travelers.

To date, over 100 complaints have been received, with more than 90% resolved under the leadership of the Commissioner's office.

Direct intervention by the Commissioner's office has significantly improved the speed of issue resolution.

Feedback collected through this system is also utilized for institutional improvements to prevent recurrence of similar issues.

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## **6. Korea–Philippines Cooperation**

The Bureau places strong importance on the longstanding relationship between Korea and the Philippines.

This partnership has historical roots, including the Philippines' participation in the Korean War, and continues to evolve into economic and business cooperation.

The activities of Korean companies contribute positively to the Philippine economy, including job creation and revenue generation.

Accordingly, the Bureau recognizes that supporting business activities is directly linked to national development and remains committed to providing active support.

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## **Q&A Session**

### **Q1. Enhancing Predictability in HS Code Classification and Customs Valuation**

All import procedures begin with the entry of information into the E2M system, followed by classification and document submission.

The E2M system, introduced in 2014, is not yet fully optimized and still requires improvements.

Based on the submitted documents and information, the risk management system classifies shipments into:

- Green (low risk)

- Yellow
- Orange
- Red (high risk)

This classification depends on the accuracy and completeness of the information provided.

At present, some level of human intervention remains necessary to verify consistency between declarations and actual data.

Ultimately, the efficiency and predictability of customs procedures largely depend on the accuracy and completeness of submitted documents.

Imports are categorized as:

- Regulated goods (requiring permits and approvals)
- Non-regulated goods (subject to simpler procedures)

HS codes generally follow international standards, although some variations exist by country (e.g., certain pork-related products).

Companies are advised to ensure accurate classification and declaration.

Additionally, an **advance ruling system** is available through the Tariff Commission.

Given the complexity of classification—especially for “others” categories—companies are encouraged to engage licensed customs brokers with the necessary technical expertise.

Advance rulings may also be submitted during customs clearance.

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## **Q2. Improving Efficiency in Inspection and Certification Procedures**

The key to improving customs efficiency lies in full digitalization.

The CPS is designed not only to integrate internal customs processes but also to connect procedures of other government agencies.

For example, regulated imports require approvals from agencies such as the Food and Drug Administration (Philippines). The system aims to integrate these processes automatically.

Currently, the system remains partially digitalized, leading to delays. Full digital

transformation is expected to address these inefficiencies.

However, until full integration is achieved, some level of inconvenience may persist.

One major challenge in customs procedures is determining whether goods are regulated and whether pre-requirements have been fulfilled.

Different agencies apply varying requirements—some require permits prior to arrival, while others allow post-arrival approvals.

Therefore, it is critical for companies to identify regulatory requirements in advance.

The Bureau serves both as a border control authority and a trade facilitation agency, while also enforcing regulations of other government bodies.

Examples of goods requiring prior permits include firearms and explosives. Some items may allow post-arrival approvals depending on the case.

In particular, the Food and Drug Administration (Philippines) oversees approximately 1,000 types of permits, making procedures highly complex.

Furthermore, not all systems are fully digitalized, limiting full inter-agency integration at present.

However, the **National Single Window (NSW)** system is currently under development, aiming to enable real-time data sharing among agencies.

Integration among major agencies is expected within this year.