

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)



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SENATE
S.B. No. 2364

RECEIVED BY: *f*

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT EXEMPTING THE CARRIAGE OF CONTAINER VANS FROM THE PROVISIONS OF SECTION 1009 OF PRESIDENTIAL DECREE NO. 1464, OTHERWISE KNOWN AS THE TARIFF AND CUSTOMS CODE OF 1978, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

As a response to the call of the President and key stakeholders, this measure seeks to amend Section 1009 of the Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of 1978 to introduce reform in the shipping industry.

Given that the Philippines is an archipelago composed of more than 7,100 islands, the transport of goods relies heavily on sea routes interconnecting the islands. Shipping is the means of transporting goods between islands and even in and out of the country. Shipping cost impacts the movement and price of traded goods.

Facilitating inter-island trade in the country has become costly and cumbersome for micro, small and medium enterprises (MSMEs). Currently, inter-island shipping is exclusively reserved for ships bearing the Philippine flag. While this helps the domestic shipping industry, the cost of shipping is hampering trade especially for the MSMEs.

This measure seeks to allow foreign ships to call in multiple ports provided that their cargoes are intended for import or export and duly cleared by the Commissioner of Customs. This would allow importers and exporters to co-load in foreign ships going in or out of the Philippine jurisdiction.

Moreover, this bill gives clarification on the definition of common carriers and public service in the shipping industry. With this bill, foreign cargoes shall not be subjected to the law concerning common carriers and public services as defined in the Civil Code and the Domestic Shipping Development Act, respectively.


MSMEs who are importing or exporting goods will be able to access a cheaper alternative in transporting their goods through co-loading in foreign ships. Ultimately, this leads to lower prices of goods for the Filipino public.

In view of the foregoing, the approval of this bill is earnestly sought.

Bam Aquino
Senator Paolo Benigno "Bam" A. Aquino IV

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Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. Declaration of Policy.** – It is the policy of the State to:

- 2 a. To assist importers and exporters in enhancing their competitiveness in the light
3 of intensifying international trade; and
4 b. To lower the cost of shipping containerized export cargoes from Philippine ports
5 to international ports and containerized import cargoes from international ports.

6 **SECTION 2. Definition of Terms.** – For the purposes of this bill, these terms are defined
7 as follows:

- 8 a. "Container Van" shall refer to a standardized reusable steel box used for the
9 safe, efficient and secure storage and movement of materials and products
10 within an intermodal freight transport system where the cargo carried in the
11 container van can be moved from one mode of transport to another without
12 having to unload or reload the contents of such container van;
13 b. "Domestic port" shall refer to any Philippine seaport;
14 c. "Domestic cargo" shall refer to goods, articles, commodities or merchandise
15 which are intended to be shipped from one domestic port to another domestic
16 port, even if, in the carriage of such cargo, there may be an intervening foreign
17 port;
18 d. "Export cargo" shall refer to goods, articles, commodities or merchandise carried
19 in container vans of foreign vessels and duly declared by the Bureau of Customs
20 at the port of origin as cargoes for shipment to a port outside the jurisdiction of
21 the Philippines;

- 1 e. *“Foreign cargo”* shall refer to import or export cargo carried in a container van of
2 a foreign vessel;
- 3 f. *“Foreign container van”* shall refer to container van whether empty or loaded
4 with import or export cargo which belongs to a foreign vessel;
- 5 g. *“Foreign port”* shall refer to any seaport outside the jurisdiction of the
6 Philippines;
- 7 h. *“Foreign vessel”* shall refer to a ship registered or documented in a flag registry
8 other than that of a Philippines; and
- 9 i. *“Import cargo”* shall refer to goods, articles, commodities or merchandise of
10 foreign origin carried in a container van of a foreign vessel which are intended to
11 be cleared by the Bureau of Customs for delivery to the port of final destination
12 within the jurisdiction of the Philippines.

13 **SECTION 3. *Scope.*** – This Act shall be apply exclusively to a foreign container van and to
14 import and export articles or cargoes carried in such foreign container van by a foreign vessel

15 **SECTION 4. *Carriage of a foreign container van or foreign cargo by a foreign vessel.*** –
16 This Act shall allow the following circumstances:

- 17 a. A foreign container van carrying foreign cargo arriving from a foreign port on a
18 foreign vessel, such foreign vessel, after being cleared at its port of entry, shall
19 be allowed to carry the foreign container van to its domestic port of final
20 destination;
- 21 b. A foreign container van carrying foreign cargo arriving from a foreign port on a
22 foreign vessel may be carried by another foreign vessel calling at the same port
23 of entry to the domestic port of final destination of such foreign cargo;
- 24 c. A foreign container van carrying foreign cargo intended for export may be
25 carried on a foreign vessel from its domestic port of origin through another
26 Philippine port to its foreign port of final destination;
- 27 d. A foreign container van carrying foreign cargo intended for export may be
28 transshipped in any foreign vessel from its domestic port of origin through a
29 domestic transshipment port and transferred at such domestic transshipment
30 port to another foreign vessel which shall carry it to its foreign port of final
31 destination;
- 32 e. An empty foreign container van going to or coming from any domestic port or
33 going to or coming from a foreign port; and

1 **SECTION 5. Authority of the Commissioner of Customs.** – The Commissioner of Customs,
2 upon such reasonable conditions as he may impose, may do the following acts:

- 3 a. Clear any foreign vessel for any domestic port and authorize the conveyance
4 therein of a foreign container van containing foreign cargo bought from abroad
5 upon such foreign vessel;
- 6 b. Allow a foreign vessel to take a foreign container van containing import or export
7 articles or cargo at any Philippine port and convey the same upon such foreign
8 vessel to a foreign port;
- 9 c. Authorize the transshipment of such foreign cargo intended for export through
10 another Philippine port of its conveyance by another foreign vessel to the cargo's
11 foreign port of final destination;
- 12 d. Take measures to ensure that no foreign vessel carries any domestic cargo; and
- 13 e. Take measures to address illegal activities, including smuggling.

14 **SECTION 6. Application of the Carriage of Goods by Sea Act.** – Carriage conducted in
15 accordance with this law shall be governed by Commonwealth Act No. 65, otherwise known as
16 the Carriage of Goods by Sea Act with respect to the liability of the carrier for the loss of, or
17 damage to, goods carried.

18 **SECTION 7. Carriage by foreign vessels not a public service, foreign vessels not common**
19 **carriers.** – Foreign vessels engaging in carriage conducted in accordance with this law shall not
20 be considered common carriers as provided in Republic Act No. 386, otherwise known as the Civil
21 Code; neither shall such foreign vessels be considered as offering a public service and thus shall
22 fall outside the coverage of Republic Act No. 9295, otherwise known as the Domestic Shipping
23 Development Act.

24 **SECTION 8. Prohibitions.** – No foreign vessel shall be allowed to carry any domestic cargo
25 or domestic container van, whether loaded or empty, even if such domestic container van may
26 contain foreign cargo.

27 **SECTION 9. Implementing Rules and Regulations.** – Within sixty (60) days from the
28 approval of this Act, the Bureau of Customs, in coordination with the Department of Finance,
29 shall promulgate such rules and regulations necessary for the effective implementation of this
30 Act.

31 **SECTION 10. Separability Clause.** – If any provision of this Act is subsequently declared
32 invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain
33 in full force and effect.

1 **SECTION 11. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations, and
2 other issuances, or parts thereof, inconsistent with the provisions of this Act are hereby repealed
3 or modified accordingly.

4 **SECTION 12. *Effectivity Clause.*** – This Act shall take fifteen (15) days after its publication
5 in the *Official Gazette* or in a newspaper of general circulation

6 Approved,