Aircargo Forwarders of the Philippines, Inc. (AFPI)

Country Report Year 2010

38th Executive Council Meeting of the FEDERATION OF ASIA-PACIFIC Aircargo Association (FAPAA)

in

Dhaka, Bangladesh

25 – 28 June 2011
AFPI ADDRESS

2/F Rm. 225 Building B, Sky Freight Building, Ninoy Aquino Avenue,
Barangay Sto. Niño Paranaque City

Tel No:  (632) 853 - 0549 / (632) 853 0- 2724

Fax No:  (632) 853 - 1745

AFPI Secretariat – secretary_general@afpi.org.ph

Training & Development Center - training_admin@afpi.org.ph

Contact Person : Ms. Maria Gloria O. Tugelida

Secretary General
## Board of Directors and Officers (2010-2012)

<table>
<thead>
<tr>
<th>Name</th>
<th>Freight Forwarding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman Emeritus</td>
<td>Mr. Jaime A. Roxas</td>
</tr>
<tr>
<td></td>
<td>Jugro Transport Int'l Phils Corp.</td>
</tr>
<tr>
<td>President</td>
<td>Mr. Michael R. Aquino</td>
</tr>
<tr>
<td></td>
<td>U-Freight Philippines</td>
</tr>
<tr>
<td>1st Vice President</td>
<td>Mr. Dexter C. Yu</td>
</tr>
<tr>
<td></td>
<td>All Systems Logistics, Inc.</td>
</tr>
<tr>
<td>2nd Vice President</td>
<td>Ms. Mariz C. Regis</td>
</tr>
<tr>
<td></td>
<td>Airspeed International Corp.</td>
</tr>
<tr>
<td>Secretary</td>
<td>Ms. Josie C. Yap</td>
</tr>
<tr>
<td></td>
<td>Philippine Genesis Freight Unlimited, Inc.</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Mr. Chris S. Coching</td>
</tr>
<tr>
<td></td>
<td>Wingspeed Shipping Corp.</td>
</tr>
<tr>
<td>P.R.O.</td>
<td>Mr. Ramon T. De Leon</td>
</tr>
<tr>
<td></td>
<td>Pac-Atlantic Lines (Phils) Inc.</td>
</tr>
<tr>
<td>Sergeant –at-Arms</td>
<td>Ms. Ma. Victoria A. Geniza</td>
</tr>
<tr>
<td></td>
<td>Freight Connection</td>
</tr>
<tr>
<td>Directors</td>
<td>Ms. Marilyn C. Alberto</td>
</tr>
<tr>
<td></td>
<td>Kintetsu World Express (Philippines) Inc.</td>
</tr>
<tr>
<td></td>
<td>Ms. Doris P. Torres</td>
</tr>
<tr>
<td></td>
<td>Stamm International</td>
</tr>
<tr>
<td></td>
<td>Mr. Arnold R. Brizuela</td>
</tr>
<tr>
<td></td>
<td>Airlift Asia</td>
</tr>
<tr>
<td></td>
<td>Ms. Maria Antoinette M. Reyes</td>
</tr>
<tr>
<td></td>
<td>Eagle Express Lines, Inc.</td>
</tr>
<tr>
<td>Legal Director</td>
<td>Atty. Agaton Teodoro O. Uvero</td>
</tr>
</tbody>
</table>

### Committees

**Internal Affairs**

- Membership
- Finance
- Articles and By Laws
- Ethics & Standards
- Training and Education

**Chairman**

- Ms. Maria Antoinette M. Reyes
- Mr. Chris S. Coching
- Atty. Agaton Teodoro O. Uvero
- Ms. Ma. Victoria A. Geniza
- Mr. Jaime A. Roxas

**External Affairs**

- Government Affairs & Airlines Affair
- Communications
- Ways & Means
- Secretariat
- Council of Past President

**Chairman**

- Ms. Marilyn C. Alberto
- Mr. Ramon T. De Leon
- Mr. Michael R. Aquino

The governing body of the association is composed of officers from both local and multinational logistics companies. This helps promote fairness, unity and harmony in the freight forwarding industry.
PROJECTS / ACTIVITIES

Since its formation 30 years ago, AFPI has effected positive changes in the airfreight industry, including the following:

- Helps promote and facilitate regional and international trade.
- Provides its members with a chain of logistics support such as warehousing, customs clearance, door-to-door delivery, chartering, conference, information technology and affiliation with international bodies and organizations involved in air transportations.
- Maintains a training and development center that provides continuous education and develops core competencies of the personnel of all member companies.
- Provides a forum wherein industry issues are discussed and formally communicated to relevant government agencies, non-government agencies and other private entities/organizations.
- Organizes / liaises with other associations / organizations for socio-economic projects and development.
- Fosters camaraderie among members companies by having fellowship activities such as social gatherings and various sports activities including golf tournaments.

AFPI 30ST Anniversary

AFPI celebrated its 30th Anniversary and Induction of AFPI 2010-2012 Board of Directors at Mariott Hotel Manila on September 30, 2010. The event was graced by Bureau of Customs, Civil Aeronautics Board and IATA Officials. The guest speaker was BOC Commissioner Angelito A. Alvarez. CAB Executive Director Carmelo L. Arcilla officiated the induction of the Board.
Membership in International Organizations

Federation of Asia-Pacific Aircargo Association (FAPAA)
The International Federation of Freight Forwarders Association (FIATA)
ASEAN Federation of Forwarders Association (AFFA)
International Air Transport Association (IATA)

Membership and Alliances – National Associations

- Port Users Confederation (PUC)
- Philippine International Seafreight Forwarders of the Phils., Inc (PISFA)
- Federation of Accredited Customs Brokers and Forwarders of the Phils., Inc. (FACFOB)
- Philippine Domestic Freight Forwarders Associations (PhiDoFFA)
- Ecozone Federation of Forwarders / Brokers and Truckers, Phils. (EFFORT,Phils)
  - Philippine Chamber of Commerce (PCCI)

Representing the Airfreight Industry with Various Government Agencies

- Department of Transportation and Communications
- Bureau of Customs
- Civil Aeronautics Board
- Philippine Economic Zone Authority
- Manila International Airport Authority
- Land Transportation Franchising & Regulatory Board
- Metro Manila Development Authority
  - Department of Trade and Industry

Other Governmental Partnerships

- National Transit Transport Coordinating Committee (NTTCC)
  - Department of Transportation & Communication
- National Disaster Coordinating Council
RECENT ISSUES TACKLED

REVISED KYOTO CONVENTION

In the past months, the Committee on Ways and Means, House of Representatives, has been conducting public hearings on the proposed “Customs and Tariff Modernization Act” (CTMA) which contains many of the proposed changes to implement the provisions of the Revised Kyoto Convention (RKC) otherwise known as “The International Convention on the Simplification and Harmonization of Customs procedures.

With the new congress opening on June, the association will closely monitor and promote the legislation to implement the RKC.

REPUBLIC ACT 9853 (THE CUSTOMS BROKERS ACT OF 2004)

Clearly, it is within the mandate of BOC to register and regulate customs brokerage companies to ensure the following policy mandates:

- To ensure that only legitimate and accredited companies are allowed to offer customs brokerage services to the general public;
- To prevent unregistered corporations from engaging in illegal customs activities and in victimizing shippers;
- To enhance the existing risk management system and client profile registration system (CPRS) by ensuring that only registered port users transact with the BOC and the general public; and
- To protect the individual licensed customs brokers by mandating that only legitimate companies can engage and hire their services.

About 1 month ago, BOC conducted a series of workshops to draft the implementing rules of RA 9853. In essence, the draft rules shall allow corporations to engage in the business of customs brokerage. We expect the new rules to be issued in the next few weeks.

The BOC has yet to issue new rules to implement the law. However, customs brokers are already lobbying for a version that would effectively dilute the law.
ELECTRONIC-TO-MOBILE (E2M) CUSTOMS PROJECT

While many of the customs processes have been automated, the more substantial part of customs processing remain manual. Assessment, which is the customs process of computing the correct duties and taxes, is yet to be automated. In the absence of a risk management system for verifying the correctness of what importers declare to customs, customs personnel manually assess the customs declarations. Customs personnel thus retain their discretion to increase or decrease the duties and taxes to be assessed.

In addition to this, the online submission of shipping manifest information to customs remains a thorny issue for forwarders and consolidators. The current system does not have provisions for forwarders in submitting their manifest ahead of shipping lines resulting in the imposition of mostly un-receipted penalties for late submissions.

The industry has recommended to BOC to automatically allow late submissions be without prejudice to the payment of penalties as applicable. This should prevent delays in the processing and clearance of shipments and allow full automation of the whole process. As it is now, the present manual intervention for late submissions of e-CCM defeats the very purpose of automating customs processes. The E2M system should automatically allow late submissions considering that penalties will anyway be imposed against carriers and forwarders. The penalty should be enough without going through the complicated and more expensive process of manual customs intervention.

To date, implementation problems continue to hound the new system particularly with regard to the online submission of manifest information coming from NVOCCS and forwarders. In particular, freight forwarders are objecting to the imposition of penalties on late submission even if the same are due to causes outside the control of forwarders and NVOCCs.

With this system on-line processing of secondary permits by other government agencies for regulated commodities such as Import Permit by PEZA, and Freeport Zones, Department of Agriculture and Board of Investment are also available. For agencies that are still manually processing permit, they are mandated to electronically submit permit data to the national single window.

Advance manifest system for Airfreight shipments is also in pipeline. Implementation will be announce in the coming weeks.

On-line lodgement on Export Declaration will also be implemented by September 2011.
SUPER GREEN LANES PLUS (SGL+)

The current Super Green Lane (SGL) program allows accredited importers to process their shipments with customs without intervention from customs personnel except through the post entry audit system.

Under this program, an importer is allowed the paperless processing of the imported cargo, resulting in the release of the goods at the earliest possible time after the electronic filing of the import entry. Submission of the manual copies of the import documents are made after the goods have been released from custom custody. An importer may avail of the privilege under the SGL program only after proper accreditation of the company and prior approval of a list of importables. The SGL program is applicable in all ports except at NAIA where customs procedures vary for every warehouse.

A few months ago, the Department of Finance (DOF) has announced that they will soon implement SGL+ which will allow an expanded trade facilitation programs for qualified and compliant importers. BOC is currently updating the database of current SGL members. We expect new rules to be issued in the coming months.

MANDATORY SINGLE CURRENCY BILLING FOR THE IATA SETTLEMENT SERVICES (ISS)

In our move to strengthen controls on Remittance and Settlement processes/procedures, we were mandated to move from a Dual Currency environment to a Single Currency environment. But given the existing Phil Central Bank (BSP) rules/regulations that restrict the conversion of PHP money to USD funds, the industry needed other options that would allow agents to remit in both currencies.

The solution is by moving from Single Environment/Dual Currency to Dual Environment/Single Currency (i.e one environment per currency). This would give the agent the flexibility to select the currency they wish to be billed and pay their obligations to CASS-member carriers. The new environment will also allow IATA to run correction periods that will address rate contentions/corrections within the same period and discontinue the practice of doing manual adjustments to correct billing errors. Likewise the migrated system has been updated to now compute for withholding tax on insurance premiums, as well as tackle other withholding tax issues.
MULTIMODAL TRANSPORT

The Philippine government has issued the initial policy framework on MTO. Implementing rules are yet being drafted and FEDFAP is directly and actively involved in drafting the IRR.

In preparation for this, the international freight forwarding seminar has been developed and improved with multimodal transport seminars covering topics on the different modes of transportation and best practices covering topics on technical and legal aspects. Thus, the basic foundation courses and intermediate multimodal transport seminars have been conducted beginning of 2010, whereby the UNESCAP trained trainers conducted the lectures.

The Association, as one of its platforms to run these modules, is partnering with Philippine schools and universities to conduct and apply the seminars. This helps in preparing future employees that are already have basic industry knowledge.

As a proof to this, we have just signed a Memorandum of Agreement (MOA) with one of the popular colleges in the Philippines, the PATTS College of Aeronautics.

Some of the trainers of the Association have recently joined the group of Trainers in JETRO scholarship program for the preparation and development of Masteral Program on Logistics in the Philippines.

INDUSTRY RELATIONS

AIRCARGO GOLF CLUB OF THE PHILIPPINES

AGC Philippines recently participated in the AGC Regional golf tournament held in Singapore. The two day event was held at the world famous golf courses of Sentosa golf and country club - Serapong course and Tanah Merah golf and country club- Garden Course. Participated by 7 countries in Asia, the Singapore organizing committee decided to maximize the camaraderie amongst participants by making the flight pairings representing each country per flight. Hence, four players in a flight got the chance to play with the other 3 Asian Countries' representatives.

Hongkong is the Team Champion followed by Malaysia in second. The Philippines who is the defending champion of this event, placed 3rd. The Philippine team with 23 players was spearheaded by its President Mr. Lito Colona.

It was a wonderful way of bonding amongst agents and fellow players in the industry. The 2012 AGC Regional Tournament will be hosted by Hongkong.

SOCIAL RESPONSIBILITY

Instead of celebrating Valentine’s day with a party, the AFPI Board thought it proper to use the occasion to embark on a meaningful project that may give hope and change lives. In partnership with the Philippine Red Cross. AFPI conducted a “blood letting” activity on 10 February 2011, Thursday 9:00 a.m. to 5:00 p.m. Close to 200 members enthusiastically and courageously shared their time and their life for a good cause.