



**AIRCARGO FORWARDERS OF THE PHILIPPINES, INC.
(AFPI)**

P H I L I P P I N E S

Country Report 2008

**36th Executive Council Meeting of the
FEDERATION OF ASIA-PACIFIC
AIRCARGO ASSOCIATION (FAPAA)**

**in
Bangkok**

05 – 06 June 2009

AFPI ADDRESS

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Secretary General

AFPI as the Only National Aircargo Association

The Aircargo Forwarders of the Philippines, Inc. was incorporated in 1980. It is the only aircargo trade association that the Civil Aeronautics Board (CAB) recognizes and endorses to the airfreight forwarders in the Philippines.

OBJECTIVES

- To encourage cooperation, strengthen camaraderie among its members
- To provide activities that will boost global competitiveness
- To promote professional development
- To advocate and uphold corporate governance and business ethics
- To address promptly the issues and concerns of the industry

MISSION

To provide the aircargo logistics industry with leadership and direction in enhancing its competency and global competitiveness.

VISION

To be the most professional, progressive and purpose-driven logistics association in Asia.

THEME

The theme for the year 2008-2010 “***Soaring High Towards Future Challenges and Opportunities,***” captures the optimism of AFPI and brings to mind its continuing significant contributions to the aircargo industry of the Philippines even during difficult times.

MEMBERSHIP

At the time of formation, AFPI had 11 members. As of today, membership has grown into 147 member companies.

BOARD OF DIRECTORS & OFFICERS

The governing body of this association consists eleven (11) elected Directors, and from among them, they elect the Executive Officers which are the President, 1st Vice President, 2nd Vice President, Secretary, Treasurer, Press Relation officer, Sergeant-at-Arms and four (4) other Directors. Election is held once every two years. Hence, the Board of Directors have a term of two (2) years.

The AFPI believes in a program of succession to ensure continuity of the programs and projects of the previous Board of Directors.

The immediate past President is automatically designated as Chairman of the Board, and he lends experience, expertise and assistance to the Board and the Officers of the association.

The immediate past Chairman of the Board is automatically designated as Chairman Emeritus, and the like, the Chairman of the Board, lends his experience, expertise and assistance to the Board and Officers of the Association.

The 1st Vice President will then assume the position of President in the succeeding term of office.

COMMITTEES

Internal Affairs

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

Chairman

Ms. Barbie B. Rivadeneira

Mr. Nelson M. Mendoza

Atty. Romeo Sto. Tomas

Ms. Rosemary N. Su

Mr. Eduardo G. De Guzman

External Affairs

- Government Affairs & Airline Affairs
- Communications
- Ways & Means
- Secretariat
- Council of Past Presidents

Chairman

Ms. Cynthia R. Tsui

Ms. Tessa H. Diesmos

Ms. Irene M. Tan

Newly Elected Officers & Directors (2008-2010)

	Name	Freight Forwarding Company
Chairman Emeritus	Ms. Cynthia R. Tsui	Asia Overseas Transport Co., Inc.
Chairman	Mr. Jaime A. Roxas	Jugro Transport Int'l. Phils. Corp.
President	Mr. Roy A. Raralio	DSV Air & Sea Inc.
1 st Vice President	Mr. Michael R. Aquino	U-Freight Phils.
2 nd Vice President	Mr. Gregg S. Sebastian	Hankyu Int'l Transport Phils. Inc.
Secretary	Ms. Tessa H. Diesmos	Fritz Logistics Philippines Inc.
Treasurer	Mr. Nelson M. Mendoza	Awards Cargo Agency Phils., Inc.
P.R.O.	Mr. Leo M. Tagle	Yusen Air& Sea Service Phils., Inc.
Sergeant-at-Arms	Mr. Ed M. Miranda	Scanwell Logistics (Phils.) Inc.
Directors	Ms. Irene M. Tan	Transmodal Int'l Inc.
	Ms. Barbie B. Rivadeneira	Pacific Concord Container Lines
	Ms. Rosemary N. Su	UTI (Global Logistics) Inc.
	Mr. Dominador L. De Guzman	Sky Land Brokerage, Inc.

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

PROJECTS / ACTIVITES

Since its formation 29 years ago, AFPI has effected positive changes in the airfreight industry, including the following:

- Helps promote and facilitate regional and international trade
- Provides a chain of logistics support to its members like warehousing, customs clearance, door-to-door delivery, chartering, conferences, information technology and affiliation with international bodies and organizations involved in air transportations
- Maintains a Training and Development Center, organized to provide the personnel of all member companies of AFPI with training and development programs / services
- Provides a forum wherein industry issues are discussed and formalized into position papers / memoranda / letters to government agencies (airport authority) / Civil Aeronautics Board / Terminal Operators / Department of Transportation and Communications , Bureau of Customs, Bureau of Internal Revenue, etc. and other trade or non-governmental organizations such as the Global Cargo Carriers Inc. (GCCCI).
- Organizes / Liaises with other associations / organizations for socio- economical projects.
- Foster camaraderie among member companies by having sports activities/ Christmas parties, including golf tournaments.

Membership in International Organizations

Federation of Asia-Pacific Air cargo Association (FAPAA)

The International Federation of Freight Forwarders Association (FIATA)

ASEAN Federation of Forwarders Association (AFFA)

Membership and Alliances – National Associations

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

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

Recent Issues Tackled

The 1st National Conference on Safe Trade & Authorized Economic Operators: International Security Initiatives and Its Impact on Philippine Trade

Since September 11th , governments across the world have increased scrutiny of inbound merchandise and foreign suppliers, prompting importers of record to identify and mitigate foreign Supply Chain Security (SCS) risks to ensure operational efficiency and secure their competitive edge.

As stated by Mr. Andrew Jackson, Chairman of the Customs Working Group, US ASEAN Business Council last May 13, 2008, “ *A chain is Only as Strong as its weakest link*; therefore Security has to be applied across the entire value chain, across borders, and integrate an ongoing awareness in every single point of interaction with the goods.”

For the trading community, these are extremely challenging times especially with new international cargo security initiatives. Traders as well as their logistics providers must comply with regulations, non-compliance to which could lead to delays in shipments or worse, non-entry of goods at the port of destination.

This 1st National Conference on Safe Trade & Authorized Economic Operators last May 13-14, 2008 at SMX Convention Center, Mall of Asia, Pasay City was made possible through the initiatives of the Aircargo Forwarders of the Philippines, Inc with the full support of the Philippine Bureau of Customs and the World Customs Organization.

Being the Philippines’ first major cargo security event, the said conference was attended by almost 300 participants both local and international customs administration experts, CEO-level speakers and attendees.

Highlights of the conference include presentation by WCO on the directions since the adaptation of SAFE Framework of Standards last June 2005. Overview of country’s AEO Programmes by resource speakers from U.S. Customs and Border Protection, European Union, U.S. –ASEAN Business Council’s Customs Working Group, PricewaterhouseCoopers Worldtrade Management Services, C-TPAT USA, TAPA and the presentation of the Philippine Bureau of Customs its AEO model. Furthermore, global import compliance and Supply Chain Security were given emphasis.

Given the definition for Authorized Economic Operators, it is a status granted to reliable economic operators, established in EU, who are involved in activities covered by customs legislation and complies with objective criteria.

This concept is open to importers, exporters, brokers, forwarders, carriers and other service providers that are established in the EC (* except 2 cases, including agreements on mutual recognition of AEO and of controls) and that qualify. (Faucherand, 2008)

Participation in AEO programs posed several reasons, 1) reduce threats to global supply chain from unauthorized materials i.e. weapons of mass destruction (WMD) & weapons of mass effect (MWE), unauthorized personnel, enhance supply chain operations ; 2) assure the safety of employees ; 3) maintain or improve brand image ; 4) development of appropriate partnerships with the business community ;and 5) speeding up some aspect of the EU on e-Customs.

Moreover, EC has identified 3 main elements to increase security and facilitate legitimate trade as follows; a) setting up uniform Community risk-selection criteria for controls supported by computerised systems; b) improving security and providing reliable traders with the trade facilitation measures (AEO concept which was implemented 01 January 2008); c) requiring trade to provide customs authorities with information on goods prior to import and to export from the European Union (applicable July 1, 2009) And as an overall objective according to Mr Pierre Faucherand *Minister-Counsellor; Customs, EC delegation* “there should be an international end-to-end supply chain security through mutual recognition, which means equivalent security measures that lead to equivalent levels of control and security; agreement on minimum control standards, joint risk rules and exchange of risk-related information and control results; trust and close cooperation among customs authorities including on AEO matters; and equivalent AEO concepts.”

Based on the presentation made by Mr. Andrew Jackson, measurable benefits and mutual recognition are key to increased efficiency, enhanced business continuity and increased productivity.

The SGS which is the world’s largest verification, testing and certification group working internationally and in the Asia Pacific, has identified the core elements of WCO SAFE Framework namely: 1) advance cargo information; 2) risk management; 3) container scanning; and 4) supply chain security. The latter has developed the Customs program known as C-TPAT wherein the guiding principles have been enhanced supply chain security, partnership, and a voluntary program. It is actually an on-going program wherein companies continually update their SCS program, periodic assessment as part of corporate manual and verification of procedures.

Since, it is a Customs program, it is typically managed by a company’s global customs compliance group along with legal oversight.

Benefits from investment in SAFE Trade have been identified by Mr. Craig Pinkerton , Director of the PricewaterhouseCoopers, as follows:

- The primary motivation for importers to join C-TPAT is to reduce the risk of supply chain disruptions due to a terrorist attack
- Four out of every ten members did not have a formal supply chain security plan prior to joining the program

- C-TPAT moved thousands of companies to give closer scrutiny to the security of the goods they handle and review the supply chain to ensure that their overseas suppliers have implemented sound security practices
- Greater Supply Chain integrity (stronger seal controls)

As a conclusion, a Collaborative approach on Supply Chain Security between importers, suppliers and the government would enable the industry to:

- ← **Increase** overall industry awareness through common expectations
- ← **Eliminate duplication** and redundancy in effort
- ← **Share** information and good practice across industry
- ← **Increase effectiveness** in determining industry performance and opportunities
- ← **Empower** suppliers to take ownership for improved practices
- ← **Reduced** industry cost

FACILITATING and SECURING GLOBAL TRADE

in the PHILIPPINES: Milestones in the Implementation of the WCO SAFE Framework of Standards to Facilitate & Secure Global Trade in the Republic of the Philippines

By: Coll. John M. Simon; Chief, International Affairs/PPRD

As part of the initiatives of the Philippine Bureau of Customs, DOI (Deposit of the Philippine Declaration of Intent) was submitted to WCO. It has acknowledged the commitment of the Philippines to implement SAFE Trade last June 2006. From March 2007 to 2008 the first phase of SAFE Trade was implemented based on the recommendation of the WCO Diagnostic Study Team on SAFE Trade.

- Strategic Management
- Physical and Human Resources
- Systems and Procedures
- Information & Communication Technology
- Intelligence & Risk Management
- Authorized Economic Operator
- Integrity

Furthermore, the use of Bilateral Customs Mutual Administrative Assistance (CMAA) to Exchange Customs information to prevent Customs offenses. (so far, we have with U.S., Taiwan, Australia, Iran, Thailand, etc.) and initiate process of accession on other Customs International Instruments like Istanbul Convention, Johannesburg Convention and the like.

IMPACT OF THE 1ST NATIONAL CONFERENCE ON PHILIPPINE TRADE

With the AFPI's initiative to conduct such conference, the **Bureau of Customs** under **Commissioner Napoleon Morales**, has drafted the ***Customs Administrative Order***, establishing the Authorized Economic Operator (AEO) Program to be known as **Customs-Trade Partnership to Protect and Accelerate Trade or C-TAPAT Program** which draws its funding from private sectors/stakeholders for technical and security trainings.

This Order shall be implemented in phases beginning with a pilot project covering with limited number of importers already accredited as Super Green Lane (SGL) importers under CAO 2-2000, as amended by CAO 6-2003, that may apply and qualify under the guidelines provided hereunder and the implementing rules and regulations for the effective implementation of this Order. And as far as practicable, small and medium enterprises (SMEs) may be covered by this Order.

REVISED KYOTO CONVENTION (RKC)

The Revised Kyoto Convention was designed to promote international trade by prescribing modern, simplified and harmonized Custom procedures, as well as standards and best practices which will enable Customs to respond to major changes in business and administrative methods and techniques towards facilitating and reducing cost of cross-border transactions, fostering administrative transparency and efficiency, and enhancing trade security, without sacrificing achievement of Customs objectives.

While AFPI being one of the signatories for the recommendation on the Adoption and Implementation of the National Strategy for the Accession to and Compliance with the (RKC), it has never ceased to push through its cause. RKC being approved by Her Excellency Gloria Macapagal-Arroyo which was endorsed by the Philippines Bureau of Customs Commissioner Napoleon Morales is under Senate pending for ratification which is to be submitted to the World Customs Organization after it was ratified.

REPUBLIC ACT 9280 (The Customs Brokers Act of 2004)

The Aircargo Forwarders of the Philippines, Inc. (AFPI) has been active in initiating to pursue the fight for the implementation of Republic Act 9280 otherwise known as “Customs Brokers Act of 2004.” If the law would be implemented in the manner that the individual customs brokers feel a need for, then the supply chain process would be segmented.

The association also seeks to amend the law and continuously pushing for the hearings thereon to be conducted in order to finally pass the amendatory legislation.

The President of the Philippines, has already signified to both the Senate and the House that one of her priority measures is the amendment of the law, however, the law is on pending passage by the Senate and House of Representative for signature by the President before it becomes a law.

PHILIPPINE BUREAU OF CUSTOMS VASP

The WCO SAFE Framework provides a new and consolidated platform that will enhance world trade, ensure better security against terrorism and increase the contribution of Customs and its trade partners to the economic and social well-being of nations. It also improve the ability of Customs officials to detect and deal with high-risk consignments and increase efficiencies in the administration of goods, thereby expediting the clearance and release of goods. This process requires collaborative arrangements between trading partners and logistics providers, in the exchange of information.

The Philippine Bureau of Customs on the Trade and eCustoms Services has been implemented through Value Added Service Provider (VASP) and AFPI has strongly supported this cause.

Intercommerce Network Services (INS), being one of the accredited VASPs, has offered their services to AFPI through their Regional e-Commerce alliance in Asia, PAN Asia Alliance (PAA). It provides infrastructure to link local trading partners and logistics providers globally. And they also created a legal framework for secure and reliable information exchange. In the middle of this year, the Philippine Economic Zone Authority (PEZA) will no longer process IPs manually. EIPs for Regulated Items can now be lodged, but Only thru Intercommerce VASP. The said service provider also is to assist brokers and locators to comply with mandatory implementation of PEZA.

INDUSTRY RELATIONS

AFPI is generally successful in its endeavours owing to positive professional relationships with various national and international entities involved in the industry, as follows:

- **CIVIL AERONAUTICS BOARD**

The Civil Aeronautics Board is the agency charged with the power to regulate the economic aspect of air transportation in the Philippines and shall have the general supervision and regulation of, and jurisdiction and control over, air carriers as well as their property, property rights, equipment, facilities, and franchise, insofar as may be necessary for the purpose of carrying out the provisions of Republic Act 776 of the Philippine Constitution.

AFPI being the only organization that the Civil Aeronautics Board (CAB) has endorsed to the airfreight forwarders have a good communication and coordination. The association was given the right to participate in maintenance of public records and other materials required to be filed by air carriers.

- **INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA)**

IATA, being a global trade organization in air transport industry, plays a major role in the association. It serves as a regulatory body by way of establishing standards for airlines, cargo agents and related organizations.

The IATA Country Management is open in communicating and resolving issues and concerns of the association. It has been supportive of the training programs made available by AFPI to its member and non-member freight forwarding companies. It also provides access to materials used in training as well as administrative support in the development and certification of IATA-based courses.

- **AIRCARGO GOLF CLUB OF THE PHILIPPINES**

AGC Philippines was formed in 2007 by avid golfers from AFPI membership, airlines and other Industry-related business. With the objective of promoting camaraderie and friendship among industry personnel through golf. It's officers are industry leaders namely:

- Honorary Chairman - Jimmy Bautista (Philippine Airlines)
- President - Lito Colona (Eagle Group)
- Vice President- Bay Coching (K Line and Mercury Freight)
- Secretary - Erich Lingad (International Consolidator Phils. Inc.)

- Treasurer - Bert Lina / Mike Aquino - Linaheim Group
- Captains - Rudy Fulo (Cargohouse) / Monchu Nolasco(Shullman)
- Tournament Directors - Gregg Sebastian (Hankyu Cargo)
Marlon Villanueva (ICPI)
- Membership Committee - Rico Brizuela(Airlift Asia)
Oman Santiago (Thai Cargo)
Nelson Mendoza (Eagle Group)
- Social Activities Committee - Mon de Leon (Pac Atlantic Group)
Mario Pangan(Philippine Airlines)
Darryl Modelo (Lufthansa Cargo)
Perry Villanueva (Freight Options)
Nikki Gozon (Philippine Airlines)

In 2008 AGC Philippines joined the AGC Regional Tournament participated by 7 countries namely Singapore, Malaysia, Indonesia, Hongkong, Taiwan, Thailand and The Philippines. The AGC regional tournament has the same objective of promoting friendship with in the Region. In 2009, AGC Philippines placed 2nd in this prestigious tournament. Next year 2010, Philippines will host AGC Regional Tournament.