

JOINT MEMORANDUM CIRCULAR NO. 01 Series of 2020

- FOR: ALL TRADERS, EXPORTERS AND IMPORTERS AND THEIR AUTHORIZED REPRESENTATIVES, DOMESTIC SHIPPING COMPANIES/OPERATORS, INTERNATIONAL SHIPPING LINES, AND PROCESSORS/ MANUFACTURERS OF COCONUT SHELL CHIPS, COCONUT SHELL POWDER, COCONUT SHELL RAW CHARCOAL, COCONUT SHELL GRANULATED/POWDERED CHARCOAL, COCONUT SHELL CHARCOAL BRIQUETTES, AND COCONUT SHELL ACTIVATED CARBON
- SUBJECT: GUIDELINES FOR THE CLASSIFICATION, CERTIFICATION, AND SAFE HANDLING/TRANSPORT OF COCONUT SHELL CHIPS, COCONUT SHELL POWDER, COCONUT SHELL RAW CHARCOAL, COCONUT SHELL GRANULATED/POWDERED CHARCOAL, COCONUT SHELL CHARCOAL BRIQUETTES AND COCONUT SHELL ACTIVATED CARBON
- **DATE: 18 DECEMBER 2020**

1. BACKGROUND

The coconut shell-based industry, a growing coconut industry sub-sector, contributes greatly to the economic growth of the country being one of the top coconut exports. However, the industry is currently experiencing challenges in the transport/shipment of its products (i.e., coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon) due to stringent risk management policies of some shipping lines. The stringent shipping policies and protocols emanate from the accidents/combustions while on board vessels brought about by mishandled and/or mis-declared products by transient traders (i.e., coconut shell-based products like coconut shell chips, coconut shell granulated/powdered charcoal passing as coconut shell chips, coronut shell activated carbon).

For the country to realize the potentials of the industry, there is a need to:

- (a) issue guidelines, based on a scientific process and anchored on international trade requirements and standards, for the proper classification, registration, certification, handling, and transport of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon; and
- (b) identify the roles and responsibilities of both government agencies and industry players/ shippers relative to the registration, classification, certification, handling, and transport of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon including product documentation, testing, packaging, vanning/transport, inspection prior to carriage and shipping.

2. PURPOSE

Pursuant to existing laws, regulations and mandates of concerned agencies and after a series of meetings and consultations with concerned government agencies/bureaus and private sector organizations such as:

- Government: Department of Agriculture (DA) and its bureaus/attached agencies -Philippine Coconut Authority (PCA), Bureau of Plant Industry (DA-BPI); the Department of Trade and Industry (DTI) and its bureaus – Philippine Accreditation Bureau (PAB), Bureau of Philippine Standards (BPS), Export Marketing Bureau (EMB), Bureau of Import Services (BIS), Board of Investments (BOI); the Department of Transportation (DOTr) and its bureaus/attached agencies – Philippine Ports Authority (PPA) and other port authorities¹, Maritime Industry Authority (MARINA), Philippine Coast Guard (PCG); the Tariff Commission (TC), Philippine Statistics Authority (PSA), and Anti-Red Tape Authority (ARTA) and Philippine Export Zone Authority (PEZA); Department of Science and Technology (DOST) Industrial Technology Development Institute (ITDI); Department of Environment and Natural Resources-Environment Management Bureau (DENR-EMB)
- **Private Sector:** Philippine Activated Carbon Manufacturers Association (PACMA), Philippine Exporters Confederation (PHILEXPORT), Philippine Chamber of Commerce and Industry (PCCI), Association of International Shipping Lines (AISL), Export Development Council Networking Committee on Transport and Logistics (EDC NCTL), and the UPPAF-Regulatory Reform Support Program for National Development (RESPOND)

this Joint Memorandum Circular (JMC) is issued to further simplify the procedures in the classification, certification, and safe transport of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon.

¹ Such as Cebu Port Authority (CPA), Subic Bay Management Authority (SBMA), Cagayan Export Zone Authority (CEZA), PHIVIDEC Industrial Authority (PIA) among others.

3. COVERAGE

This circular applies to the domestic shipping companies/operators, international shipping lines shippers, traders, forwarders/brokers, exporters, and importers and their authorized representatives, and manufacturers/processors of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell chips, and coconut shell activated carbon.

4. PRODUCT CLASSIFICATION AND REQUIREMENTS

This JMC shall follow the product classification and requirements presented in Table 1 or the subsequent product classification and standards revision, if any.

Droduct Code	Droduct	Turnical Decident	Draduction	Pest Risk DA Quarantine	IMDG Code Special Provision
Product Code	Description	Specification(Other	Process	Circular No. 1 s.	Requirements
	2 comprise	specifications	1100055	2014 and ISPM No.	1104
		apply)		32) Requirements	
COCONUT SHELL CHIPS	Crushed Coconut	1. Moisture: 10-	Crush and	Category 2 –	Non-dangerous
(Not Pyrolyzed)	Shell. Brown in	30%	screen the	Phytosanitary	cargo
	color.	2. Size: 10-100mm	coconut shell	certification is	
AHTN 2017 subheading				required	
1404.90.99					
2019 PSCC 1404.90.99-13					
COCONUT SHELL	Powdered Coconut	1. Moisture: 10-	Mill the	Category 2 –	Non-dangerous
POWDER	Shell. Brown in	30%	coconut shell to	Phytosanitary	cargo
(Not pyrolyzed)	color.	2. Size: 0.01-	powder form.	certification is	
AHIN 2017 subheading		2mm		required	
1404.90.99					
2019 PSCC 1404.90.99-05					
COCONUT SHELL RAW	A carbonaceous	1. Moisture: 40%	The common	Category 2 –	For the product to
CHARCOAL	material obtained	max	ways of	Phytosanitary	be declared as a
(Coconut Shell Chips	by heating the	2. Ash: 5% max	charcoal-	certification is	'non-dangerous'
Pyrolyzed)	coconut shell in a	3. VCM: 20%max	making or	required	cargo, a
AHTN 2017 subheading	low oxygen level	4. Size: 10-100mm	carbonization		certification from
4402.90.10	atmosphere.		process		a duly accredited
2010 PSCC 4402 00 10 01	black in color. It is		(pyrolysis) are:		that it passed the
2019 PSCC 4402.90.10-01	form		2 Drum Kiln		self-heating test)
2019 1 500 4402.90.10-02	iorm.		2. Drum Kim		is required.
COCONUT SHELL	Coconut shell	1. Moisture: 6-15%	Coconut shell	Category 2 –	For the product to
GRANULATED/	granulated charcoal	2. VCM: 20%max.	granulated	Phytosanitary	be declared as a
POWDERED CHARCOAL	is the intermediate	3. Ash: 5% max.	charcoal is	certification is	'non-dangerous'
AHTN 2017 subheading	raw material for the	4. FC: 80% min.	produced by	required	cargo, a
4402.90.10	production of	5. Particle Size –	cleaning,		certification from
	coconut shell	2x6, 6x12, 6x50,	crushing and		a duly accredited
2019 PSCC 4402.90.10-01	activated carbon or	-200 mesh, etc.	screening raw		laboratory (stating
2019 PSCC 4402.90.10-02	coconut shell		charcoal to the		that it passed the
	charcoal briquettes.		required		self-neating test)
	is in granular form		particle size.		is required.
	is in granular toffil.		1		

 Table 1. Product Classifications

COCONUT SHELL CHARCOAL BRIQUETTES (Briquets) AHTN 2017 subheading 4402.90.10 2019 PSCC 4402.90.10-01 2019 PSCC 4402.90.10-02	Coconut shell charcoal briquettes is used as barbecue fuel or space heating fuel. Black in color and in various shapes and sizes. Typically in cubes, cylinders and pillow shapes.	 Moisture: 6-15% FC: 50% min. Shape: Typically in cubes, cylinders and pillow shapes Size: varies 	Coconut shell charcoal briquettes are made by moulding mixture of charcoal fines and starch to form bigger lumps.	Category 1 – Phytosanitary certification is not required	For the product to be declared as a 'non-dangerous' cargo, a certification from a duly accredited laboratory (stating that it passed the self-heating test) is required.
			The briquetting process increases the hardness and density of the charcoal, making it not susceptible to self- combustion. Special petroleum- based products are needed to ignite the briquettes.		
COCONUT SHELL ACTIVATED CARBON AHTN 2017 subheading 3802.10.00 2019 PSCC 3802.10.00-01	Coconut shell activated carbon is a porous carbonaceous substance. It is made from coconut shell granulated charcoal. Black in color and in granular, powder or pellet form. Used mainly for filtration and other industrial application.	 Moisture: 0-15% Ash: 5% max. CTC: 30-100% Particle Size – 4x8, 6x12, 12x40, - 100mesh, etc. 	Steam activation. manufactured by means of heating coconut shell granulated charcoal to about 1000°C with the presence of steam inside a Rotary Kiln or Vertical Furnace. Other processes include chemical activation. However, this process is not practiced in the Philippines.	Category 1 – Phytosanitary certification is not required (unless importing country so requires).	For the product to be declared as 'non-dangerous' cargo, a certification from a duly accredited laboratory (stating that it went through a steam activation process) is required.

*NOTE: The shipment of activated carbon is governed by the International Maritime Dangerous (IMDG) Code which listed activated carbon and carbon of animal or vegetable origin as dangerous goods with UN no. 1361 and 1362 under classification 4.2 "Flammable and Combustible Solids", i.e., substances liable to spontaneous combustion. However, carbons made by steam activation process fall under Special Provisions 925 of the IMDG stating that "the provision does not apply to a consignment of carbon if it passes the tests for self-heating substances as reflected in the United Nations Manual of Tests and Criteria, and is accompanied by a certificate from a laboratory accredited by the competent authority, stating that the product to be loaded has been correctly sampled by trained staff from that laboratory and that the sample was correctly tested and has passed the test.

5. REGISTRATION, CERTIFICATION, COMMODITY CLEARANCES

5.1 Mandatory registration and certification of producers, processors, shippers, and traders. PCA, on its own or using a qualified third-party and/or competent industry laboratory,

shall require the *producers, processors, shippers, and traders* of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon products to register with the agency for purposes of regulation, monitoring, and traceability. However, PCA reserves the right to conduct regular inspection and audit among producers and processors. PCA shall issue the necessary certification, to be renewed annually, of registered producers and processors based on their compliance with the required processes in the manufacture of the above-mentioned products. PCA, for steam activation process, shall issue a one-time certification to registered and qualified producers and processors.

- **5.2** Mandatory Accreditation of Third-party laboratories. DTI-PAB to accredit third party laboratories that will conduct self-heating and other related quality tests (e.g., proximate analysis, heating value, etc.) on coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon.
- **5.3** Mandatory testing of coconut shell raw charcoal, coconut shell granulated charcoal, coconut shell charcoal briquettes products. Coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes products must be tested by the accredited third-party laboratories for self-heating test. However, PCA-certified processors of coconut shell activated carbon that went through steam activation shall be exempt from the mandatory testing requirement.
- **5.4** *Issuance of Export Clearances.* The following clearances are required for the export of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon.
 - 5.4.1 PCA Commodity/Export Clearance. PCA to issue the necessary commodity/export clearance for the export of charcoal, coconut shell chips, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon based on their compliance with the provisions of DA Quarantine Circular No. 1 s. 2014 and IMDG Code and its subsequent revisions.

The export clearance must be issued within 24 hours upon submission of the requirements outlined above. PCA shall develop online systems to facilitate the online application, processing, and issuance of the export clearance.

This certificate will be submitted to the Bureau of Customs (BOC) by the processors/exporters for processing and payment of necessary fees.

- 5.4.2 *Phytosanitary certificate*. DA-BPI to issue a phytosanitary certificate for those products under Category 2 and for those products under Category 1 as may be required by the importing country/ies and/or buyer(s).
- 5.4.3 *Export Certification.* The Philippine Exporters Confederation, Inc. (PHILEXPORT) to issue the necessary Client Profile Registration System (CPRS) in compliance with the Bureau of Customs' modernization program that requires the online submission of the profile and data of the importers/exporters. Exporters/importers registered

with investment promotion agencies such as BOI, PEZA, CDC, SBMA, CEZA, etc., will be accredited by the same agencies per CMO 39-2008.

6. PROPER AND SAFE HANDLING, STORAGE, AND SHIPPING

6.1 Domestic handling, storage, and shipping

- 6.1.1 The Maritime Industry Authority (MARINA) shall develop and implement the necessary protocols for the safe handling, stowage and securing, and shipping of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon within 90 days after issuance of this Order.
- 6.1.2 The Philippine Ports Authority (PPA) and other port authorities shall implement its protocols on dangerous (DG) and non-dangerous (NDG) goods/cargoes for the safe handling, storage, and shipping of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon. They should likewise monitor and control of the presence, entry and movement of dangerous goods in ports under its jurisdiction to ensure the general safety of the port, port workers, port users, passengers in the port and protection of the environment.
- 6.1.3 The Philippine Coast Guard (PCG) shall implement its protocols (MC No. 02 96 "Carriage of Dangerous Goods") and conduct pre-departure inspection of the cargo in the ship.
- 6.2 International handling, storage, and shipping
 - 6.2.1 The Maritime Industry Authority (MARINA) shall develop and implement the necessary protocols for the safe handling, stowage and securing, and shipping of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon carried by Philippine registered vessels trading overseas within 90 days after issuance of this Order. In connection with the provisions of this JMC, MARINA may assist any government agency in its representation to IMO through its Maritime Attaché stationed in London.
 - 6.2.2 The Philippine Ports Authority (PPA) and other port authorities shall implement its protocols on dangerous (DG) and non-dangerous (NDG) goods/cargoes for the safe handling, storage, and shipping of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon. They should likewise monitor and control of the presence, entry and movement of dangerous goods in ports under its jurisdiction to ensure the general safety of the port, port workers, port users, passengers in the port and protection of the environment.
 - 6.2.3 The Bureau of Customs (BOC) shall approve within 24 hours the duly accomplished export declaration form (EDF) only when the commodity/export clearance issued by

the PCA have been submitted by the processor/exporter for the export of coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon.

6.2.4 The Philippine Coast Guard (PCG) shall undertake its usual port state control functions for foreign ships.

7. PRODUCT PACKAGING AND LABELLING

The DTI, through its Bureau of Philippine Standards (BPS) to develop appropriate packaging and labelling standards within 180 days for coconut shell raw charcoal, coconut shell granulated charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon that may be classified as dangerous goods (DG). In this regard, the pertinent provisions of the IMDG Code must be applied.

8. COMMODITY CLASSIFICATION CODE

The Philippine Statistics Authority (PSA) shall assign distinct 10-digit Philippine Standard of Commodity Classification (PSCC) codes for coconut shell chips, coconut shell powder, coconut shell raw charcoal, coconut shell granulated/powdered charcoal, coconut shell charcoal briquettes, and coconut shell activated carbon.

9. PENALTIES

Violation of any of the provisions of this JMC, especially product misdeclaration shall subject the concerned individual or entity the revocation or cancellation of its registration with the PCA, BIR, PHILEXPORT, and PEZA and the imposition of penalties deemed appropriate by PCA, BOC, PPA and other port authorities, PCG, MARINA or concerned government agencies pursuant to their respective mandates.

10. SEPARABILITY CLAUSE

If any portion or provision of this Circular is declared unconstitutional or invalid, the other portions hereof which are not affected thereby, shall continue to be in full force and effect.

11. EFFECTIVITY

This Circular shall take effect **fifteen (15) days after its publication** in the Official Gazette and shall remain effective until otherwise revoked by the President. A copy shall be registered with the University of the Philippines-Office of the National Administrative Register (UP-ONAR).

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