

MEMORANDUM OF UNDERSTANDING

This MEMORANDUM OF UNDERSTANDING is entered by and among:

The PHILIPPINE NATIONAL POLICE, represented herein by its Chief, PNP, POLICE DIRECTOR GENERAL OSCAR C CALDERON, with office address at Camp General Rafael Crame, Quezon City, herein referred to as the "PNP";

The BUREAU OF CUSTOMS, represented herein by its Commissioner, NAPOLEON L. MORALES, with office address at Boston Street, Port Area, Manila, hereinafter referred to as "BOC";

The PHILIPPINE ECONOMIC ZONE AUTHORITY, represented herein by its Director General, LILIA B. DE LIMA, with office address at Roxas Boulevard corner San Luis Street, Pasay City, hereinafter referred to as "PEZA";

- and -

The SEMICONDUCTOR AND ELECTRONICS INDUSTRIES OF THE PHILIPPINES, INC., represented herein by its Executive Director, ERNIE B. SANTIAGO, with office address at Unit 902, Tower II RCBC Plaza, Ayala Avenue corner Senator Gil Puyat Avenue, hereinafter referred to as "SEIPI".

WITNESSETH THAT:

WHEREAS, Republic Act No. 7183, Section 6 mandates the PNP to monitor duly licensed manufacturers that import chemicals or explosive ingredients used in the manufacture of firecrackers and pyrotechnic devices;

WHEREAS, Executive Order No. 522, Section 1, requires that any person or entity desiring to import, possess, or sell chemicals to be used as ingredients in the manufacture of explosives and for other purpose shall file an application with the Director General of the Philippine National Police (PNP);

WHEREAS, a number of the PNP monitored and controlled substances are essential to various export-producer enterprises in their manufacturing operations;

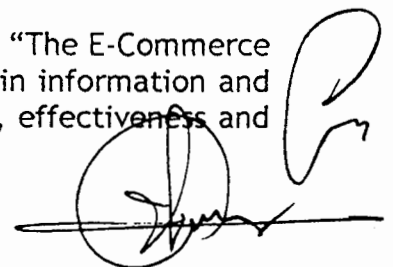
WHEREAS, to effectively compete in the world market, export-producer enterprises urgently need a trading environment that allows timely, fast, cost-efficient and transparent movement of goods in and out of the country, in order to ensure their easy access to production requirements;

WHEREAS, many export-producer enterprises, particularly the very large ones that are foreign-owned, are registered with PEZA and are operating inside economic zones;

WHEREAS, semiconductor and electronics export-producer enterprises constitute the biggest product-sector group in PEZA-registered economic zone enterprises and is also the country's biggest export revenue earning sector, contributing approximately two-thirds of the country's annual foreign exchange revenue from manufactured exports;

WHEREAS, Republic Act No. 8782, otherwise known as "The E-Commerce Act" mandates all government agencies to utilize advances in information and communication technology towards improving the efficiency, effectiveness and





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transparency of services they provide to the business sector and the general public;

WHEREAS, PNP has been planning to improve its business processes and services through, among others, the use of recent advancement in information and communications technology;

WHEREAS, the BOC performs a very important active role in PNP's import monitoring and controlling function;

WHEREAS, during the 28 April 2001 General Membership Meeting of the Semiconductor and Electronics Industries of the Philippines, Inc, (SEIPI) in Baguio City, PEZA and the BOC signed a Memorandum of Understanding (MOU) providing for the comprehensive review of the system and procedures for monitoring and controlling the movement of goods imported, processed, and exported by economic zone enterprises, including other activities and transactions which involve these goods;

WHEREAS, pursuant to said MOU, with the assistance of SEIPI, the PEZA-BOC cooperative effort have resulted in the successful implementation of the Automated Import Cargo Transfer System (AICTS) and the Automated Export Declaration System (AEDS) with economic zone export-producer enterprises in the semiconductor and electronics product-sectors, and currently, the pilot-implementation of the Automated Import Permit System (AIPS);

WHEREAS, the BOC has been tasked to develop Customs-Centric National Single Window;

WHEREAS, an automated system may be developed for PNP's processing of applications for the importation of chemicals or explosive ingredients used in the manufacture of firecrackers and pyrotechnic devices, which may subsequently become a component of the Customs-Centric National Single Window;

NOW, THEREFORE, for and in consideration of the foregoing premises, and the terms and conditions hereinafter set forth, the above parties hereby mutually agree as follows;

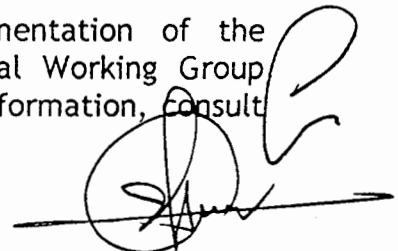
Section I. THE PROJECT

The PNP, BOC, PEZA and SEIPI shall work closely together towards the development and implementation of an automated system which the PNP can use for processing applications of economic zone export-producer enterprises, particularly those belonging to the semiconductor and electronic products sector, for the importation of chemicals and other materials the PNP is monitoring and controlling for the purpose of safe-guarding public safety and national security.

The proposed automated system shall be referred to as the PNP-Import Clearance System (PNP-ICS).

Section II. DUTIES AND RESPONSIBILITIES

Towards the immediate development and implementation of the proposed PNP-ICS, the parties shall constitute a Technical Working Group consisting of two representatives of each party to gather information, consult



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experts, and undertake focused studies on the following, leading to the identification and definition of important features and factors that should be taken into consideration in the design, development, and implementation of the proposed PNP-ICS.

1. Existing PNP Import Clearance System, its vital security aspects and other operating requirements;
2. Available automated systems and desirable security features which may be adopted for the PNP-ICS;
3. Improvements being considered for the BOC import documentation system that can enhance the efficiency and security effectiveness of the PNP-ICS;
4. Support and assistance which can be provided by PEZA and SEIPI, particularly information pertaining to company profiles and operations, and other security considerations, subject to prevailing PEZA and SEIPI rules and policies; and
5. Production operations and logistics needs of economic zone export-producer enterprises.

Section III. CONFIDENTIALITY

All Members of the Technical Working Group shall keep information gathered in the course of their cooperative work strictly confidential.

Section IV. EFFECTIVITY

This Memorandum of Understanding shall take effect upon signing and shall remain in force until terminated upon mutual understanding of all parties.

IN WITNESS WHEREOF, we have hereunto set our hands this _____
2006 at _____.

PHILIPPINE NATIONAL POLICE

By: 

PDG OSCAR C CALDERON
Chief, PNP

BUREAU OF CUSTOMS

By: 

NAPOLEON L. MORALES
Commissioner, BOC

**PHILIPPINE ECONOMIC ZONE
AUTHORITY**

By: 

LILIA B. DE LIMA
Director General, PEZA

**SEMICONDUCTOR AND
ELECTRONICS INDUSTRIES OF
THE PHILIPPINES, INC.**

By: 

ERNIE B. SANTIAGO
Executive Director, SEIPI

ACKNOWLEDGMENT

Republic of the Philippines)
MAKATI CITY) S.S.

OCT 11 2006

BEFORE ME, a notary public, this _____ day of _____ 2006 personally came and appear the following:

PDG OSCAR C CALDERON
Chief, PNP
CTC No. 12722992
Issued at: QUEZON CITY
Issued on: FEBRUARY 6, 2006

NAPOLEON L. MORALES
Commissioner, BOC
CTC No. 18952948
Issued at: MANILA
Issued on: JANUARY 5, 2006

LILIA B. DE LIMA
Director General, PEZA
CTC No. 10960351
Issued at: PASAY CITY
Issued on: FEBRUARY 28, 2006

ERNIE B. SANTIAGO
Executive Director, SEIPI
CTC No. 24807825
Issued at: MAKATI CITY
Issued on: JANUARY 11, 2006

All known to me to be the same persons who executed the foregoing AGREEMENT and acknowledged to me that the same is their free and voluntary act and a deed.

This AGREEMENT consisting of four (4) pages including this page of which this acknowledgment is written, has been signed on the left margin on each and every page thereof by the parties and their instrumental witnesses and sealed by my notarial will.

WITNESS MY HAND AND SEAL, at the place and on the date first above written.

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Book No. 111
Series of 2006

SOFRONIO C. UNTALAN JR.
NOTARY PUBLIC - UNTIL DEC. 31, 2006
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