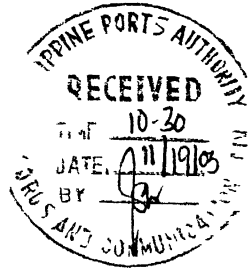




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NOV 19 2003

PPA MEMORANDUM CIRCULAR
No 31 -2003

TO The Port District Managers
The Port Managers
All Shipping Lines/Shippers/Consignees
All Cargo Handling Operators
And Other Port Users Concerned

SUBJECT **Guidelines on the Collection of Port Charges and Cargo Handling Charges Under the Cash & Carry System and its Variants**

Pursuant to Section 23 of PD 857 and in relation to PPA Memorandum Circular No 27-2002, as amended by PPA Memorandum Circular No 18-2003, the following guidelines, rules and procedures on the collection of Port Charges and Cargo Handling Charges under the Cash & Carry System and its variants are hereby prescribed

1 Guidelines

1.1 Aside from the **Cash & Carry System** where the Port User pay prior to withdrawal of cargoes from the port/loading of cargoes unto the vessel for charges against cargoes or before departure of the vessel for charges against vessel, the Port User may opt to avail of two other collection systems, namely, **Cash & Carry with Cash Revolving Deposit System** and **Cash & Carry with Bank Guaranty System** designed to provide convenience to Port Users who have regular and voluminous transactions with the Philippine Ports Authority (PPA)

1.1.1 Cash & Carry with Cash Revolving Deposit System

1.1.1.1 This is an imprest collection system

1.1.1.2 The Port User is required to maintain a minimum cash revolving deposit equivalent to its average seven-day transaction volume in each Servicing PPA Office

1.1.1.3 The Servicing PPA Office shall be taken to mean as the Port Management Office (PMO) the Port User is transacting with.

1.1.1.4 The invoices for the day are issued and charged against the revolving deposit

VISION

By 2010, PPA shall have met the international standards in port facilities and services in at least ten (10) ports in support of national development.

MISSION

We commit to provide reliable and responsive services in our ports sustain development of our port communities and the environment, and be a model corporate agency of the government.

1 1 1 5 The Port User replenishes by settling the exact amount of the invoices covered by a summary of outstanding invoices) to restore the same amount of the deposit

1 1 1 6 If the remaining balance of the revolving deposit cannot cover the invoice in process, the charges should be paid in cash and all succeeding transactions shall be processed under the Cash & Carry System, until the revolving deposit is replenished

1 2 Cash & Carry with Bank Guaranty System

1 2 1 Under this System the Port User enters into a Memorandum of Agreement with an Authorized Bank whereby the Authorized Bank issues a Bank Guaranty, in favor of the Servicing PPA Office, to guarantee the payment of any billing of PPA Port Charges or PPA Share on Cargo-Handling Charges that the Port User may incur

1 2 2 The amount of the Bank Guaranty shall be equivalent to at least an average 15-day-transaction volume normally incurred by the Port User doing daily business at said Servicing PPA Office

1 2 3. Authorized Bank shall be any Universal Commercial Bank authorized by the Bangko Sentral ng Pilipinas and accredited by PPA Head Office

1 2 4 Bank Guaranty shall be in the form of an Irrevocable Stand By Letter of Credit callable on demand by the PPA. The effective term of the Bank Guaranty shall not be less than one (1) year from the date of its issuance

1 2 5 The Port User shall submit, to the Servicing PPA Office concerned, the Original Copy of the Agreement and the Irrevocable Stand By Letter of Credit and its succeeding renewals

1 2 6 The Irrevocable Stand-By Letter of Credit should be renewed one month prior to expiration

1 2 7 The Memorandum of Agreement (MOA) Between Bank and Port User

The provisions of the MOA between the Authorized Bank and the Port User shall include, among others, the following

1 2 7 1 The Stand By Letter of Credit should be irrevocable and callable on demand by PPA.

1 2 7 2 The Beneficiary should be the Servicing PPA Office and drawdown on the LC shall be credited to the bank account of the said Servicing PPA Office

1 2 7 3 All bank charges including inter-bank cash transfer fees shall be paid by the Port User

1 2 7 4 Drawdowns against the Letter of Credit shall be made upon presentation of the following

1 2 7 4 1 Notarized Certification signed by the Port Manager of the Servicing PPA Office stating that the Port User has failed to pay the invoices issued to it

1 2 7 4 2 Summary List of Unpaid Invoices with individual Number and Amount Due

1 2 8 The Port User is obliged to pay the invoice on a daily basis. In the event that the Port User fails to pay its accounts within 15 days or should the accumulated unpaid PPA invoices of the Port User total 90% of the Bank Guaranty a) the privilege to avail of this collection system shall be automatically withdrawn and the succeeding transactions of the Port User shall have to be paid in Cash, and b) the Servicing PPA Office concerned shall make a drawdown on the Bank Guaranty/Irrevocable Stand-By Letter of Credit to settle the Port User's account

The Authorized Bank must automatically pay the outstanding accounts, including interest and penalty charges due thereon, to the Servicing PPA Office concerned by crediting the Servicing PPA Office Depository Bank through a Bank-to-Bank facility on the following banking day

1 2 9 The Port User may avail again of this collection system only upon submission of a new Irrevocable Stand-By Letter of Credit and upon approval thereof by the General Manager

2 Issuance of Invoice and Summary of Outstanding Invoices

2.1 All PPA invoices are accumulated on a daily basis and covered by a summary of outstanding invoices

2.2 The summary will show the following

2 2 1 Unpaid invoices as of the end of the day with their respective Number and Amount.

2 2 2 Total accumulated amount of unpaid invoices as of that day

2 2 3 Amount/available balance of the Bank Guaranty/LC/Revolving Deposit

3 Imposition of Interest and Penalty Charges

The imposition of interest and penalty charges on all unpaid invoices under all existing collection systems shall be reckoned from the day following the withdrawal/loading of cargoes or departure of vessel for vessel charges, consistent with PPA Administrative Order No 01-2002 entitled 'Guidelines on the Imposition of Interest and Penalty Charges, as Amended'

4 Availment Process

- 4.1 The Port User who wants to avail of the Cash & Carry with Revolving Deposit System and/or the Cash & Carry with Bank Guaranty System shall first settle in full all of its unpaid invoices
- 4.2 The Cash Revolving Deposit and/or the Bank Guaranty shall be maintained in each PMO the Port User is transacting with
- 4.3 The Port User shall submit a letter indicating its intention to avail of the Cash & Carry with Revolving Deposit System and a computation of their seven-day average transaction volume based on its past 12 months performance (Annual Transaction Volume x 7/365)
- 4.4 For the Cash & Carry with Bank Guaranty System, the Port User shall submit a letter indicating their intention to avail of the Cash & Carry with Bank Guaranty System and a computation of its 15-day average transaction volume based on its past 12 months performance (Annual Transaction Volume x 15/365) together with the original copy of its Memorandum of Agreement with the Authorized Bank and the original copy of the Irrevocable Stand-By Letter of Credit
- 4.5 A Certification of no unpaid accounts as of availment date issued by the Port Manager concerned shall be attached to the letter

5 Authorized Bank

- 5.1 PPA will accept the Port User's Memorandum of Agreement and the Irrevocable Stand-By Letter of Credit issued by any of the following banks

- 5.1.1 Land Bank of the Philippines
- 5.1.2 Development Bank of the Philippines
- 5.1.3 Philippine National Bank
- 5.1.4 Philippine Veterans Bank
- 5.1.5 Union Bank of the Philippines
- 5.1.6 Metropolitan Bank and Trust Company
- 5.1.7 Bank of Philippine Islands
- 5.1.8 Rizal Commercial Banking Corporation
- 5.1.9 Equitable PCI Bank

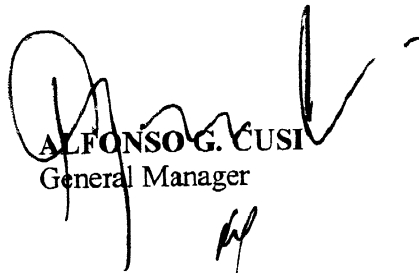
5.2 Other Universal Commercial Banks may be accepted upon presentation by the Port User and accreditation by the PPA-Head Office

6 Repealing Clause

This Memorandum Circular repeals, amends or modifies all circulars, regulations and other issuances which are inconsistent herewith

7 Effectivity

This Memorandum Circular shall be effective fifteen (15) days after publication in a newspaper of general circulation



ALFONSO G. CUSI
General Manager

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