

MEMORANDUM CIRCULAR NO. 24-16
Series of 2024

SUBJECT : GUIDELINES ON TRANSIT AND TRANSSHIPMENT AUTHORIZATION

WHEREAS, pursuant to Section 8 of Republic Act No. 10697, otherwise known as the Strategic Trade Management Act (STMA) of 2015, the Strategic Trade Management Office (STMO) is created as a bureau under the administrative supervision of the Department of Trade and Industry (DTI) to serve as the executive and technical agency of the national government for the establishment of the management systems for the trade in strategic goods;

WHEREAS, under Section 3 of the STMA, the following activities shall be subject to an authorization issued by the STMO: export, import, transit, transshipment, re-export, reassignment of strategic goods, and the provision of related services;

WHEREAS, Section 4 of the STMA creates a National Strategic Goods List (NSGL), specifically describing the strategic goods subject to authorization. The NSGL is composed of three (3) annexes: Military Goods (Annex 1), Dual-Use Goods (Annex 2), and Nationally Controlled Goods (Annex 3);

WHEREAS, Section 2, Rule V of the STMA Implementing Rules and Regulations states that no person shall be allowed to place any strategic goods in or on any carrier located within the territorial and economic jurisdiction of the Philippines without the consent of the owner or operator of the carrier. Moreover, such owners and operators shall be prohibited from allowing the placement of strategic goods in or on any carrier unless the person presents an authorization issued by the STMO to export, import, transit or transship strategic goods;

WHEREAS, Section 9(d) of the STMA vested the STMO with the power and function to issue or deny issuance of authorizations for the trade of strategic goods and the provision of related services;

WHEREAS, Section 10 of the STMA imposes the responsibility upon any person subject thereto, who intends to engage in the export, import, transit, and transshipment of strategic goods under the NSGL, or the provision of related services to obtain authorization from the STMO;

STRATEGIC TRADE MANAGEMENT OFFICE



WHEREAS, under the Department Administrative Order (DAO) 19-07, the STMO shall adopt a phased implementation of the activities under the STMA, starting with the registration of stakeholders, export authorization, followed by transit and transshipment authorization; and,

WHEREAS, the Bureau of Customs issued Customs Memorandum Order Nos. 15-2022 and 12-2019 to streamline the scope, coverage, and process of goods for transshipment under the Customs Modernization and Tariff Act (CMTA) and STMA.

NOW, THEREFORE, this Circular is hereby issued for the information, guidance, and compliance of all covered persons.

1. Covered Activities

This Memorandum Circular (MC) covers transit and transshipment of strategic goods. The STMA defines transit and transshipment as follows:

- 1.1 *Transit* is the shipment of strategic goods within the Philippines and those entering and passing through the territory of the Philippines with an ultimate destination outside the Philippines in such a manner that **the strategic goods remain at all times in or on the same carrier.**¹
- 1.2 *Transshipment* is a mode of shipping a good on a carrier that enters the territory of the Philippines, wherein the **good is unloaded from the carrier and reloaded in the same or on another carrier** that is bound for an ultimate destination outside the Philippines.²

2. Covered Persons

This MC covers all who engage or intend to engage in the transit and transshipment of certain strategic goods listed in Annex A of this Circular shall apply for authorization prior to undertaking the covered activities referred to in Section 1 hereof. Such persons may include, but are not limited to, transport companies, domestic and international freight forwarders, logistics, shipping companies, airlines, customs brokers, cargo consolidators, operating carriers, air cargo express operators, and other third-party companies.

3. Authorization Procedure

- 3.1. The covered person does not need to register with STMO prior to transit and transshipment of strategic goods.

¹ Section 5(z), STMA.

² Section 5(aa), STMA.

- 3.2. Covered persons shall create an account on the STMO e-Licensing platform (<https://stmo.dti.gov.ph>) before applying for transit or transshipment authorization. The applicant shall then apply for transit or transshipment authorization.
- 3.3. The applicant shall submit a copy/ies of relevant commercial documents, particularly any sales contract, order confirmation, invoice, or dispatch note, as well as a copy/ies of licenses or authorizations from the exporting and importing countries.
- 3.4. The covered person shall apply for an individual transit or transshipment authorization at least seven (7) calendar days prior to the arrival of the carrier containing the goods.
- 3.5. For submitted applications with incomplete requirements, the STMO shall immediately notify the applicant to provide the necessary information or documents. Failure to comply within the given deadline will result in a return of application without action.
- 3.6. Submitted applications with complete requirements shall be acknowledged and processed by the STMO within three (3) working days. The STMO may automatically approve an application if the applicant meets all these conditions:
 - 3.6.1. Submission of license or authorization from exporting country and/or importing country, whichever is applicable; **and**,
 - 3.6.2. The country of destination is listed in Annex B of this Circular.
- 3.7. During the application review, the STMO may request additional information or documents from the applicant. The STMO may also ask other government agencies or subject matter experts for specific comments on the application. The time that elapses between the date the STMO requests the information from the applicant, other government agencies, or subject matter experts and the date such information is received shall not be counted in the processing timeframe.
- 3.8. The STMO may approve in whole or in part, approve with conditions, or deny the transit or transshipment authorization application based on the risk assessment criteria provided under Rule IV, Section 6 of the STMA Implementing Rules and Regulations.

- 3.9. The STMO shall immediately notify the applicant of the decision on the application. For approved applications, the STMO shall issue an electronic authorization certificate bearing the authorization number, validation date, expiration date, and other relevant information. The authorization certificate shall also include the general and specific conditions the authorization holder must comply with before, during, and after the transit or transshipment of strategic good/s.
- 3.10. An individual authorization for transit or transshipment shall be valid for a maximum period of six (6) months.

4. Exemption from Transit or Transshipment Authorization Requirement

- 4.1. Under Section 15 of the STMA, a transit or transshipment authorization is not required under the following conditions:
 - 4.1.1. Transit or transshipment of strategic goods which are provided in connection with a military, peacekeeping, or government humanitarian mission;
 - 4.1.2. Transit or transshipment of strategic goods by the government in connection with law enforcement activities; and,
 - 4.1.3. Any other circumstances as provided by the National Security Council – Strategic Trade Management Committee (NSC-STMCom) pursuant to Section 7(f) of the STMA.
- 4.2. The covered person shall follow the notification procedure in using the Certificate of Authorization Exemption specified under Section 4 of Memorandum Circular No. 22-02 (Revised Guidelines on STMA Authorization Exemption) and its succeeding amendments.

5. Responsibilities of Transit or Transshipment Authorization Holder

- 5.1. Pursuant to Sections 10 and 11 of the STMA and Rule V of the STMA Implementing Rules and Regulations (STMA IRR), the authorization holder shall ensure compliance with the recordkeeping requirements, submission of related documents and end-use controls for strategic goods not listed in the NSGL.
- 5.2. The authorization holder shall keep all records of the transaction and/ or books of accounts, business and computer systems and all commercial and technical data related to the transaction for ten (10) years from the

date of the completion of the transaction. The covered person shall refer to Memorandum Circular No. 21-16 (Guidelines on Recordkeeping for STMO Authorization Holders) and its succeeding amendment for the complete recordkeeping requirements and other relevant information.

- 5.3. End-Use or Catch-All Control may be imposed if a covered person knows or has reasonable grounds to suspect or the STMO informs the covered person that the unlisted goods, software, or technology to be transited or transshipped may be used partly or entirely in any of the conditions stipulated in Section 11 of STMA. The complete procedure is outlined in Memorandum Circular No. 21-35 (Guidelines on End-Use or Catch-All Controls) and its succeeding amendments.

6. Extension, Suspension, and Grounds for Annulment, Revocation, Limitation, or Modification of Transit or Transshipment Authorization

The authorization holder shall refer to the applicable provisions stipulated under Sections 8, 9, 11, and 12 of the STMA IRR for the extension, suspension, and grounds for annulment, revocation, limitation, or modification involving STMO-issued transit or transshipment authorizations.

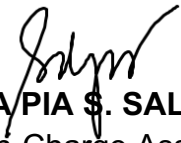
7. Penalties for Noncompliance

- 7.1. Noncompliance with the conditions set forth under the Transit and Transshipment Authorization shall subject the applicant and/or parties involved to the penalties provided for under Sections 19, 20, 22, 23, 24, and 25 of the STMA.
- 7.2. Any acts committed or omitted by any person in violation of the STMA, its IRR, and guidelines and issuances of the NSC-STMCom shall undergo an administrative investigation.
- 7.3. The complete procedure is set forth in Memorandum Circular No. 21-42 (Guidelines on Administrative Proceedings and Imposition of Administrative Fines and Penalties) and its succeeding amendments.

This Circular shall take effect on 15 December 2024.

14 November 2024, Makati City.

Recommending Approval:



DOMINA PIA S. SALAZAR
Officer-in-Charge Assistant Director

Approved by:

ATTY. JANICE SACEDON-DIMAYACYAC
Director

**ANNEX A:
STRATEGIC GOODS UNDER THE NATIONAL STRATEGIC GOODS LIST
SUBJECT TO TRANSIT AND TRANSSHIPMENT AUTHORIZATION**

Annex 1 (Military Goods)

1. ML1;
2. ML2;
3. ML3;
4. ML4;
5. ML6;
6. ML7;
7. ML8;
8. ML9; and,
9. ML10.

Annex 2 (Dual-Use Goods)

1. Category 0 (Nuclear materials, facilities and equipment)

All – 0A, 0B, 0C, 0D, 0E

2. Category 1 (Special materials and related equipment)

1A007, 1A008, 1A202, 1A225, 1A226, 1A227, 1B101, 1B115.b, 1B201, 1B225, 1B226, 1B228, 1B230, 1B231, 1B232, 1B233, 1B234, 1B235, 1C010, 1C107, 1C111, 1C116, 1C117, 1C118, 1C202, 1C210, 1C216, 1C225, 1C226, 1C227, 1C228, 1C229, 1C230, 1C231, 1C232, 1C233, 1C234, 1C235, 1C236, 1C237, 1C238, 1C239, 1C240, 1C241, 1C354.b.1, 1C354.b.1.5, 1C354.c.1, 1C450, 1D201, 1E201, 1E202, and 1E203.

The following conditions apply to the specific NSGL codes below:

1C350.1, 1C350.2, 1C350.3, 1C350.4, 1C350.5, 1C350.6, 1C350.7, 1C350.8, 1C350.9, 1C350.11, 1C350.12, 1C350.13, 1C350.17, 1C350.18, 1C350.19, 1C350.21, 1C350.22, 1C350.23, 1C350.26, 1C350.27, 1C350.28, 1C350.29, 1C350.30, 1C350.31, 1C350.32, 1C350.33, 1C350.34, 1C350.35, 1C350.36, 1C350.38, 1C350.46, 1C350.51, 1C350.52, 1C350.54, 1C350.55, 1C350.56, 1C350.57, 1C350.59, 1C350.63, and 1C350.65.

Additional conditions based on the NSGL considering the Chemical Weapons Convention obligations:

(1) For exports to "States not Party to the Chemical Weapons Convention", 1C350 does not control "chemical mixtures" containing one or more of the chemicals specified in entries 1C350.1, .3, .5, .11, .12, .13, .17, .18, .21, .22, .26, .27, .28, .31, .32, .33, .34, .35, .36, .54, .55, .56, .57, 63 and .65 in which no individually specified chemical constitutes more than 10% by the weight of the mixture.

(2) For exports to "States Party to the Chemical Weapons Convention", 1C350 does not control "chemical mixtures" containing one or more of the chemicals specified in entries 1C350.1, .3, .5, .11, .12, .13, .17, .18, .21, .22, .26, .27, .28, .31, .32, .33, .34, .35, .36, .54, .55, .56, .57, .63 and .65 in which no individually specified chemical constitutes more than 30% by the weight of the mixture.

(3) 1C350 does not control "chemical mixtures" containing one or more of the chemicals specified in entries 1C350.2, .6, .7, .8, .9, .10, .14, .15, .16, .19, .20, .24, .25, .30, .37, .38, .39, .40, .41, .42, .43, .44, .45, .46, .47, .48, .49, .50, .51, .52, .53, .58, .59, .60, .61, .62, .64, .66, .67, .68, .69, .70, .71, .72, .73, .74, .75, .76, .77, .78, .79, .80, .81, .82, .83, .84, .85, .86, .87, .88 and .89 in which no individually specified chemical constitutes more than 30% by the weight of the mixture.

(4) 1C350 does not control products identified as consumer goods packaged for retail sale for personal use or packaged for individual use.

The following condition applies to the specific NSGL codes below:

1C351.a.1, 1C351.a.2, 1C351.a.4, 1C351.a.5, 1C351.a.6, 1C351.a.8, 1C351.a.9, 1C351.a.11, 1C351.a.12, 1C351.a.14, 1C351.a.16, 1C351.a.17, 1C351.a.18, 1C351.a.21, 1C351.a.22, 1C351.a.23, 1C351.a.24, 1C351.a.25, 1C351.a.27, 1C351.a.34, 1C351.a.38, 1C351.a.43, 1C351.a.45, 1C351.a.50, 1C351.a.54, 1C351.a.57, 1C351.a.58, 1C351.c.1, 1C351.c.2, 1C351.c.3, 1C351.c.4, 1C351.c.5, 1C351.c.6, 1C351.c.13, 1C351.c.14, 1C351.c.15, 1C351.c.16, 1C351.c.17, 1C351.c.22, 1C351.d.1, 1C351.d.2, 1C351.d.4, 1C351.d.5, 1C351.d.6, 1C351.d.7, 1C351.d.12,

Note 1: 1C351 does not control "vaccines" or "immunotoxins".

3. Category 2 (Materials processing)

2A225, 2A226, 2B001, 2B002, 2B003, 2B004, 2B005, 2B006, 2B007, 2B008, 2B009, 2B014, 2B105, 2B109, 2B116, 2B119, 2B120, 2B121, 2B201, 2B204, 2B206, 2B207, 2B209, 2B219, 2B225, 2B226, 2B227, 2B228, 2B230, 2B231, 2B232, 2B233, 2B350, 2B352, 2D201, 2D202, and 2E201.

4. Category 3 (Electronics)

3A201, 3A225, 3A226, 3A227, 3A228, 3A229, 3A230, 3A231, 3A232, 3A233, 3A234, 3D225, 3E201, and 3E225.

5. Category 4 (Computers)

N/A

6. Category 5 (Telecommunications and "information security")

N/A

7. Category 6 (Sensors and lasers)

6A102, 6A107, 6A108, 6A202, 6A203, 6A205, 6A225, 6A226, 6B008, 6D203, 6E201, and 6E203.

8. Category 7 (Navigation and avionics)

7A004, 7A005, 7A006, 7A101, 7A102, 7A103, 7A104, 7A105, 7A106, 7A116, 7A117, 7B001, 7B002, 7B003, 7B102, and 7B103.

9. Category 8 (Marine)

N/A

10. Category 9 (Aerospace and propulsion)

9A105, 9A106, 9A107, 9A108, 9A109, 9A120, and 9C110.

Annex 3 (Nationally-Controlled Goods)

All items under Annexes 3.1, 3.2, 3.3. and 3.4 (Goods to and from DPRK and Iran)

**ANNEX B:
COUNTRIES OF DESTINATION SUBJECT TO AUTOMATIC APPROVAL OF THE
TRANSIT AND TRANSSHIPMENT AUTHORIZATION**

Argentina	Hungary	Poland
Australia	Iceland	Portugal
Austria	Ireland	Romania
Belgium	Italy	Slovakia
Brazil	Japan	Slovenia
Bulgaria	Latvia	South Africa
Canada	Liechtenstein	South Korea
Czechia	Lithuania	Spain
Denmark	Luxembourg	Sweden
Estonia	Malta	Switzerland
Finland	Mexico	Taiwan
France	Netherlands	United Kingdom
Germany	New Zealand	United States of America
Greece	Norway	