

MEMORANDUM CIRCULAR NO. 22-08

Series of 2022

To : All Manufacturers and Importers of Steel Pipe Products Covered by DAO 19-16, Series of 2019 and Others Concerned

SUBJECT : Supplemental Guidelines for the Implementation of DAO 19-16, Series of 2019

WHEREAS, the Department Administrative Order (DAO) 19-16, Series of 2019 took effect on 22 February 2020, the objective of which is to strictly ensure that steel pipe products comply with the specified safety and/or quality requirement/s as prescribed therein;

WHEREAS, some stakeholders raised their concern on the following:

1. Current sampling plan and procedure prescribed by DAO 19-16:2019 particularly on the cost of steel pipes with large diameters;
2. Cost of posted surety bond per Bill of Lading/Airway Bill, and;
3. Capitalization required prior to importation considering the import value for each shipment.

WHEREAS, pursuant to Rule 23 of DAO 19-16, Series of 2019, BPS may issue such procedural guidelines as may be necessary in the implementation of this Order;

WHEREAS, consistent with Good Regulatory Practice, the Department is committed to continuously review its Technical Regulations in order to balance the interest of the stakeholders without compromising the safety of the consumers;

WHEREFORE, foregoing premises considered, this guideline is hereby issued to supplement the implementation of DAO 19-16, Series of 2019 for the guidance of all concerned.

1. SAMPLING PLAN

To determine the specific number of samples for steel-black and hot-dipped zinc-coated (galvanized) longitudinally welded steel pipes (for ordinary uses), the table below shall apply:

For nominal size (DN) of 15mm to 40mm

Volume/Quantity	Sample	Sample Size	Acceptance Quality Limit (AQL)	
			ACCEPT ¹⁴	REJECT ¹⁵
			No. of failed/defective samples	
Up to 75,000pcs	1 st set	3	0	2
	2 nd set	3	1	2
75,001pcs – 150,000pcs	1 st set	5	0	3
	2 nd set	5	3	4
150,001pcs – 225,000pcs	1 st set	8	0	3
	2 nd set	8	4	5
225,001pcs – 300,000pcs	1 st set	13	2	5
	2 nd set	13	6	7
300,001pcs and above	1 st set	20	3	6
	2 nd set	20	9	10

For nominal size (DN) of 50mm to 125mm

Volume/Quantity	Sample	Sample Size	Acceptance Quality Limit (AQL)	
			ACCEPT	REJECT
			No. of failed/defective samples	
Up to 18,000pcs	1 st set	3	0	2
	2 nd set	3	1	2
18,001pcs – 36,000pcs	1 st set	5	0	3
	2 nd set	5	3	4
36,001pcs – 54,000pcs	1 st set	8	0	3
	2 nd set	8	4	5
54,001pcs – 72,000pcs	1 st set	13	2	5
	2 nd set	13	6	7
72,001pcs and above	1 st set	20	3	6
	2 nd set	20	9	10

For nominal size (DN) of 150mm to 300mm

Volume/Quantity	Sample	Sample Size	Acceptance Quality Limit (AQL)	
			ACCEPT	REJECT
			No. of failed/defective samples	
Up to 3,500pcs	1 st set	3	0	2
	2 nd set	3	1	2
3,501pcs – 7,000pcs	1 st set	5	0	3
	2 nd set	5	3	4
10,501pcs – 14,000pcs	1 st set	8	0	3
	2 nd set	8	4	5
14,001pcs – 17,500pcs	1 st set	13	2	5
	2 nd set	13	6	7
17,501pcs and above	1 st set	20	3	6
	2 nd set	20	9	10

Sample Size Code Letters and Table 3-A – Double Sampling Plans for Normal Inspections of PNS 2859-1:2012 were used as reference.

ACCEPT : If the number of failed samples is equal and less than the number indicated

REJECT : If the number of failed samples is equal to or more than the number indicated

2. SAMPLING PROCEDURE

2.1 The BPS, DTI ROs/POs, BPS-recognized auditing/inspection body shall facilitate the preparation of two (2) sets of black and hot dipped zinc-coated (galvanized) longitudinally welded steel pipes per type, per class, per nominal size (DN) and per brand for every sample drawn properly labeled as first set and second set.

2.1.1 First set

One (1) meter long sample shall be cut from each piece, packed/sealed and signed in the presence of authorized representatives from BPS, DTI ROs/POs or BPS-recognized auditing/inspection body.

2.1.2 Second set

Test samples drawn shall be packed/sealed and signed in the presence of authorized representatives from BPS, DTI ROs/POs or BPS-recognized auditing/inspection body and shall be kept by the manufacturer or importer. The preparation of cut samples shall only commence if the number of failed samples

from the first set is more than the AQL prescribed acceptance number but less than the prescribed rejection number.

3. SURETY BOND

A surety bond amounting to One Hundred Fifty Thousand Pesos (Php 150,000.00) or five percent (5%) of the declared value/dutiable value in Philippine Peso, whichever is higher, shall be posted on a per shipment, per Bill of Lading/Airway Bill basis.

4. REQUIRED CAPITALIZATION

All black and hot dipped zinc-coated (galvanized) longitudinally welded steel pipes importers shall be required to have at least Fifty (50) Million Pesos (Php 50,000,000.00) capitalization prior to importation. Proof of the same shall be submitted to BPS and/or DTI RO/PO as follows:

- 4.1. Duly filed Articles of Incorporation showing minimum paid-up capitalization for corporations, or business permit and proof showing minimum declared capitalization for single proprietorship;
- 4.2. Copy of the latest Audited Financial Statement; and
- 4.3. Other documentary proof showing capitalization.

5. REPEALING CLAUSE

All other orders or parts thereof which are inconsistent with the provisions of this Circular are hereby repealed or amended accordingly. Other provisions not covered by this Memorandum Circular shall remain effective thereof.

This Memorandum Circular shall be effective fifteen (15) days after its publication in a newspaper of general circulation, a copy of which shall be submitted to the UP Office of National Administrative Register.

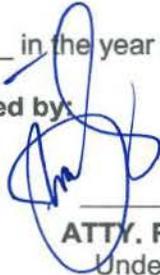
For the information and guidance of those concerned.

Done in the City of Makati this 28th day of April in the year 2022.



NEIL P. CATAJAY
Director, BPS

Recommended by



ATTY. RUTH B. CASTELO
Undersecretary, CPG

Approved by



RAMON M. LOPEZ
Secretary