

**[ NFA AMENDED LETTER CIRCULAR NO. AO-2K2-12-001, February 28, 2003 ]**

**RULES AND REGULATIONS GOVERNING THE PARTICIPATION OF FARMERS' ORGANIZATIONS IN THE IMPORTATION OF RICE FOR YEAR 2003**

Pursuant to the powers granted to the National Food Authority (NFA) under Presidential Decree No. 4, as amended, to establish rules and regulations governing the importation of rice, and by virtue of NFA Council Resolution No. 14-2K2 dated 23 October 2002, this Amended Letter-Circular is hereby issued for the information and compliance of all concerned.

**A. General Principles for 2003 Rice Importation**

Rice importations under this Circular shall be undertaken under a regime with Quantitative Restrictions in place. However, instead of NFA issuing import permits, all rice importations other than NFA's shall be covered by Letters of Credit (LCs) to be opened initially only with Land Bank of the Philippines (LBP), or such other financial instruments to be agreed upon by NFA, LBP and the Bureau of Customs (BOC).

With the aim of assisting palay-based farmers' organizations (those whose members are predominantly palay farmers) to become agri-entrepreneurs, the privilege to import non-NFA rice volumes is granted to them exclusively. Any unavailed volume, which the farmers' organization fail to import out of their allocation, shall be imported by NFA when necessary.

Any farmers' organization intending to avail of the privilege to engage in the business of importing rice in 2003 shall first secure a license from NFA as an importer. All importations shall be subject to payment of tariff and other fees that may be required. However, NFA shall not impose an equalization fee for the year 2003 importation.

**B. Opening of Letters of Credit, or Use of Other Financial Instruments for Importation**

Interested farmers' organizations licensed as rice importers shall open their LCs or other financial instruments with the LBP head office only. Other financial instruments may be allowed subject to NFA, LBP and BOC agreement.

1. For the first quarter volume which is hereby set at 150,000 metric tons, the LCs or other financial instruments shall be opened with or coursed through the LBP head office up to March 31, 2003.
2. For the second quarter volume, the LCs or other financial instrument shall be opened with or coursed through the LBP head office on April 1-30, 2003.