

[NFA MEMORANDUM CIRCULAR NO.AO-2K5-01-001, January 18, 2005]

GENERAL GUIDELINES ON THE PARTICIPATION OF FARMERS' ORGANIZATIONS AND ALL OTHER SECTORS IN THE IMPORTATION OF RICE FOR YEAR 2005

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 Council Resolution No.200-2K5 this Memorandum Circular is hereby issued for the information and compliance of all concerned.

A. General Guidelines

1. Rice importation under this circular shall be undertaken under a regime with Quantitative Restrictions in place pursuant to Republic Act No.8178. However, instead of the National Food Authority (NFA) issuing import permits, all rice importation other than NFA's shall be covered by Letters of Credit (LC), Documents against Acceptance (DA) and Documents Against Payment (DP) to be opened with the Land Bank of the Philippines (LBP).
2. In line with the government's policy of providing assistance to rice farmers to become agri-entrepreneurs, Farmer's Organizations (FOs) whose membership consist of at least 50% + 1 palay farmers, shall be granted initially 75% of the rice import volume or 150,000 MT. All other sectors shall be allocated 25% of the volume to be imported or 50,000 MT.
3. FOs and other sectors intending to avail of the privilege to engage in the business of importing rice must first secure a license from the NFA as an importer and other incidental lines of business activity. They shall be subject to the usual licensing requirements which include among others, proof of its operations and active grains business activity from 2003 or earlier. The license shall be valid for one year and shall expire on December 31, 2005.
4. All importation shall be subject to the payment of tariff/duties, taxes and other fees that may be required. NFA shall, from time to time, prescribe a benchmark price that will be the basis of the LBP to evaluate the advance duties to be deposited by the importer.
5. Each importer whether FOs or other sectors can only avail of a maximum of 5,000 MT for the entire year.
6. The import volume shall be available to all FOs and all other sectors nationwide. However, the volume of 150,000 MT shall initially be exclusively allocated to qualified FOs while 50,000 MT shall be allocated for all other

sectors, excluding rice based, FOs, on a first-come-first-served basis. All other sectors shall have until May 31, 2005 to open/avail of LC, DA and DP with LBP.

Out of the 150,000 MT exclusively allocated to FOs, 75,000 MT shall be opened on a first-come-first-served basis to all qualified FOs nationwide. FOs have until April 15, 2005 to open/avail Letters of Credit, DA and deposit the required advance duties with the LBP. Any unavailed allocation shall be open to all Importers (FOs/all other sectors).

The remaining 75,000 MT shall be provided on a per region basis depending on the percent of rice land harvested in a given region over the national harvested hectareage. The regional allocation shall be divided equally among qualified FOs within each region. FOs have until April 30, 2005 to open/avail of LC, DA and DP and deposit the required advance duties with LBP. Any unavailed allocation shall be forfeited and be opened/made available to all FOs/all other sectors on a first-come-first-served basis.

7. Any unavailed allocation mentioned above shall be made available to both FOs/all other sectors nationwide. They have until May 31, 2005 to open/avail of the corresponding LC, DA and DP on a first-come-first-served basis.

8. FOs using DA and DP shall be required to pay in advance with the LBP an amount corresponding to 50% of the duties/tariff while all other sectors shall pay in advance with the LBP an amount corresponding to full duties to be paid for the importation. The payment of the partial/full advance duties/tariff shall be the basis of determining the first come first served rule.

9. The volume of rice to be imported for 2005 is initially set at 200,000 MT which shall be part of the country's food security requirement. Any volume which the FOs/all other sectors fail to import out of this allocation, shall be imported by the NFA if still necessary.

10. Interested FOs licensed as importers shall open/avail their LC, DA, and DP with the LBP head office and such other LBP branches that may be designated, subject, however, to eligibility requirements that LBP may prescribe.

11. Violators of the 2003 and 2004 circulars on rice importation under the FAI program are disqualified to participate in the 2005 importation unless payment of penalties has been made

12. As much as possible, rice to be imported should be fortified with iron micro nutrient in compliance with the Philippine Food Fortification Law under Republic Act 8976.

B. Arrival of Importation

1. The imported rice stocks should arrive not later August 15, 2005. All legally imported rice that arrive beyond the prescribed date shall subject the importer to penalty based on the following schedule:

No. of days After deadline	Penalty (% of landed cost)	No. of days after deadline	Penalty (% of landed cost)
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1-4 days	0.5%	11-12 days	-2.5%
5-6 days	-1%	13-15 days	-3%
7-8 days	-1.5%	16-60 days	-30%
9-10 days	-2%	61 days and beyond	-forfeiture of entire cargo in favor of NFA

The aforementioned penalty may also be effected with the withholding or forfeiture of the corresponding percentage of the imported rice.

2. In case the FO/all other sector availed of the allocation but failed to bring into the country the allocated volume, an amount corresponding to equivalent of 10% of the import value will be forfeited in favor of the NFA as penalty. This amount may be taken from the advance duties said importer paid the LBP/BOC. The corresponding amount shall be credited by BOC to NFA;

3. Rice cargoes must be inspected both at the load port and discharge port by surveyor/s to be appointed/chosen by the importer from a list provided by the NFA. The surveyor's services shall be for the account of supplier and/or importer.

4. The discharge ports for the 2005 importation are the Port of Manila, the Manila International Container Port, the Port of Batangas, the Port of Cebu, the Port of Cagayan de Oro and the Subic Port.

C. Specific Guidelines

1. Importers must meet/submit/accomplish the following requirements subject, however, to changes, amendments or revisions as NFA, LBP and BOC may hereafter prescribe; National Food Authority (NFA)

* Must be holders of NFA license as importer. To secure a license as Importer, the following are required:

For Entities:

- 2 x 2 pictures of the representative;
- Articles of Incorporation, By-laws and all amendments thereto;
- Recent Secretary's Certificate of a Board Resolution authorizing the representative to sign for and in behalf of the entity who shall be an officer/shareholder/member/employee of the cooperative/corporation/association.
- Certificate of Registration from the Securities and Exchange Commission (SEC)/Cooperative Development Authority (CDA)/Bureau of Labor Relations (BLR)/Bureau of Rural Workers (BRW)/National Irrigation Administration (NIA).
- Certificate of Good Standing or Certification from their respective registering agencies that said FO is currently operational/active.
- For SEC registered entities, a copy of the current year Information Sheet duly received by SEC.
- For Provincial Farmers Action Council (PFAC) members, certification from the PFAO Chairman or his authorized