

[NFA MEMORANDUM CIRCULAR NO. AO-2K6-01-001, January 30, 2006]

GENERAL GUIDELINES ON THE PARTICIPATION OF ALL PRIVATE GRAINS BUSINESSMEN (INDIVIDUALS AND ENTITIES) IN THE IMPORTATION OF ADDITIONAL RICE FOR YEAR 2006

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. 259-sk6A dated January 27, 2006, 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) or any reputable bank accredited by the Bureau of Customs (BOC).
2. In line with the government's policy of removing the rice importation monopoly of NFA and allowing the private sector to also undertake the importation in case of supply shortfall, all private grains businessmen (individual and entities) shall be allowed to undertake the rice importation of 350,000 MT which shall be part of the country's food security requirement.
3. The private grains businessmen (individual and entities) 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.
4. All importation shall be subject to the payment of duties/tariff 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/other reputable bank's accredited by BOC to evaluate the advance duties/tariff taxes to be deposited by the importer.
5. All payments shall comply with the requirements and provisions of the Anti-Money Laundering Act.
6. The LBP shall serve as a clearing house by providing the participating bank with the volume of rice still available for importation.
7. The import volume shall be available to all private grains businessmen (individual and entities), on a first-come-first-served basis without limit, but not more than 350,000 MT. The importers shall have until March 31, 2006 to open/avail of LC, DA and DP with LBP or any reputable bank accredited by the BOC in Metro Manila, subject to eligibility requirements that the participating banks may prescribe. The payment of the full advance duties/tariff taxes shall be the basis of determining the first-come-first-served rule.
8. Importers under 2003, 2004 and 2005 rice importation under the FAI program whose violations were late arrivals and non-arrivals of rice stocks are not qualified unless penalties have been paid.
9. 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.
10. Milled rice contained in small or big packages/containers of 50kg. Should conform with the Philippine standards on packaging and labeling.

B. Arrival of Importation

1. The imported rice stocks should arrive not later August 15, 2006. All imported rice that may arrive beyond the prescribed date shall subject the importer to a penalty based on the following schedule:

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

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

2. In case the importer availed of the allocation but failed to bring into the country the allocated volume, an amount corresponding to 10% of the import value will be forfeited in favor of the NFA as penalty. This amount shall be taken from the advance duties/tariff said importer paid the Bank/BOC. The corresponding amount shall be credited by BOC to NFA;
3. Rice cargoes must be inspected at the load port by surveyor/s to be appointed/chosen by the importer from a list provided by the NFA or that are accredited by BOC. The surveyor's services shall be for the account of supplier and/or importer.
4. The discharge ports for this 2006 importation are the Port of Manila, the Manila Inter- national Container Port, the Port of Batangas, the Port of Cebu, the Port of Cagayan de Oro, the Subic Port, the Port of Poro Point La Union, the Port of Bacolod and

the Port of Davao.

C. Specific Guidelines

1. Importers must meet/submit/accomplish the following requirements subject, however, to changes, amendments, or revisions as NFA, LBP, BOC and other reputable banks accredited by BOC may hereafter prescribe:

NATIONAL FOOD AUTHORITY

- 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).
- For SEC registered entities, a copy of the current year information Sheet duly received by SEC.
- Income Tax Return for the preceding year with audited financial statements.

For individuals:

- 2 x 2 pictures of the applicant
- Income Tax Returns of the preceding year
- Financial statement showing assets and liabilities for the preceding year if applicant's capitalization in the rice business exceeds P100,000.00
- License Fees
- P20,000.00 per applicant for all sectors
- Proof of payment of penalties for FOs/other sectors found to have violated year 2003, 2004 and 2005 circulars whose violations refer to late/non arrivals of imported rice.

• Advanced information (at least 10 days before the cargo arrives) on the quality, quantity (complete specifications), country of origin, supplier, price on C & F basis, expected date of arrival, name of carrier/vessel and discharging port of the rice being imported, plus a copy of the sales contract and load port surveyor's report.

Participating Banks

I. If importers Opt to Directly Open Financial Instruments with the Land Bank of the Philippines (LBP), below is the list of documents required for importation transactions whether using LC, DA or DP:

- Duly accomplished and notarized Import Entry Declaration (IED)
- Only Manager's or Cashier's checks issued by a reputable commercial/universal bank in Metro Manila or such other areas as may be designated by LBP shall be accepted as payment for the advance duties, bank charges.
- Original copy of pro-forma invoice signed by the supplier and duly accepted by the buyer, indicating the specification of rice to be imported, country of origin, term and mode of payment, among others, of the importation.
- Original and photocopy of the NFA license as importer.
- Accomplished ITOD signature card of the authorized signatory and/or authorized representative (for importation purposes) duly authenticated by the LB. (Form provided).
- Certification that the authorized signatory of the entity or the individual as the case maybe, has read and understood the program guidelines and that he/she voluntarily binds himself/herself to abide by all the rules and regulations regarding the importation particularly the penalty provisions (Form Provided).