



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 3/3/2003

GAIN Report #RP3014

Philippines

Grain and Feed

Rice Import Guidelines Amended

2003

Approved by:

David C. Miller

US Embassy

Prepared by:

Perfecto G. Corpuz

Report Highlights:

After numerous complaints from various sectors, the National Food Authority (NFA) recently amended its rice import guidelines for 2003. Under the amended guidelines, only rice farmers/farmers' organizations will be allowed to import rice outside the NFA. Each rice farmers/farmers' organizations will be allowed to import a maximum of 500 MT per quarter, but not to exceed 1,000 MT for the whole of 2003.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Manila [RP1], RP

The National Food Authority (NFA) recently amended its 2003 rice import guidelines as provide by Letter Circular No. A0-2K2-12-001, dated December 13, 2002 (refer to 2084). As reported in the annual report (refer to RP3007), the import guidelines had been the subject of numerous complaints. Amended February 28, 2003, the guidelines were published in a newspaper of general circulation March 2, 2003 and will take effect 15 days thereafter or on March 17, 2003.

The amended guidelines are more specific in terms of qualified participants in the rice importation process. Whereas the previous guidelines allowed "other sectors" to import rice, the revised regulations specify rice farmers' organizations (FOs) as having the exclusive "privilege" of importing rice other than those made by the NFA in 2003. Importation volumes were likewise adjusted. A licensed FO may import a maximum of 500 MT per quarter but is limited to 1,000 MT on an annual basis. The original guidelines had provided for an import ceiling of 10,000 MT per year per each importer (person or entity).

The Amended Letter Circular likewise extended the deadline for the opening of Letters of Credit (LCs) and the arrival time for the first quarter volume of importation set at 150,000 MT. The first quarter volume should arrive in the country no later than April 30, 2003 as compared to the March 31, 2003 deadline in the previous guidelines.

The full text of the amended rice import guidelines follows:

NATIONAL FOOD AUTHORITY
Quezon City

AMENDED LETTER CIRCULAR

Number AO-2K2-12-001

Orig. Date: December 13, 2002

Date Amended: February 28, 2003

TO: **ALL RICE IMPORTERS, WHOLESALERS, MILLERS,
WAREHOUSEMEN AND RETAILERS**

FROM: **THE NFA ADMINISTRATOR**

SUBJECT: **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 the head office of the 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 (paddy rice) farmer' 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' organizations fail to import out of their allocation, shall be imported by NFA when necessary.

Any farmers' organizations 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 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 instruments shall be opened with or coursed through the LBP head office on April 1-30, 2003.

Licensed farmers' organizations using LCs and other financial instruments must undertake the following minimum requirements:

- a. Submit an accomplished Import Entry Declaration (IED) to the LBP head office;
- b. Deposit in advance with the LBP an amount corresponding to the duties to be paid for the importation, not later than March 31, 2003, for the first quarter volume; and not late than April 30, 2003, for the second quarter volume;
- c. Provide NFA and BOC advance importation (at least 10 days before the cargo arrives) on the quantity, quality (complete specifications), 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

d. Use load port and discharge port surveyor/s to be chosen from a list prescribed by NFA.

Failure to undertake any of the above will subject the importer to 10% penalty of the landed cost of the cargo, which may be effected with the withholding (non-release) of the corresponding percentage of the imported rice.

C. Arrival of Importation

The first quarter volume should arrive on or before April 30, 2003. The second quarter volume should arrive on or before June 30, 2003. All legally imported rice that arrive beyond the dates prescribed above shall be subject to a penalty of fifty percent (50%) of the landed cost of the rice, payable to NFA. Half of the amount to be collected from the penalty shall be set aside in behalf of the BOC as (partial) payment to be applied to NFA's outstanding account.

Rice cargoes must be inspected both at the load port and discharge port by surveyor/s to be appointed by NFA. The surveyor's services shall be for the account of the exporter and/or importer.

The discharge port for the 2003 rice importation are the Port of Manila, the Manila International Container Port, the Port of Batangas, the Port of Cebu, and the Port of Cagayan de Oro.

D. Distribution of Importation

In the event that NFA is unable to domestically procure its required buffer stocks, it will source the needed volume from imports.

The volume of rice to be imported by farmers' organizations (i.e., those licensed as rice importers) for the first quarter of 2003 shall be limited to 150,000 metric tons. The volume for the succeeding quarter will be announced by NFA three (3) weeks prior to the first day of opening of LCs or other financial instruments for the quarter.

E. Priority of Importation

The balance of the first quarter volume, and the whole of the second quarter volume for importation by FOs, shall be allocated using a system that will allow for FOs to participate under the program. The NFA reserves the right to change the allocation system without notice.

Each licensed FO may import a maximum of Five Hundred Metric Tons (500 MT) per quarter; but not to exceed One Thousand Metric Tons (1,000 MT) for the whole year of 2003. Those which have already exceeded the maximum volume are no longer entitled to import for the current year.

F. Penalties

Aside from the penalties stipulated above, non-compliance with this circular shall subject the

offender; upon conviction, to an imprisonment or fine, or both such fine and imprisonment at the discretion of the court, pursuant to Section 29 of Presidential Decree No. 4, as amended. The offender shall also be subject to administrative proceedings where the penalty of suspension and/or cancellation of its NFA license shall be imposed. The NFA may issue a cease and desist order pending the termination of the administrative case.

If the violation is committed by a corporation, partnership, cooperative or association, the penalty shall be imposed upon the Chairman, President, Directors and/or Managers, as the case may be, or other officials thereof responsible for such violation.

Authorized representatives of licensed farmers' organizations opening LCs or other financial instruments with the LBP under this Amended Letter-Circular, and are voluntarily binding themselves to abide by this Amended Letter-Circular and all other related rules and regulations regarding rice importation

This Amended Letter-Circular shall take effect fifteen (15) days following its publication once in a newspaper of general circulation, and filing with the Office of the National Administrative Register of the UP Law Center.

(Sgd.) ARTHUR C. YAP
Administrator