

**LETTER CIRCULAR**  
**NUMBER AO - 2K8-04-001**  
**DATE : March 06, 2008**

**TO : ALL GRAINS BUSINESSMEN TRANSPORTING  
PALAY/RICE/CORN AND/OR CORNGRITS BY  
MEANS OF WATER TRANSPORTATION**

**ALL SHIPPING COMPANIES ACCEPTING  
PALAY/RICE/CORN AND/OR CORNGRITS CARGO**

**FROM : THE ADMINISTRATOR  
National Food Authority**

**SUBJECT : AMENDMENT TO LETTER CIRCULAR NO. AO 2K2-01-001 ON  
NFA SHIPPING CLEARANCE PRIOR TO LOADING TO COVER  
PALAY/RICE/CORN AND/OR CORNGRITS IN ANY BY WATER  
VESSEL FOR MINIMUM OF 300 BAGS @ 50 kg/BAG**

Pursuant to the powers granted to the National Food Authority under Presidential Decree No. 4 as amended, to devise and maintain a system for regularly obtaining information on current stock positions of rice, their prices, and movements, this Letter Circular is hereby issued for the information and compliance of all concerned:

1. All shippers of palay/rice/corn and/or corngrits by means of water transport, whose volume is fifteen (15 ) metric tons or three hundred bags (i.e. 300 bags @ 50 kg net) and above, shall be required to apply to the nearest NFA office, for a NFA Transport Clearance prior to loading. This covers palay/rice/corn and/or corngrits of local and/or foreign origin. The application shall be accomplished in triplicate copies using the prescribed form stating among others the quantity, value, names of shipper and consignee.

For the purpose of this Circular, the term "water transport" shall mean and include, but not limited to vessel, boat, barge and other water crafts. Palay/rice/corn and/or corngrits commodities could either be a full container load (FCL) and/or a less container load (LCL), which includes stocks loaded on trucks on board ferry boats.

2. Both shipper and consignee should be duly licensed by NFA as wholesale/transporter. In case the palay/rice/corn and/or corngrits to be shipped are imported, the shipper/transporter should likewise be a licensed NFA importer.

If the transporter/shipper is not the direct importer and have just acquired/bought the commodities from another wholesale or importer, he/she should possess documentary evidences such as Invoices issued by the seller/importer and the corresponding NFA licenses/permits of the same.

3. Consignees of all palay/rice/corn and/or corngrits shipments whether required to have an NFA Shipping Clearance or not should be able to present for their protection, Sales Invoices and NFA licenses/import/shipping clearance when demanded by NFA investigators and/or other enforcement agencies. Absence of these documents or possession of spurious documents shall be a ground for seizure and detention and eventual forfeiture of stocks by the NFA in coordination with the Bureau of Customs (BOC) / Philippine Port Authority (PPA) and/or by other enforcement agencies in accordance with the procedures under the Constitution and the Tariff and Customs Code.
4. To ensure adherence and compliance to quality, packaging and labeling standards under L/C NO. AO-97-08-001 known as Philippine Grains Standards (PGSP) for Rice and Corn, all shippers are required to show samples of empty sacks (polypropylene or polyethylene bags/sacks ) of rice/corngrits to be shipped, before the NFA Regional or Provincial offices could issue the NFA Shipping Clearance Permit.
5. The NFA Shipping Permit which will be valid only for a period of fifteen (15) calendar days from date of issue, shall be given on a per shipment/transaction basis in four (4) copies. It shall be signed by the NFA Administrator or his duly authorized representatives before the palay/rice/corn and/or corngrits shall be allowed to be loaded on the vessel, barge, boat, and other water crafts. A shipper who shall ship out palay/rice/corn and/or corngrits in succession (in a row), may secure the Clearance Permit in advance provided that the details of shipments are known beforehand.
6. All consignees of the shipped palay/rice/corn and/or corngrits shall likewise be required to submit a Report to the NFA Provincial office having jurisdiction on the location where palay/rice/corn and/or corngrits shall be discharged/unloaded, within twenty-four (24) hours from receipt of the goods, in triplicate copies using the prescribed form.
7. The NFA Provincial Offices concerned when deemed necessary, shall conduct random inspection, whether at the shipper's warehouse or at the pier/port of loading and at the port of discharge or consignee's warehouse, of the stocks covered with a NFA Shipping Clearance.
8. A fee of One Hundred Pesos (P100.00) shall be paid by the applicant/shipper to the NFA office issuing the NFA Shipping Clearance to cover the inspection and monitoring expenses and other administrative cost.
9. The necessary forms shall be secured from the nearest NFA office.

10. Palay/rice/corn and/or corngrits shipments, whether of local or foreign origin, transported without the necessary Shipping Clearance shall, at the port of destination, be required to pay the required clearance fee.

In case of foreign origin, however, shipper must be able to present documents that the commodities were imported legally. Otherwise, the Bureau of Customs in coordination with NFA, shall apply the procedures of forfeiture under the Tariff and Customs Code. Forfeited imported rice/corn and/or corngrits in this case, shall not be subjected to the usual shipping clearance fee.

Under all circumstances, payment of clearance permit fee is without prejudice to the imposition of administrative penalties and/or the filing of criminal charges as the evidence may warrant.

Non-compliance with this Circular shall subject the offender, upon conviction, to a punishment by imprisonment of not less than one (1) month nor more than six (6) months or a fine of not less than One Thousand Pesos (P1,000.00) nor more than Four Thousand Pesos (P4,000.00), or both such fine and imprisonment, at the discretion of the court pursuant to Section 29 (c) of Presidential Decree No. 4. Provided however, that non-compliance with the rules, regulations, decisions, orders, circulars or directives does not constitute a higher offense under P.D. 4.

The offender may also be subjected to administrative proceedings and payment of Four Thousand Pesos (P4,000.00) administrative fine and/or cancellation of his/her NFA license may likewise be imposed. The NFA may issue cease and desist orders pending the termination of the administrative case.

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

Any provision or provisions for Letter Circular No. AO-2K2-01-001 dated January 21, 2002 which are inconsistent hereto are hereby amended or repealed accordingly.

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

**(Sgd. ) JESSUP P. NAVARRO**  
Administrator