



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**

MANILA 1099  
South Harbor, Gate 3, Port Area, Manila

March 05, 2019

**CUSTOMS MEMORANDUM CIRCULAR**

NO. 71-2019


To: All Deputy Commissioners  
All Service Directors  
All District/Port Collectors  
All Others Concerned

**SUBJECT: MAV Advisory Council Resolution NO. 01, s. 2018 entitled "RESOLUTION URGING THE MAV MANAGEMENT COMMITTEE TO ISSUE MMC ADMINISTRATIVE CIRCULAR NO. 01 s. 2017 PROVIDING FOR A UNILATERAL MAV FOR CHIPPING POTATOES AND THE RULES UNDER WHICH THE SAME MAY BE AVAILED" and Administrative Circular No. 05, s. 2018 entitled "PROVIDING FOR THE UNILATERAL MINIMUM ACCESS VOLUME (MAV) FOR CHIPPING POTATOES AND THE RULES UNDER WHICH THE SAME MAY BE AVAILED."**

Attached is the letter dated February 26, 2019 from Mr. Clint D. Hassan, MIT, Executive Director, MAV Management Committee on the above-entitled subject matter.

For your information and guidance.

For records purposes, please confirm the dissemination of this Circular throughout your offices within fifteen (15) days from receipt thereof.

  
**REY LEONARDO B. GUERRERO**  
Commissioner, BOC

MAR 12 2019

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REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARIAT  
Elliptical Road, Diliman, Quezon City

**MAV ADVISORY COUNCIL**  
MAC Resolution No. 01, s. 2018

**RESOLUTION URGING THE MAV MANAGEMENT COMMITTEE TO ISSUE MMC  
ADMINISTRATIVE CIRCULAR NO. 01, SERIES OF 2017, PROVIDING FOR A  
UNILATERAL MAV FOR CHIPPING POTATOES AND THE RULES  
UNDER WHICH THE SAME MAY BE AVAILED**

*WHEREAS*, the passage of Republic Act (RA 8178) in March 28, 1996 provided the reformed trade policy framework for the Philippines, adopting the MAV System as part of the market liberalization commitments to the WTO Uruguay Round and serves as a temporary policy instrument to mitigate effects that may be brought by the full liberalization of trade & in preparation of the agricultural sector for global competition;

*WHEREAS*, Department of Agriculture Administrative Order No. 1 (DA AO No. 1), Series of 1998, as amended by DA AO No. 52, Series of 2000, provides of the Rules and Regulations for the Implementation of the Agricultural Minimum Access Volumes (MAVs);

*WHEREAS*, Section 1, paragraph M.3 of DA AO No. 1 provides that the Philippine Government, as part of its trade policy, may establish a unilateral MAV;

*WHEREAS*, Executive Order No. 20, Series of 2017 was issued pursuant to the government policy to create an enabling environment for the growth and international competitiveness of Philippine industries that will create and preserve employment opportunities and increase incomes and modified the nomenclature and rates of import duty on various products under Section 1611 of Republic Act No. 10863, otherwise known as the Customs Modernization and Tariff Act;

*WHEREAS*, Section 1 of EO No. 20 provides that the articles specifically listed in Annex A thereof, as classified under Section 1611 of the CMTA, shall be subject to the MFN rates of import duty in accordance with the schedule indicated opposite each article, including a new tariff line on Chipping Potatoes;

*WHEREAS*, there is a need for the creation of a unilateral MAV for Chipping Potatoes, inasmuch as the current MAV for potatoes does not address the current importation requirements of local potato chip manufacturers;

*WHEREAS*, the report of the Bureau of Plant Industry showed that the local potato production does not include varieties suitable for the manufacturing of potato chip products, (i.e., Pike, Lady Rosetta, Atlantic, Dakota Pearl, etc. varieties, herein referred to as chipping potatoes) because of unfavorable soil and weather conditions, requiring local potato chips manufacturers to import raw materials, even at very high duties, making them less competitive as compared with foreign potato chips manufacturers;

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**WHEREAS**, local potato chips manufacturers, the Universal Robina Corporation and Liwayway Marketing Corporation reported that their annual production requirements for Chipping potatoes are 20,000 MT and 6, 000 MT, respectively;

**WHEREAS**, a MAV of 20,000 metric tons per year be set exclusively for the local chips manufacturers to avail to safeguard the local potato industry and to ensure that no excess of the requirements will be used for any other purposes, except with that what is stated in their application to avail the MAV mechanism;

**WHEREAS**, a MAV of 20,000 metric tons per year was agreed by both the local potato growers and the potato chips manufacturers during the consultations held in Baguio City, Davao City and Malaybalay City, Bukidnon last September 8, 2017, October 2, 2017 and October 6, 2017, respectively;

**WHEREAS**, the stakeholders' consultations have confirmed that local agricultural business and profitability will not be adversely affected or prejudiced by the setting of a unilateral MAV for chipping potatoes;

**WHEREAS**, the Bureau of Plant Industry shall institute control mechanisms to ensure that the implementation of the MAV mechanism for Chipping Potatoes will benefit the Philippine economy, but not to the detriment of local potato growers, including but not limited to: (1) strict compliance to the rule that only duly registered local potato chips manufacturer/processor and accredited importer will be allowed to avail the MAV; (2) approval for MAV applications shall be based on the rated production capacity of the applicant; (3) SPS Import Clearance shall be required of the applicant upon importation; and (4) annual audit will be conducted by the Bureau of Plant Industry and representatives of the local potato growers to check if total import, in-quota and out-quota would equal to production input + wastages;

**WHEREAS**, the MAV for Chipping Potatoes shall be valid for one (1) year, renewable annually, subject to review by the MAV Advisory Council. The MAV shall be changed accordingly based on the volume of local production of Chipping potatoes and on the compliance of importers with the terms and conditions stipulated in this resolution;

**WHEREAS**, for and in consideration of the above, the proposed MMC Administrative Circular No. 01, s. 2018 was prepared by the MAV Secretariat and endorsed by the MAV Advisory Council to the MAV Management Committee;

**WHEREAS**, to assist local potato farmers to improve their production capacity and their competitiveness, a Potato Industry Development Program shall be implemented spearheaded by the local potato chips manufacturers, in partnership with the potato farmers' organizations, the Department of Agriculture and other relevant organizations, as may be determined in the future;

**WHEREAS**, the local potato chips manufacturers voluntarily and unilaterally commit to allocate a minimum amount of P0.25 per kilogram imported under the MAV mechanism to support the Potato Industry Development Program, subject to annual review by the MAV Advisory Council;

**WHEREAS**, the MAV Advisory Council shall review the implementation of the Potato Development Program at least once a year to ensure its sustainability and relevance in the pursuit of the policy declaration of Republic Act No. 8178, Otherwise known as the Agricultural Tariffication Act;

**WHEREAS**, notifications for the submission of applications for MAV licenses for Chipping potatoes on its initial MAV allotment year shall be done by the MAV Secretariat through a Supplemental Publication, upon the effectivity of the Administrative Circular issued for the purpose. For any particular MAV

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allotment year subsequent to the initial year of the implementation of the MAV mechanism for Chipping Potatoes, notifications shall be governed by Section 1, Subsection J, paragraph 1 of the Rules and Regulations Implementing the MAV Mechanism Under DA AO No. 8, series of 1997, as Amended by DA AO No. 1, series of 1998;

**WHEREAS**, licenses, import clearances and MAVICs for Chipping potatoes issued in 2018 MAV allotment year shall be governed by the provisions of this AC. Licenses, import clearances and MAVICs issued from January 1, 2018 up to end- January 2019 shall be factored into the computation of the utilization rates for the 2018 MAV allotment year. Thereafter, or starting the 2019 MAV allotment year, utilization rates shall be based on the period covering February 1 of any given year to January 31 of the next year.

**WHEREAS**, in a meeting last September 20, 2017, the MAV Advisory Council discussed the signing of the unilateral MAV for Chipping Potatoes and the corresponding draft MMC Administrative Circular No. 1, s. 2017, whereby several revisions and support documents were required;

**WHEREAS**, the MAV Advisory Council found the proposed MMC Administrative Circular No. 1, s. 2017 to be in order with all recommended revisions considered and documentary requirements complied, during its meeting on October 11, 2017.

**BE IT RESOLVED, AS IT IS HEREBY RESOLVED** to urge the MAV Management Committee to issue MMC Administrative Circular No. 01, Series of 2017, Providing for a Unilateral MAV of 20,000 MT per annum for Chipping Potatoes, and the Rules Under Which the Same May be Aailed.

PASSED by the majority of the members during the MAV Advisory Council Meeting held on February 2, 2018 at the Training Room 1, GF NMIS Building, Visayas Avenue, Diliman, Quezon City.

**RAUL Q. MONTEMAYOR**  
Federation of Free Farmers Coop, Inc.  
Acting Presiding Officer

FOR:

**JESUS C. CHAM**  
Meat Importers and Traders Association

**ELEONOR M. MIRANDA**  
Philippine Association of Feed Millers, Inc.

  
**ATTY. JESUS L. BARRERA**  
Sugar Alliance of the Philippines  
**JOSE P. PEPITO**  
Natiomwide Association of Consumers Inc.

**MANUEL D. ROCHA**  
Philippine Association of Meat Processors, Inc.

**EDWIN G. CHEN**  
Pork Producers Federation of the Philippines