



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF FINANCE  
**BUREAU OF CUSTOMS**  
MANILA 1099

May 21, 2014

**CUSTOMS MEMORANDUM CIRCULAR**  
NO. 67-2014

**TO:** All Deputy Commissioners  
All Directors & Chiefs  
All District/Port Collectors  
And Others Concerned

**SUBJECT: Details of NFA's 800,000MT Rice Importation for 2014**

Attached is the letter dated May 7, 2014 of Administrator Orlan A. Calayag, National Food Authority (NFA), regarding the details of the rice importation of NFA for 2014 entered thru an open international bidding for the purchase and supply of maximum 800,000MT, 15% Broken, Well-Milled Long Grain White Rice at CIF, DDU Terms (Delivered Duty Unpaid); to wit:

<u>Name of Supplier</u>	<u>Source</u>	<u>Price US\$/MT</u>	<u>Delivery Period</u>	<u>Mode of Delivery</u>	<u>Quantity (in MT)</u>
VINAFOOD I	Vietnam	436.00	May-Aug 2014	Breakbulk	100,000.00
		439.00	May-Aug 2014	Breakbulk	<u>100,000.00</u>
		<b>Sub-total</b>			
VINAFOOD II	Vietnam	436.50	May-Aug 2014	Breakbulk	200,000.00
		437.75	May-Aug 2014	Breakbulk	200,000.00
		439.25	May-Aug 2014	Breakbulk	<u>200,000.00</u>
<b>Sub-total</b>				<b>600,000.00</b>	
<b>Grand Total</b>					<b><u>800,000.00</u></b>

Also attached are the contracts for the purchase and supply of rice made by NFA with both VINAFOOD I and VINAFOOD II.

For your information and guidance.

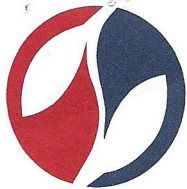
Please confirm the dissemination of this circular throughout your offices within fifteen (15) days from receipt hereof.

  
**JOHN P. SEVILLA**  
Commissioner

 Bureau of Customs  
**JOHN P. SEVILLA**  
Commissioner



MAY 26 2014



**PAMBANSANG  
PANGASIWAAN  
SA PAGKAIN**  
NATIONAL FOOD AUTHORITY

Internal Admin Group  
Received by: VICKY REYES  
Date: 05/15/14  
Time: 2:50

ADMINISTRATION OFFICE  
Received by: DETEL  
Date: 05-16-14

Philippine Sugar Center Bldg. North Ave., Diliman, Quezon City Tel No. (02) 453-3900/981-3800 to 30 Website: www.nfa.gov.ph 10:55AM

07 May 2014

**MR. JOHN PHILIP P. SEVILLA**

Commissioner  
**Bureau of Customs**  
Port Area, Manila



**Dear Commissioner Sevilla :**

May we advise you of the details of the rice importation of NFA for 2014 entered thru an open international bidding for the purchase and supply of maximum 800,000MT, 15% Broken, Well-Milled Long Grain White Rice at CIF, DDU Terms (Delivered Duty Unpaid); to wit:

<u>NAME OF SUPPLIER</u>	<u>SOURCE</u>	<u>PRICE US\$/MT</u>	<u>DELIVERY PERIOD</u>	<u>MODE OF DELIVERY</u>	<u>QUANTITY (in MT)</u>
VINAFOOD I	Vietnam	436.00	May - Aug 2014	Breakbulk	100,000.00
		439.00	May - Aug 2014	Breakbulk	100,000.00
		<b>Sub-total</b>			
VINAFOOD II	Vietnam	436.50	May - Aug 2014	Breakbulk	200,000.00
		437.75	May - Aug 2014	Breakbulk	200,000.00
		439.25	May - Aug 2014	Breakbulk	200,000.00
		<b>Sub-total</b>			
<b>Grand Total</b>					<b>800,000.00</b>

Attached for your reference and perusal is our contract of supply.

Very truly yours,

**ORLANA GALAYAG**  
Administrator



CONTRACT FOR THE PURCHASE AND SUPPLY OF  
MAXIMUM TWO HUNDRED THOUSAND (200,000) MT  
OF LONG GRAIN WHITE RICE WELL MILLED,  
15% BROKENS, ON CIF, DDU BASIS

KNOW ALL MEN BY THESE PRESENTS:

This contract is made and entered into this 30 day of April 2014 at Quezon City, Philippines for the Purchase and Supply of rice by and between:

**NATIONAL FOOD AUTHORITY (NFA)**, a government owned and controlled corporation created and existing under and by virtue of Presidential Decree No. 4, as amended, with present office address at the Philippine Sugar Center Building, North Avenue, Diliman, Quezon City, Philippines represented by its Administrator, **ORLAN A. CALAYAG**, (hereinafter called "the Entity") of the one part,

and

**VIETNAM NORTHERN FOOD CORPORATION (VINAFOOD I)**, a government corporation of the Socialist Republic of Vietnam, with Principal address at 6 Ngo Quyen Street, Hoan Kiem District, Hanoi, Socialist Republic of Vietnam, represented by its Director, Foreign Economic Department, **LE XUAN MINH**, (hereinafter called "the Supplier") of the other part:

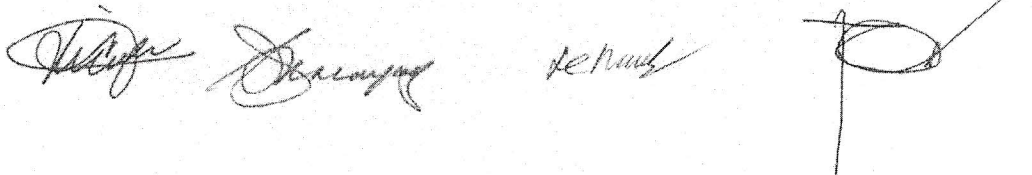
WITNESSETH

**WHEREAS**, the NFA Council, through Council Resolution No. 179-2014-B dated 27 February 2014, approved, upon the recommendation of the NFA Management and the Inter-Agency Committee for Rice and Corn, the importation of Eight Hundred Thousand Metric Tons (800,000MT) for the Year 2014;

**WHEREAS**, there is a need to augment the government buffer stocks due to the calamities that struck the country resulting to shortage of production and depleting commercial and household stocks;

**WHEREAS**, on 15 April 2014, the ENTITY conducted a bidding in accordance with Republic Act No. 9184 otherwise known as the "Government Procurement Reform Act" for the supply of MAXIMUM 800,000MT 15% brokens, well-milled long grain white rice, among foreign government suppliers and private international rice traders;

**WHEREAS**, as a result of said bidding and after deliberating on the offers submitted, the ENTITY has accepted the Bids by the SUPPLIER for the supply of 200,000 MT, 15% Brokens, Long Grain White Rice, Well-Milled, in the sum of



EIGHTY SEVEN MILLION FIVE HUNDRED THOUSAND US DOLLARS (US \$ 87,500,000.00), (hereinafter called "the Contract Price") as shown in the table;

Quantity (MT)	Price (in US\$ per MT CIF,DDU)	Total Contract Price (in US\$)
100,000.00	436.00	43,600,000.00
100,000.00	439.00	43,900,000.00
<b>TOTAL</b> 200,000.00		<b>87,500,000.00</b>

NOW THEREFORE, for and in consideration of the foregoing premises and the mutual covenants herein set forth, the parties have agreed as they do hereby agree to enter into this contract, under the following terms and conditions:

**I. COMMODITIES**

Long Grain White Rice, 15% Brokens, Well Milled, packed in 50 kilograms net capacity polypropylene bags

**II. SPECIFICATIONS**

**QUALITY PARAMETERS**

**CONTRACT STANDARDS (15%)**

Whole Kernels (min. %)	50.00
Brokens (max. %)	15.00
Damaged Grains (max. %) <sup>1'</sup>	1.00
Yellow/Discolored Grains (max. %)	1.00
Chalky Kernels (max. %)	7.00
Immature Kernels (max. %)	0.40
Red Kernels (max. %)	2.00
Foreign Matter (max. %)	0.15
Weed Seeds and other Crop Seeds (max. no. per 1,000 g)	25.00
Paddy (max. no. per 1,000 g)	15.00
Moisture Content (max. %)	14.00
Milling Degree	Well Milled (WMR) <sup>2'</sup>
Bran Streaked Kernels (BSK)	(1 - 14)



Crop Year Harvested not earlier than the second semester of 2013. Stocks should be freshly milled not more than four (4) months prior to loading as certified by Buyer's appointed Surveyor. Mixing of freshly-milled rice with aged rice (more than four (4) months) shall not be allowed. Stocks should not be powdery, and free from sack-like odor and free from insect infestation. These requirements shall apply to both headrice and brokens. Reprocessed/remilled rice shall not be accepted.

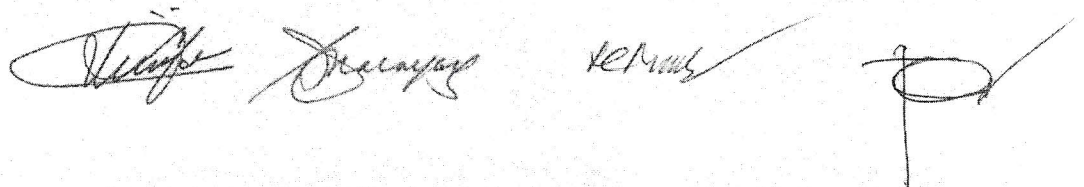
<sup>1</sup>Damaged Grains - grains which are obviously damaged by insects, water, diseases and/or any other means as seen by the naked eye.

<sup>2</sup>Well Milled Rice - rice kernel from which the hull, the germ, the outer bran layers and greater part of the inner bran layers have been removed but parts of the lengthwise streaks of the inner bran layers remaining shall be less than 15% of the kernels.

Rice which does not conform with the specifications of this contract will be rejected by the appointed SURVEYOR. The ENTITY's technical representatives shall work hand in hand with the appointed SURVEYOR in the inspection of the stocks intended for loading to closely monitor adherence to the quality specifications particularly moisture content. All moisture content shall be 14% maximum. Under no circumstances shall stocks with moisture content above 14% be loaded. However, if there are rice deliveries which still do not conform with the contract specifications, a formal notice will be made by the ENTITY to the supplier/surveyor which may be subjected to penalty/blacklisting in future tenders of the ENTITY.

The following methods shall be applied in determining the moisture content, milling degree and age of milled rice:

1. The official method to be used to determine the moisture content of milled rice is **air-oven method** (Annex A).
2. The official method to be used to determine bran streak is the alcohol alkali bran **staining method** (Annex B).
3. The official method to be used to determine the age of milled rice is the **chemical method** (Annex C).



III. QUANTITY / PRICE

MAXIMUM 200,000 MT, 15% Brokens, Long Grain White Rice, Well Milled with Vietnam as origin and details as follows:

Quantity (MT)	Price (in US\$ per MT, CIF-DDU)	Total Contract Price (in US\$)	Arrival Period/Quantity (MT)
100,000.00	436.00	43,600,000.00	May 2014 - 25,000.00
			June 2014 - 25,000.00
			July 2014 - 25,000.00
			August 2014 - 25,000.00
100,000.00	439.00	43,900,000.00	May 2014 - 25,000.00
			June 2014 - 25,000.00
			July 2014 - 25,000.00
			August 2014 - 25,000.00
<b>TOTAL</b> 200,000.00		<b>87,500,000.00</b>	<b>200,000.00</b>

IV. DELIVERY/ARRIVAL PERIOD

The SUPPLIER shall deliver in accordance with following schedule:

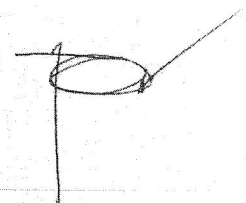
- Not later than MAY 2014: 25.00% of the total volume awarded
- Not later than JUNE 2014: 25.00% of the total volume awarded
- Not later than JULY 2014: 25.00% of the total volume awarded
- Not later than AUGUST 2014: 25.00% of the total volume awarded

Early shipment shall be allowed, provided arrival dates of all vessels are within the required arrival period. However the ENTITY may re-schedule delivery period as it may deem necessary. **Otherwise penalty on shipments beyond the arrival period will be imposed as per GAFTA 122's schedule of penalty on shipment extension penalty to apply on undelivered volume.**

SUPPLIER shall inform the ENTITY of vessel's expected date of departure from load port and its expected time of arrival at designated Philippine port.

Shipment of any cargoes other than the goods stated in this Contract is strictly prohibited.







V. PERFORMANCE BOND

THE SUPPLIER shall submit a Performance Security as an obligation under the Condition of the Contract equivalent to five percent (5%) of the Total Awarded Contract Price within five (5) banking days after receipt of the Notice of Award valid up to sixty (60) days from last day of vessel arrival in the form of Irrevocable Stand-by Letter of Credit (LC) issued by reputable Universal or Commercial Bank to guarantee the faithful performance of their obligations under the contract. Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank in Metro Manila, if issued by foreign bank.

VI. PACKING

Fifty (50) kilograms net each in polypropylene bags (with a minimum weight of 110 grams/pc.) suitable for rice export with ENTITY's markings design and specifications of which is hereto attached as Annex E of the bidding documents.

SUPPLIER must provide free empty sacks equivalent to 1.5% of the total volume (in bags) loaded also suitable for rice export with ENTITY's markings to serve as allowance for busted bags.

VII. LOADING/DISCHARGING PORT

From one/two safe berth/s, one safe port out of Vietnam to one/two safe berth/s, one safe Philippine port to be declared by the ENTITY five (5) days prior to completion of loading.

No container shipment is allowed.

The ENTITY shall use the following discharge ports with a guaranteed maximum draft of 8.0 meters.

MANILA  
CEBU

The ENTITY shall also use the following additional disports in order to strategically position rice stocks for stabilization purposes:

SAN FERNANDO, LA UNION	ZAMBOANGA
SUBIC, ZAMBALES	SURIGAO
BATANGAS CITY	GENERAL SANTOS CITY
ILOILO CITY	TABACO
BACOLOD CITY	LEGAZPI CITY
CAGAYAN DE ORO	DAVAO CITY

The ENTITY's designated warehouses shall be within 30-km radius from the intended port of discharge. SUPPLIER undertakes to deliver the goods free of obligations and expense of the ENTITY up to the ENTITY's designated warehouse/s.

The ENTITY shall assist SUPPLIER in securing the necessary clearances from the Department of Finance (DOF) Bureau of Customs (BOC) for the release of rice cargoes.

