

Republic of the Philippines
DEPARTMENT OF AGRICULTURE
NATIONAL TOBACCO ADMINISTRATION
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OFFICE OF THE NATIONAL ADMINISTRATIVE REGISTER (ONAR)

ADMINISTRATIVE RULES & REGULATIONS

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JAN 31 2005

AMENDED RULES AND REGULATIONS GOVERNING THE EXPORTATION AND IMPORTATION OF LEAF TOBACCO AND TOBACCO PRODUCTS

Pursuant to Section 3 (B)(1) of Executive Order No. 245, in relation to Section 1 thereof and Section 4 (c) of Presidential Decree No. 930 and of the state policy to keep strict and constant control over exportation and importation of tobacco and tobacco products to at least minimize manipulation and misdeclaration, the following rules and regulations are hereby prescribed and promulgated for the guidance of all concerned:

ARTICLE I

Title, Purpose, Objectives and Construction

SECTION 1. Title. — These rules and regulations shall be known and cited as the "Tobacco Exportation and Importation Rules and Regulations".

SECTION 2. Purpose and Objective. — These rules and regulations are promulgated to prescribe the procedure and guidelines in order to facilitate the processing of exportation and importation of leaf tobacco and tobacco products and for other purposes.

SECTION 3. Construction. — These rules and regulations shall be liberally construed and applied in accordance with and in furtherance of the policy and objectives hereof. In case of conflict and/or ambiguity, which may arise in the implementation of these rules and regulations, the NTA shall issue the necessary clarification.

ARTICLE II

Declaration of Policy

SECTION 4. Declaration of Policy. — It is the policy of the government to promote the balanced and integrated growth and development of the tobacco industry to help make agriculture a solid basis for industrialization by administering and regulating the exportation and importation of leaf tobacco and tobacco products.

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ARTICLE III Definition of Terms

SECTION 5. Definition of Terms. — As used in these rules and regulations, the following terms shall mean as follows:

- a. NTA — refers to the National Tobacco Administration.
- b. Administrator — refers to the Chief Executive Officer of the NTA.
- c. Authority To Export — is a written authority issued by the NTA to a qualified exporter of tobacco, tobacco products and other tobacco related supplies, materials and ingredients.
- d. Authority To Import — is a written authority issued by the NTA to a qualified importer of tobacco, tobacco products and other tobacco related supplies, materials and ingredients.
- e. Export Commodity Clearance — is a written declaration issued by the NTA allowing the exportation of the specific commodity, quality and quantity in terms of kilos/cases.
- f. Import Commodity Clearance — is a written declaration issued by the NTA allowing the importation of the specific commodity, quality and quantity in terms of kilos/cases.
- g. Exporter — refers to a person, natural or juridical, duly authorized by the NTA to bring out from the country manufactured and unmanufactured tobacco.
- h. Importer — refers to a person, natural or juridical, duly licensed to manufacture/sell/distribute tobacco products in the Philippines and authorized by the NTA to bring in to the country manufactured and unmanufactured tobacco for local manufacturing/sale/distribution.
- i. Manufactured Tobacco — refers to any product that consists of loose tobacco that contains nicotine and is intended for use in a cigarette, including any product containing tobacco and intended for smoking or oral or nasal use.
- j. Unmanufactured Tobacco — refers to agricultural components derived from the tobacco plant, which are processed for use in the manufacturing of cigarettes and other tobacco products.
- k. Processing Fee — refers to the fee imposed by the NTA for the services rendered in the processing, evaluation and documentation of the exportation and importation of leaf tobacco and tobacco products.
- l. Monitoring, Regulation, Supervision and/or Evaluation Fee — refers to the fee imposed by the NTA for the monitoring, regulation, supervision and/or evaluation of the exportation and importation of

- leaf tobacco, and tobacco products.
- m. PTI- refers to the Philippine Tobacco Institute
 - n. MDRD – refers to the Market Development and Regulation Department.
 - o. Green Weight – equivalent to the farm-gate weight of tobacco
 - p. Packed Weight – equivalent to 60 % to 1 kilo green weight.
 - q. BOC – Bureau of Customs.
 - r. BIR – Bureau of Internal Revenue; and
 - s. DTI – Department of Trade and Industry.

ARTICLE IV

Application and Issuance of an Authority to Export and Import Leaf Tobacco and Tobacco Products

SECTION 6. Qualifications. – Any person of legal age and having the legal capacity to enter into a contract, a corporation, partnership, company, cooperative, or any other juridical entity, and duly licensed to manufacture/sell/distribute tobacco leaf and tobacco products, may apply with the NTA for the issuance of an Authority to Export or Import tobacco and tobacco products.

SECTION 7. Requirements. - Application for an Authority to Export or Import tobacco leaf and tobacco products (MDRD Form No. E & I-1) shall be filed with the Office of the Administrator, through the MDRD, supported by the following documents:

- a. Business registration or Articles of Incorporation/By-Laws (For new applicant);
- b. Copy of Income Tax Return and Financial Statement for the previous year;
- c. Name of Company's officers and their designation;
- d. Official designation of the officer/s, as the duly authorized representative/s of the company;
- e. Information Sheet of the designated/authorized representative/s of the company;
- f. Photocopy of NTA Official Receipt indicating full payment of the processing and permit fees; and
- g. Photocopy of the Mayor's Permit for the current year, issued by the municipality where the establishment is located.

SECTION 8. Processing of Application, Issuance of Authority and Fees. – The MDRD shall process the application within three (3) working days from receipt thereof and shall recommend the same to the Administrator for his approval. The applicant shall pay a non-refundable fee for the processing and issuance of an authority to

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export/import and other related services, as follows:

A. License/Permit Fee (Annual)

- | | |
|----------------|------------------------------|
| 1. Exportation | PhP7,500.00, per application |
| 2. Importation | 7,500.00, per application |

SECTION 9. Validity of the Authority. - The Authority to Export or Import tobacco leaf and tobacco products shall be valid within the calendar year of issuance.

ARTICLE V

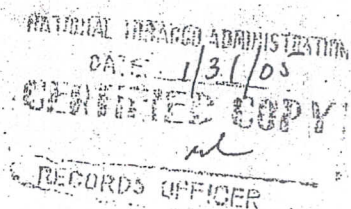
Application and Issuance of Export/Import Commodity Clearance

SECTION 10. Application for Export/Import Commodity Clearance. - For every shipment, exporters/importers of tobacco leaf and tobacco products shall secure from the NTA an Export/Import Commodity Clearance (MDRD Form No. E & I -2) at least three (3) working days prior to the date of loading/unloading of the commodity, indicating therein the following information:

1. Name, address and telephone number of Exporter/Importer;
2. Name and address of the consignee/consignor;
3. Name of shipper;
4. Country of destination/origin; and
5. Description, class/grade, quantity in terms of kilos/cases and value freight on board (FOB) of the commodity.

These documents shall be filed with the MDRD, supported with other export/import documents such as, Export Declaration, Purchase/Sales Invoice, Bill of Lading, Phytosanitary Inspection Certificate, Fumigation Certificate, Moisture Content Certificate and other pertinent export/import documents as required by the BOC, BIR and DTI.

SECTION 11. Processing Fee. - Upon filing of the application for an export/import commodity clearance for processing, the exporter, shall pay to the NTA-Central Office Cashier, a processing fee in the amount of Three Hundred Pesos (P300.00), per shipment. In case of export commodity clearance with Certificate of Authenticity/Origin/Moisture Content, the exporter shall pay a processing fee of One Thousand Pesos (P1,000.00), per shipment. The corresponding official receipt number shall be indicated on the export/import commodity clearance.



SECTION 12. Monitoring, Regulation, Supervision and/or Evaluation of the Commodity. - The exporter/importer shall inform the NTA of the expected departure/arrival of the subject commodity and the scheduled date of inspection by the BOC.

An NTA Tobacco Inspector shall be assigned to inspect the commodity together with the designated Customs officials to determine whether the commodity conforms with the description indicated in the export/import documents in which a reasonable monitoring, regulation, supervision and/or evaluation fee shall be collected on a per pack, per piece, per case or per net kilo basis, as the case may be.

For this purpose, the following monitoring, regulation and/or evaluation fee for tobacco leaf and tobacco products, shall be imposed:

A. Manufactured Products

- | | |
|--|-----------|
| 1. Cigarettes (Per Case) | |
| a. Transhippers Export | PhP 10.00 |
| b. Domestic Manufacturers Importation | 10.00 |
| c. Importations of Others That
Are Not Domestic Manufacturers | 20.00 |
| 2. Cigars (Per Piece) | |
| a. Export | 0.10 |
| b. Import | 0.20 |

B. Unmanufactured and Wholly and/or Partially Processed Leaf Tobacco
(in conventional cargo, packed in bobbins, boxes, bags, sacks, crates, etc.)

- | | |
|---|------------------------|
| 1. Exporters Other Than Domestic
Cigar/Cigarette Manufacturers | PhP 0.10, per net kilo |
| 2. Importers Other Than Domestic
Cigar/Cigarette Manufacturers | 3.00, per net kilo |

Section 13. Inspection Requirements. - Within three (3) working days after the filing of the application, the MDRD shall conduct an ocular inspection of the subject commodity, using Commodity Inspection Report (MDRD Form No. I & E - 2). However, leaf tobacco and tobacco products prepared and packed in the province shall not be subjected to inspection by the NTA Central Office-based Inspector/Regulation Officer, provided that same is accompanied by a local inspection certificate, duly signed by an NTA official and

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attested/certified by the concerned NTA Branch Office Manager.

All expenses to be incurred in the commodity evaluation/inspection procedures, cost of storage, demurrage, cartage, labor and delays incident to inspection shall be borne by the exporter/importer.

SECTION 14. Issuance of Export/Import Commodity Clearance. – Immediately after the completion of inspection, the NTA shall issue the approved export/import commodity clearance to the applicant, who shall furnish the BOC, the BIR and the DTI, a copy of the said export commodity clearance. The MDRD shall retain a copy of the export/import commodity clearance and other export/import related documents and the Tobacco Stock Control Sheet, for control, monitoring and documentation/reference purposes.

SECTION 15. Validity of the Export and Import Commodity Clearance. – The Export and Import Commodity Clearance shall apply to a particular import declaration and valid only within thirty (30) days from the issuance thereof.

ARTICLE VI Commodity Standards for Inspection

SECTION 16. Commodity Standards. – For purposes of inspection, the following commodity standards, but not limited to the following, shall be observed, viz:

1. Importation:
 - a. Leaf Tobacco
 - a.1 Absence of chemical residues;
 - a.2 Organochloride pesticide residues (ISO 4389)
 - a.3 Absence of Pathogenic Microbiological Organisms (spores of Blue molds)
 - b. Tobacco products
 - b.1 Absence of chemical residues
 - b.2 Organochloride pesticides residue (ISO 4389)
 - b.3 Free from toxic constituents (Trace metals i.e. arsenic and mercury)
2. Exportation:
 - a. Leaf Tobacco and Tobacco Products
The standards set by the country of destination shall be followed

ARTICLE VII

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Final Provisions

SECTION 17. Review Committee. — A special review committee comprised of members to be designated by the Administrator shall be created for the purpose of evaluating the efficacy and relevancy of the provisions of these rules and regulations to the present situation.

The duties and responsibilities of the members of this Review Committee shall be considered as part of their regular functions.

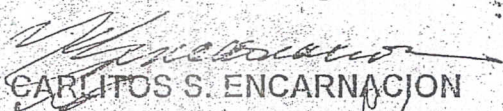
SECTION 18. Repealing Clause. — All rules and regulations and administrative circulars or parts thereof inconsistent with the provisions of this rules and regulations are hereby repealed, amended or modified accordingly

SECTION 19. Separability Clause. — If any provision of these rules and regulations is held invalid or unconstitutional, other provisions not affected thereby shall continue to be in full force and effect.

SECTION 20. Effectivity Clause. — These rules and regulations shall take effect upon approval hereof by the NTA Board of Directors.

Approved: Per NTA Board Resolution No.079-2005, dated January 12, 2005.

BY AUTHORITY OF THE NTA BOARD OF DIRECTORS:


CARLITOS S. ENCARNACION
Administrator

