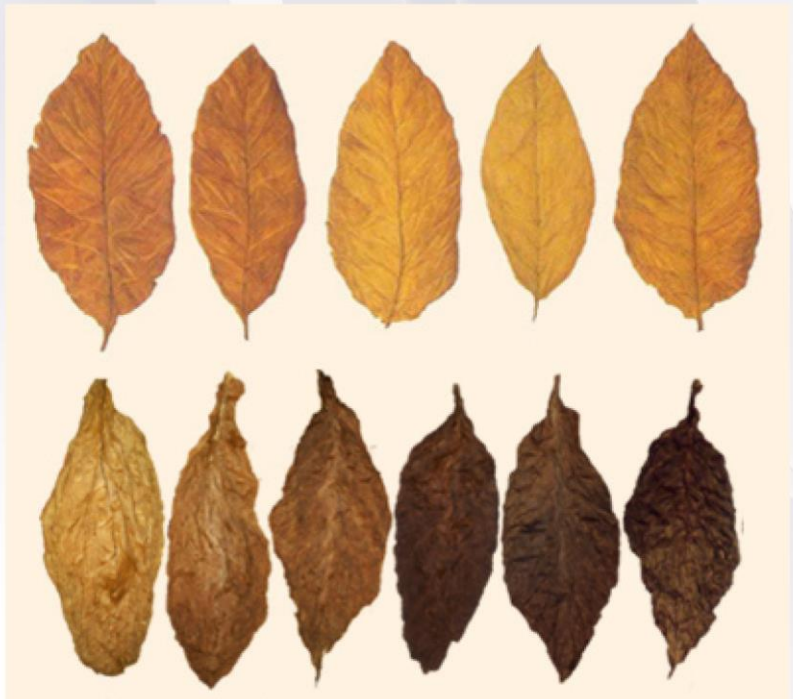


Manual on NTA Harmonized Grades of Locally Grown Virginia and Burley Leaf Tobacco

with
**2018 REVISED RULES AND REGULATIONS
GOVERNING THE TRADING AND REDRYING
OF LOCALLY GROWN LEAF TOBACCO**



The **National Tobacco Administration (NTA)** was created on July 24, 1987 by Executive Order No. 245 to promote the development of the tobacco industry and the quality of life of all those who depend upon the industry, especially the tobacco farmers. Specifically, its purpose and objectives are to improve the economic and living conditions and consequently raise the quality of life of the tobacco farmers including those who depend upon the industry for their livelihood; and to promote a balanced and integrated growth and development of the tobacco industry to help make agriculture a solid basis for industrialization.

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MESSAGE

THE National Tobacco Administration, as the steward of the tobacco industry in the country, continues its unwavering commitment to help tobacco growers raise their income from quality tobacco production. In doing so, we publish technology guides, such as the Tobacco Production Manuals and the Techno-Calendar, that provide farmers step-by-step guide in tobacco production from seedbedding to harvesting and post-harvest operations. Considering that trading is one major activity that determines how much the farmers have gained in the production, we come up with this **Manual on NTA Harmonized Grades of Locally Grown Virginia and Burley Leaf Tobacco.**



Grown

The purpose of this Manual is to provide both the buying station operators and the farmers unified reference material for leaf grading, and establish good connection of both the buyer and the seller in resolving issues, such as grading and classification in the trading floor, thereby creating a good trading atmosphere in the buying stations.

The Manual focuses on every information buying station operators, NTA technicians assigned therein, farmers, researchers and other interested individuals would want to know about the harmonized grades of leaf tobacco.

I am glad to say that the publication of this manual is a culmination of the comprehensive research of our staff in the Quality Assurance Division of the Industrial Research Department, in the exercise of their research and development function, and the full effort and generous inputs of those who were involved in quality tobacco production, particularly the members of the Operations Group in our branch offices and our farmer leaders, and close collaborations with the private tobacco companies.

It is then my pleasure and honor to present this manual to all our stakeholders.

ROBERT L. SEARES, M.D.
Administrator

FOREWORD

IT was during my first year at the helm of the NTA Operations Group when the final draft of the **Harmonized Grades of Locally Grown Virginia and Burley Leaf Tobacco** was presented to me by Dr. Roberto R. Bonoan, Manager of the Industrial Research Department.



I was surprised this was not approved for printing and distribution before I came on board, notwithstanding the effort made by a team of leaf experts at the IRD Quality Assurance Division (IRD-QAD) who authored the manual, as part of their research and development function and involvement in the quality tobacco production. The draft underwent couple of revisions, according to the results of consultations and collaborations with the local tobacco growers and leaf grading experts from the major leaf buyers.

I was part of the series of consultative meetings conducted by IRD-QAD to discuss and finalize the draft with the Top Management, Department Managers under the Operations Group, the Branch Managers, and representatives from the private sector, including follow-up consultations with leaf experts from the major leaf buyers.

This culminated in the approval of the final draft in April 2017 by the NTA Governing Board who recognizes the importance of harmonized grading system in tobacco trading to eliminate confusion on the different grading systems and classifications of the buying stations vis-à-vis the NTA grade standards and misunderstanding between farmers and traders.

With this **Manual**, we have set the rules and procedures for general guidance in conducting local trading operations, particularly in leaf grading/classification, and specific instructions for those personnel who are responsible for leaf grading. As a supplement, because trading is also part of Operations, we include here the **Revised Rules and Regulations on Tobacco Trading** that requires Buying Stations to appraise leaf tobacco with appropriate grades in accordance with the NTA-prescribed grade/classification.

It can be anticipated that this publication will be a useful guidebook not only for our stakeholders, but for all those who plan to research on the leaf grading system in the country, and the conduct of trading operations in general.

A handwritten signature in black ink, appearing to read 'Mel John I. Verzosa', written over a light-colored background.

Atty. MEL JOHN I. VERZOSA
Deputy Administrator for Operations

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INTRODUCTION

ROBERTO R. BONOAN, Ph.D.

Department Manager III

Industrial Research Department

A major purpose of this **Manual on NTA Harmonized Grades of Locally Grown Virginia and Burley Leaf Tobacco** is to provide buying station operators, NTA technicians assigned therein, and tobacco growers with an invaluable resource material and enable them to better understand the principles and application of the harmonized leaf grading system. It contains the definition of terms and the rules governing the grading of locally grown leaf tobacco, both for Virginia and Burley.

Since leaf classification and grading system is applicable during the trading operations, we deem it proper to also include in this manual the **2018 Revised Rules and Regulations Governing the Trading and Redrying of Locally Grown Leaf Tobacco**. Users of this Manual need also to be informed of these trading rules, as the agency, through the Regulation Department and Branch Offices, make reasonable efforts to implement the TRR in the buying stations. Rule 7 of Regulation V of said revised trading rules and regulations requires that the grading of the leaf tobacco be done in the presence of the farmer, and the appropriate grade/s shall be in accordance **with** the grade/classification prescribed by the NTA.

Leaf classification and grading system is the most disputed and very critical aspect of trading, as it determines whether the farmer gains or loses, so it is very important that everyone involved in the tobacco trading be knowledgeable on the proper application of the new harmonized grading system for easy understanding, and achieve smooth trading operations.

In writing this manual, Lina A. Cera and Alfonso E. Sabado of the Quality Assurance Division, Industrial Research Department, applied the principles of the international grading system which they learned during the USA Tobacco Visitors Information Course in North Carolina in 2008 where they studied the U.S. Standard Leaf Grades for Flue-cured and Burley tobacco (U.S. grown and foreign grown).

After the training, the QAD team started characterizing locally grown Virginia and Burley tobacco using the U.S. Grade Standards, from 2008 to 2011. The team started working on the harmonization of the grades being

used by the U.S. and the system adopted by the world traders beginning 2012.

The process of approval of the harmonization of leaf grades passed through a series of consultations, as we solicited the active cooperation and collaboration with our stakeholders, especially the farmers and the leaf experts from the buying firms and our agency.

The draft of the proposed implementing rules and guidelines of NTA harmonized grades was presented to the different tobacco buyer companies and also to the NTA Branch Managers for review and comments.

After rigid reviews through continuous consultations with the stakeholders, a revised draft was presented to the extension workers and representatives of the buying firms and the farmers, in a series of orientation seminars. The presentations contributed in highly positive ways to the understanding of the principles and application of international grading system aligned with the harmonization of NTA grading system and other systems being used by different buying stations.

Another big step forward in the harmonization was a pilot testing of the harmonized grades in selected buying stations. The pilot testing helped the agency determine the harmonized grades of locally produced tobacco including the frequency and the economic advantage of using the harmonized grades over the grading system of private buying firms.

The final draft of the **Implementing Guidelines on the NTA Standard Grades of Locally Grown Leaf Tobacco** was presented to Administrator Robert L. Seares, Deputy Administrator for Operations Atty. Mel John I. Verzosa, the managers from the different branch offices, and to the technical experts of the country's major leaf buyers for their comments, review, and additional inputs.

It takes us so many years to come up with this manual, a first in our agency. So we can say this is a big development in the industry, as the harmonization of leaf grades is approved by the NTA Governing Board, and now contained in Memorandum Circular No. 001, series of 2018 signed by Administrator Seares on February 20, 2018. The said Circular, which took effect beginning trading season 2018, covers the adoption of the Harmonized Grading and Classification System by all registered tobacco buying stations and field canvassers.

Before the harmonization, the farmers had been claiming that their tobacco leaves were not being given the appropriate grade, that some are graded arbitrarily, and that the buying stations show them leaf grades and classifications different from those of the NTA. We hope that this harmonization of leaf grades helps eliminate confusion on the different

grading systems/classifications of the buying stations and misunderstanding between farmers and sellers in grading the quality of leaves.

We urge buying station operators, NTA technicians assigned therein, farmers to become familiar with the contents of this manual as it pertains to their particular task or obligation in tobacco trading.

The Industrial Research Department, especially the Quality Assurance Division; and the managers, chief agriculturists, and other senior staff from branch offices, and researchers are to be commended for their substantial contributions to the technical content of this manual. Our commendation also goes to the leaf grading experts from the major leaf buyers for their valuable inputs; the NTA Top Management headed by Administrator Seares and the members of the NTA Governing Board for their support; and to many individuals who have contributed to the preparation of this manual, especially to the Public Relations Office of the Office of the Administrator for reviewing the materials, and their technical editing and graphic designs.

We recognize that this manual will benefit from further improvements and we will appreciate comments and suggestions from our stakeholders. However, we hope that, even in its present form, the manual will prove helpful to the intended users.

TIMETABLE

- 2001** NTA Governing Board approved the NTA Grading System under Board Resolution No. 011-2000 dated 15 February 2000, with the following grades: AA, A, B, C, D, E, F1, F2, R for Virginia; and A, B, C, D, E, F, R for Burley.
- 2002** Tobacco companies started adopting the international grades in response to the requirement of their importing clients. They used different symbols in the grade marks, leaving the tobacco farmers, NTA TPROs/Agriculturists, confused on the new grading system.
- 2008** Lina A. Cera and Alfonso E. Sabado, Chief Science Research Specialist and Supervising Science Research Specialist, respectively, of the Quality Assurance Division (QAD), attended the USA Tobacco Visitors Information Course in North Carolina where they learned the principles and application of the U.S. Standard Leaf Grades for Flue-cured and Burley tobacco (U.S. grown and foreign grown).
- 2009** After the training, they started characterizing the Philippine-grown Virginia and Burley tobacco based on U.S. standard grades.
- 2011** A Technical Working Group was constituted to come up with the 1st draft of the implementing rules and guidelines of the NTA Standard Grades for Locally Grown Leaf Tobacco. The said draft was presented to the different tobacco companies like PMFTC, ULPI, TMI, and ConLeaf, and NTA Branch Managers for review and comments.
- 2012** Through continuous consultations with the leaf buyer firms, a revised draft was presented for pilot testing. This is to determine the harmonized grades of locally produced tobacco including the frequency and its economic advantage over the private firms' grading system.
- 2014** Bobby Wellons, Division Training Instructor, Agricultural Marketing Service of Raleigh, North Carolina, USA, in his visit to the Philippines, was given a copy of the proposed implementing rules and guidelines of the NTA Standard Grades. Mr. Wellons found the draft to be technically sound and in harmony with the principles of the internationally accepted leaf grading standards of Flue-cured and Burley tobacco.

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- October 2015** NTA conducted series of orientation seminars of the proposed implementing rules and guidelines of harmonized grades with extension workers, farmer leaders and graders of the trading centers.
- April 21, 2017** NTA Governing Board, through Resolution No. 653-2017 approved the Implementing Rules and Guidelines of the NTA Grading and Classification System.
- July 13-14, 2017** QAD presented the Proposed NTA Harmonized Grades to the Deputy Administrator for Operations and NTA Branch Managers for final comments.
- July 17, 2017** QAD presented Proposed NTA Harmonized Grades to technical experts of leaf buying firms: PMFTC, ULPI, TMI, and ConLeaf.
- July 31, 2017** PMFTC discussed and presented their comments in a follow-up consultation.
- Sept. 15, 2017** ULPI discussed and presented their comments in a follow-up consultation.
- Oct. 20, 2017** QAD conducted Orientation with the Approved Harmonized Grades.
- Feb. 20, 2018** NTA Administrator Robert L. Seares issued Memorandum Circular No. 001, series of 2018 to all licensed tobacco buying stations and field canvassers with the subject Harmonized Grades for Locally Grown Leaf Tobacco (Virginia and Burley) effective trading season 2018. The said Circular which took effect immediately, covers the adoption of the Harmonized Grading and Classification System by all registered tobacco buying stations and field canvassers.



Republic of the Philippines
DEPARTMENT OF AGRICULTURE
NATIONAL TOBACCO ADMINISTRATION

MEMORANDUM CIRCULAR NO. 001 SERIES OF 2018

TO : ALL LICENSED TOBACCO BUYING STATIONS AND
FIELD CANVASSERS

SUBJECT : HARMONIZED GRADES FOR LOCALLY GROWN LEAF
TOBACCO (VIRGINIA AND BURLEY) EFFECTIVE
TRADING SEASON 2018

DATE : 20 February 2018

WHEREAS, the National Tobacco Administration (NTA) pursuant to Executive Order No. 245, has issued the Revised Rules and Regulations (Revised TRR) Governing the Trading and Redrying of Locally Grown Leaf Tobacco;

WHEREAS, pursuant to Rules 4, 6, and 7 of Regulation V, the Revised TRR requires that tobacco to be delivered/sold shall be properly graded and classified in accordance with the standards prescribed by the NTA and that leaf samples must be displayed at a conspicuous place within the premises of the Buying Station;

WHEREAS, it has been observed that each Buying Station uses different system of leaf grading and classification based on international grading system; and

WHEREAS, the NTA Governing Board, through its Resolution No. 653-2017 dated 21 April 2017, has approved the Implementing Rules and Guidelines in order to harmonize the NTA Grading and Classification System with the International Grading System adopted by the Buying Stations which was the result of a series of consultative meetings with the Technical Experts and Graders of the Private Sector.

NOW THEREFORE, for and in consideration of the foregoing premises and by virtue of the powers conferred into the NTA, effective immediately, the following harmonized grading and classification system shall be adopted by all Buying Stations and Field Canvassers, as follows:

SECTION 1. Harmonized Grades for the Locally Grown Virginia Tobacco (*see pages 16-21*)

SECTION 2. Harmonized Grades for the Locally Grown Burley Tobacco (*see pages 30-35*)

SECTION 3. Display of Sample Tobacco Grades. Buying Stations shall regroup their grading and classification system following the above harmonized grading system. The said regrouped tobacco samples shall be displayed conspicuously with the BS premises or replace/revise the samples which were already displayed.

SECTION 4. Purchase Invoice Voucher and Buying Prices. PIVs to be issued shall be the actual buying price, per grade, excluding any amount given as incentive. Said actual buying price, less incentives, should not be less than the prevailing Floor Prices for each NTA harmonized grade.

SECTION 5. Effectivity. This Memorandum Circular shall take effect immediately.

For the guidance and compliance of all concerned.



ROBERT L. SEARES, M.D.
Administrator and Vice-Chairman
NTA Governing Board

Implementing Rules and Guidelines on the NTA Standard Grades of Locally Grown Leaf Tobacco

WHEREAS, the National Tobacco Administration (NTA) has established a grading and classification system which has been the basis of setting the floor prices;

WHEREAS, it has been observed that different Tobacco Buyer Firms use different system of leaf grading and classification based on international standards;

WHEREAS, there is a need to harmonize the NTA grading and classification with the internationally accepted grading and classification system to be uniformly accepted by all Tobacco Buyer Firms;

NOW, THEREFORE, for and in consideration of the foregoing premises and pursuant to the authority vested to the NTA by virtue of Executive Order No. 245, the following rules governing the grading of locally grown leaf tobacco are hereby promulgated for the information and guidance of all concerned.

Article I

NTA STANDARD GRADES OF LOCALLY GROWN VIRGINIA LEAF TOBACCO

Definitions of Terms

As used in these standards, the words and phrases hereinafter defined shall have the indicated meaning so assigned.

1. **Body.** The thickness and density of a leaf or the weight per unit of surface.
2. **Class.** A major division of tobacco based on method of cure or principal usage.
3. **Clean.** Tobacco is described as clean when it contains only a normal amount of sand or soil particles. Leaves grown on the lower position of

the stalk normally contain more sand or dirt than those from higher stalk positions (Rule 4).

4. **Color.** The third factor of a grade based on the relative hues, saturations or chromas, and color values common to the type. It is basically related to body and other overall characteristics of the type.
5. **Color intensity.** The varying degree of saturation or chroma. Color intensity as applied to tobacco describes the strength or weakness of a specific color or hue. It is applicable in all colors except in variegated, running green, and green colors.
6. **Color symbols.** As applied to flue-cured tobacco, single color symbols are as follows:
 - L – lemon,
 - O – orange,
 - R – orange red,
 - V – running green,
 - K – variegated, and
 - G – green.
7. **Condition.** The state of tobacco which results from the method of preparation or from the degree of fermentation. Words used to describe the conditions of tobacco are as follows: undried, air dried, steam-dried, sweating, and sweated.
8. **Crude.** A sub-degree of maturity. Crude leaves are usually hard and slick as a result of extreme immaturity. A similar condition may result from fire-kill, sunburn, or sunscald. Any leaf which is crude to the extent of 20 percent or more of its leaf surface may be described as crude (Rule 16).
9. **Cured.** Tobacco dried of its sap by either natural or artificial processes.
10. **Damage.** The effect of mold, must, rot, or other fungus or bacterial diseases which attack tobacco in its cured state. Tobacco having the odor of mold, must, or rot is considered damaged (Rule 17).
11. **Dirty.** The state of tobacco containing moderate to excessive amounts of dirt or sand, or tobacco to which additional quantities of dirt or sand have been added (Rule 17).
12. **Elasticity.** The flexible, springy nature of the tobacco leaf to recover approximately its original size and shape after it has been stretched.
13. **Elements of Quality.** Elements of quality and the degrees used in the specifications of the NTA Official Standard Grades for Philippine grown flue-cured. Words have been selected to describe the degrees of each element. Some of the words are almost synonymous in their meaning,

yet, they are sufficiently different to represent steps within the range of the elements of quality to which they are applied.

14. **Form.** The stage or preparation of tobacco such as stemmed or unstemmed.
15. **Grade.** A subdivision of a type according to group, quality and color.
16. **Grade mark.** Normally consists of three symbols which indicate group, quality, and color. A letter is used to indicate group, a number to indicate quality and a letter or letters to indicate color. For example, C1L means cutters, choice quality, and lemon color.
17. **Grade name.** Description of leaf group, quality, and color.
18. **Green (G).** A color term applied to immature or crude tobacco. Any leaf which has a green color affecting 20 percent or more of its surface may be described as green (Rule 15).
19. **Group.** A division of a type covering closely related grades based on certain characteristics which are related to stalk position, body or the general quality of the tobacco. Groups in Philippine Flue-cured tobacco are: Lugs (X), Cutters (C), Leaf (B), and Tip (T).
20. **Injury.** Caused by field diseases (wildfire, rust, frog-eye, mosaic, root rot, wilt, black shank, or other diseases), insects, or weather conditions; insecticides, fungicides, or cell growth inhibitors; nutritional deficiencies or excesses; improper fertilizing, harvesting, curing, or handling. Injured tobacco includes dead, burnt, hail-cut, torn, broken, frostbitten, sunburned, sun scalded, scorched, fire-killed, bulk-burnt, steam-burnt, barn-burnt, house-burnt, bleached, bruised, discolored, or deformed leaves (Rule 12).
21. **Leaf.** Whole unstemmed leaf.
22. **Leaf scrap.** A by-product of stemmed or unstemmed tobacco. Leaf scrap results from handling unstemmed tobacco and consists of loose and tangled whole or broken leaves.
23. **Leaf structure.** The cell development of a leaf as indicated by its porosity.
24. **Lemon (L).** Yellow.
25. **Length.** The linear measurement of cured tobacco leaves from the butt of the midrib to the extreme tip.
26. **Lot.** Tobacco stored or delivered in a pile, basket, bulk, bale or bales, case, package, or other defined package unit.

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27. **Maturity.** The degree of ripeness. Tobacco is mature when it reaches its prime state of development. The extremes are expressed as immature and mellow.
28. **Mixed group.** This group consists of tobacco from three or more groups or two distinctly different groups which are mixed together in various combinations.
29. **Nested.** Any lot of flue-cured tobacco which has been loaded, packed, or arranged to conceal tobacco of inferior grade, quality, or condition, or non-tobacco related materials. Nested includes:
- a) any lot of tobacco which contains injured or other inferior tobacco, any of which cannot be readily detected upon inspection because of the way the lot is packed or arranged;
 - b) any lot of tobacco which consists of distinctly different grades, qualities, or conditions (Rule 17).
30. **Non-Tobacco Related Materials (NTRM) / Foreign matter.** Any extraneous substance or material such as stalks, suckers, straw, strings, rubber bands, grass, weeds, or excessive amount of dirt or sand, etc. referred to as NTRM (Rule 17).
31. **Oil.** A soft semifluid constituent of tobacco.
32. **Off type.** Tobacco of distinctly different characteristics which cannot be classified as flue-cured (Rule 17).
33. **Orange (O).** A reddish yellow.
34. **Orange red (R).** A yellowish red.
35. **Order (case).** The state of tobacco with respect to its moisture content.
36. **Oxidized.** A term applied to tobacco that has deteriorated and turned black during the curing process or in storage.
37. **Package.** A bale or other securely enclosed parcel or bundle.
38. **Papery.** A term used to describe thin-bodied, oil-less tobacco usually associated with a weak whitish-lemon color.
39. **Prematurity.** A condition of growth and development characteristics of the lower leaves of the tobacco plant. Premature leaves have some appearance of ripeness due to a process of starvation caused by translocation of plant food elements from these leaves to other leaves higher on the stalk.
40. **Quality.** A division of a group or the second factor of a grade based on the relative degree of one or more elements of quality in tobacco.

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41. **Raw.** Freshly harvested tobacco or tobacco as it appears between the time of harvesting and the beginning of the curing process.
 42. **Rework.** Any lot of flue-cured tobacco which needs to be re-sorted or otherwise reclassified to prepare it properly for market, including:
 - a) tobacco which contains non-tobacco related materials, wet leaves/high moisture content, muddy or extremely dirty leaves, off type, semi-cured, fire killed, smoked or has an odor foreign to the type, mixed groups, and nested tobacco which should be removed; and
 - b) tobacco not properly tied, bundled and packed in bales as prescribed by NTA or otherwise not properly prepared for market (Rule 17).
 43. **Running green (V).** A color term applied where the lamina portion of the leaf has a green tinge—this coloration may “run” or disappear during storage. Any leaf which has a running green color affecting 20 percent or more of its surface may be described as mature (Rule 14).
 44. **Semi-cured.** Tobacco in the process of being cured or which partially but not thoroughly cured. Semi-cured includes tobacco which contains fat stems, swelled stems, or stems that have not been thoroughly dried in the curing process (Rule 17).
 45. **Side.** A certain phase of quality, color, or length as contrasted with some other phase of quality, color or length; or any peculiar characteristics of tobacco.
 46. **Slick.** A term used to denote tobacco having a close or tight leaf structure. Any leaf of lemon or orange color of which 20 percent or more of its surface is close or tight may be described as slick.
 47. **Smoked.** Any tobacco affected by smoke or fumes in the curing process (Rule 17).
 48. **Sound.** Free of damage.
 49. **Spready.** The widths of the leaf when it is 75% of the length of the leaf; normal when 50% of the length and narrow when 25% of the length.
 50. **Steam-dried.** The condition of unfermented tobacco as customarily prepared for storage by means of a redrying machine or other steam-conditioning machine.
 51. **Stem.** The midrib or large central vein of a tobacco leaf.
 52. **Stemmed.** A form of tobacco, including strips or strip scrap, from which the stems or midribs have been removed.
 53. **Strips.** The sides of a tobacco leaf from which the stem has been removed or a lot of tobacco composed of strips.

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54. **Sweated.** The condition of tobacco which has passed through one or more fermentations natural to tobacco packed with a normal percentage of moisture. This condition sometimes is described as aged.
55. **Sweating.** The condition of tobacco in the process of fermentation.
56. **Tobacco.** Tobacco as it appears between the time it is primed, cured, stemming, threshing, sweating, and conditioning before the manufacturing processes.
57. **Tobacco products.** Manufactured tobacco, including cigarettes, cigars, smoking tobacco, chewing tobacco and snuff, which is subject to Internal Revenue tax.
58. **Type.** A division of a class of tobacco having certain common characteristics and closely related grades. Tobacco which has the same characteristics and corresponding qualities, colors, and lengths is classified as one type, regardless of any factors of historical or geographical nature which cannot be determined by an examination of the tobacco.
59. **Uniformity.** An element of quality which describes the consistency of a lot of tobacco as it is prepared for market. Uniformity is expressed as a percentage in grade specifications (Rule 11).
60. **Unstemmed.** A form of tobacco, including whole leaf and leaf scrap, from which the stems or midribs have not been removed.
61. **Variigated (K).** Any lot of unripe tobacco that does not blend with the normal colors of the types; any leaf of which 20 percent or more of its surface is scorched, grayish, mottled bleached, dotted-faced, scalded, or sunbaked (Rule 13).
62. **Virginia/Flue-cured.** Tobacco cured under artificial atmospheric conditions by a process of regulating the heat and ventilation without allowing smoke or fumes from the fuel to come in contact with the tobacco; or tobacco cured by some other process which accomplishes the same results.
63. **Waste.** The portion or portions of the web of tobacco leaves which have been lost or rendered less usable for tobacco products, including:
- portions which have decomposed or largely decomposed by field diseases, field firing, pole-burning; and
 - portions which are dead, lifeless, and do not have sufficient strength or stability to hold together in the normal manufacturing process due to excessive injury of any kind.
64. **Wet (W).** Any sound tobacco containing excessive moisture (more than 18%) to the extent that it is in an unsafe or doubtful-keeping order. Wet

applies to any tobacco which is not damaged but which is likely to damage if treated in the customary manner (Rule 17).

65. **Width.** The relative breadth of a tobacco leaf expressed in relation to its length. Width, as an element of quality, does not apply to tobacco in strip form.

***Rules of Grading for the Standard NTA Grades
of Locally Grown Virginia Leaf Tobacco***

The application of these official standard grades shall be in accordance with the following rules:

Rule 1. Each grade shall be treated as a subdivision of a particular type. When the grade is stated in a bale tag, the type also shall be stated.

Rule 2. The determination of a grade shall be based upon a thorough examination of a lot/bale of tobacco or of an official sample of the lot.

Rule 3. In drawing an official sample from a lot or other package of tobacco, at least one break shall be made at such points and in such manner as the grader or sampler may find necessary to determine the kinds of tobacco and the percentage of each kind contained in the lot. The break shall be made so that the tobacco contained in the center of the lot is visible to the sampler. The sample shall include tobacco of each different group, quality, color, length, and kind found in the lot in proportion to the quantities of each contained in the lot.

Rule 4. All standard grades must be clean, containing only the normal amount of sand or soil particles.

Rule 5. The grade assigned to any lot of tobacco shall be a true representation of the tobacco at the time of inspection and certification. If, at any time, it is found that a lot of tobacco does not comply with the specifications of the grade previously assigned, it shall not thereafter be represented as such grade.

Rule 6. A lot of tobacco on the marginal line between two colors shall be placed in the color with which it best corresponds with respect to body or other associated elements of quality (color follows the body).

Rule 7. Any lot of tobacco which meets specifications of two grades shall be placed in the lower grade.

Rule 8. A lot of tobacco meets the specifications of a grade when it is not lower in any degree of any element of quality than the minimum specifications of such grade.

Rule 9. In determining the grade of a lot of tobacco, the lot as a whole shall be considered. Minor irregularities which do not affect over one (1) percent of the tobacco shall be accepted.

Rule 10. Any lot, except strip form, of Leaf (B Group) tobacco in which 20 percent or more of its leaves are under 30.48 cm (12 inches) in length shall be designated as Tip (T Group).

Rule 11. Degrees of uniformity shall be expressed in terms of percentage. The percentage shall govern the portion of a lot which must meet the specifications of the grade (This percentage shall not affect limitations established by other rules). The minor portion must be closely related, but may be of a different group, quality, and color from the major portion.

Rule 12. The application of injury tolerance as an element of quality shall be expressed in terms of a percentage. The appraisal of injury shall be based upon the percentage of affected leaf surface or the degree of injury. In appraising injury, consideration shall be given to the normal characteristics of the group as related to injury.

Rule 13. Any lot of unripe tobacco with 20 percent or more of its surface is scorched, grayish, mottled bleached, dotty faced, scalded or sunbaked shall be described as variegated and designated by the color symbol "K." Unripe tobacco is generally characterized by a lower degree of leaf structure.

Rule 14. Any lot of mature tobacco in lemon or orange color containing 20 percent or more of running green tobacco, shall be designated by the color symbol "V."

Rule 15. Any lot of tobacco containing 20 percent or more of green leaves and crude combined shall be designated by the color symbol "G" a color applied to immature tobacco.

Rule 16. Crude leaves shall not be included in any grade of any color except green and immature tobacco.

Rule 17. Any lot of tobacco shall not tolerate the presence of mixed group, damaged and wet tobacco, sand and dirt except for what is the normal amount in the leaf, non-tobacco related materials (NTRM), off-type, semi-cured, fire killed, smoked or has an odor foreign to the type and nested tobacco. Any lot of tobacco found to include earlier stated conditions and materials need to be reworked.

SECTION 1

Harmonized Grades for the Locally Grown Virginia Tobacco

Standard NTA Grade	Leaf Position	HG Grade Mark	Grade Name	Maturity	Body
AA	Lugs (X) Cutters (C) Leaf (B)	B10 B1R	Choice Quality Orange Leaf Choice Quality Orange Red Leaf	Ripe Ripe	Fleshy Fleshy
		B1L C10	Choice Quality Lemon Leaf Choice Quality Orange Cutters	Ripe Ripe	Medium Medium
	C1L X10	Choice Quality Lemon Cutters Choice Quality Orange Lugs	Ripe Ripe	Thin Medium	
A	Lugs (X) Cutters (C)	B20 B2R C20	Fine Quality Orange Leaf Fine Quality Orange Red Leaf Fine Quality Orange Cutters	Ripe Ripe Ripe	Fleshy Fleshy Medium
	Leaf (B)	C2L X20 X1L	Fine Quality Lemon Cutters Fine Quality Orange Lugs Choice Quality Lemon Lugs	Ripe Ripe Ripe	Thin Medium Thin
B	Lugs (X) Cutters (C) Leaf (B) Tip (T)	T30 T3R	Good Quality Orange Tips Good Quality Orange Red Tips	Ripe Ripe	Fleshy Fleshy
		B30 B3R	Good Quality Orange Leaf Good Quality Orange Red Leaf	Ripe Ripe	Fleshy Fleshy
	B2L C30 X30 X2L	Fine Quality Lemon Leaf Good Quality Orange Cutters Good Quality Orange Lugs Fine Quality Lemon Lugs	Ripe Ripe Ripe Ripe	Medium Medium Medium Thin	
C	Lugs (X) Cutters (C) Leaf (B) Tip (T)	T40 T4R	Fair Quality Orange Tips Fair Quality Orange Red Tips	Ripe Ripe	Fleshy Fleshy
		T3L T3V	Good Quality Lemon Tips Good Quality Running Green Tips	Ripe Mature	Medium Fleshy
	T3K B40 B4R	Good Quality Variegated Tips Fair Quality Orange Leaf Fair Quality Orange Red Leaf	Unripe Ripe Ripe	Heavy Fleshy Fleshy	

Elements of Quality							
Leaf Structure	Color	Oil	Color Intensity	Width	Uniformity	Tolerance (%)	
						Injury	Waste
Firm	Orange	Oily	Deep	Spready	90	15	5
Firm	Orange red	Oily	Deep	Spready	90	15	5
Firm	Lemon	Oily	Deep	Spready	90	15	5
Open	Orange	Oily	Deep	Spready	90	15	5
Open	Lemon	Oily	Deep	Spready	90	15	5
Open	Orange	Oily	Strong	N/A	80	20	10
Firm	Orange	Oily	Strong	Normal	85	20	10
Firm	Orange red	Oily	Strong	Normal	85	20	10
Open	Orange	Oily	Strong	Spready	85	20	10
Open	Lemon	Oily	Strong	Spready	85	20	10
Open	Orange	Oily	Strong	N/A	70	30	15
Open	Lemon	Oily	Strong	N/A	80	20	10
Firm	Orange	Oily	Strong	Normal	80	25	15
Firm	Orange red	Oily	Strong	Normal	80	25	15
Firm	Orange	Oily	Strong	Normal	80	25	15
Firm	Orange red	Oily	Strong	Normal	80	25	15
Firm	Lemon	Oily	Strong	Normal	85	20	10
Open	Orange	Oily	Strong	Normal	80	25	15
Open	Orange	Lean	Moderate	N/A	70	40	25
Open	Lemon	Oily	Strong	N/A	75	30	15
Firm	Orange	Oily	Moderate	Normal	70	30	20
Firm	Orange red	Oily	Moderate	Normal	70	30	20
Firm	Lemon	Oily	Strong	Normal	80	25	15
Firm	Running green	Oily	N/A	Normal	80	25	15
Close	Variegated	N/A	N/A	Normal	80	25	15
Firm	Orange	Oily	Moderate	Normal	70	30	20
Firm	Orange red	Oily	Moderate	Normal	70	30	20

Standard NTA Grade	Leaf Position	HG Grade Mark	Grade Name		
				Maturity	Body
C (con't)	Lugs (X) Cutters (C) Leaf (B) Tip (T)	B3L	Good Quality Lemon Leaf	Ripe	Medium
		B3V	Good Quality Running Green Tips	Mature	Fleshy
		B3K	Good Quality Variegated Leaf	Unripe	Heavy
		C40	Fair Quality Orange Cutters	Ripe	Medium
		C3L	Good Quality Lemon Cutters	Ripe	Thin
		C3V	Good Quality Running Green Cutters	Mature	Medium
		C3K	Good Quality Variegated Cutters	Unripe	Medium
		X3L	Good Quality Lemon Lugs	Ripe	Thin
		X3V	Good Quality Running Green Lugs	Mature	Medium
X3K	Good Quality Variegated Lugs	Unripe	Medium		
D	Lugs (X) Cutters (C) Leaf (B) Tip (T)	T50	Low Quality Orange Tips	Ripe	Fleshy
		T5R	Low Quality Orange Red Tips	Ripe	Fleshy
		T4L	Fair Quality Lemon Tips	Ripe	Medium
		T4V	Fair Quality Running Green Tips	Mature	Fleshy
		T4K	Fair Quality Variegated Tips	Unripe	Heavy
		B50	Low Quality Orange Leaf	Ripe	Fleshy
		B5R	Low Quality Orange Red Leaf	Ripe	Fleshy
		B4L	Fair Quality Lemon Leaf	Ripe	Medium
		B4V	Fair Quality Running Green Leaf	Mature	Fleshy
		B4K	Fair Quality Variegated Leaf	Unripe	Heavy
		C50	Low Quality Orange Cutters	Ripe	Medium
		C4L	Fair Quality Lemon Cutters	Ripe	Thin
		C4V	Fair Quality Running Green Cutters	Mature	Medium
		C4K	Fair Quality Variegated Cutters	Unripe	Medium
X4V	Fair Quality Running Green Lugs	Mature	Medium		
X4K	Fair Quality Variegated Lugs	Unripe	Medium		

Elements of Quality							
Leaf Structure	Color	Oil	Color Intensity	Width	Uniformity	Tolerance (%)	
						Injury	Waste
Firm	Lemon	Oily	Strong	Normal	80	25	15
Firm	Running green	Oily	N/A	Normal	80	25	15
Close	Variogated	N/A	N/A	Normal	80	25	15
Open	Orange	Lean	Moderate	Normal	70	30	20
Open	Lemon	Oily	Strong	Normal	80	25	15
Open	Running green	Lean	N/A	Normal	80	25	15
Close	Variogated	N/A	N/A	Normal	80	25	15
Open	Lemon	Lean	Moderate	N/A	70	40	25
Open	Running Green	Lean	N/A	N/A	70	40	25
Close	Variogated	N/A	N/A	N/A	70	40	25
Firm	Orange	Lean	Weak	Narrow	65	45	30
Firm	Orange red	Lean	Weak	Narrow	65	45	30
Firm	Lemon	Oily	Moderate	Normal	70	30	20
Firm	Running green	Oily	N/A	Normal	70	30	20
Close	Variogated	N/A	N/A	Normal	70	30	20
Firm	Orange	Lean	Weak	Narrow	65	45	30
Firm	Orange red	Lean	Weak	Narrow	65	45	30
Firm	Lemon	Oily	Moderate	Normal	70	30	20
Firm	Running green	Oily	N/A	Normal	70	30	20
Close	Variogated	N/A	N/A	Normal	70	30	20
Open	Orange	Lean	Weak	Normal	65	40	25
Open	Lemon	Lean	Moderate	Normal	70	30	20
Open	Running green	Lean	N/A	Normal	70	30	20
Close	Variogated	N/A	N/A	Normal	70	30	20
Open	Running green	Lean	N/A	N/A	65	50	35
Close	Variogated	N/A	N/A	N/A	65	50	35

Standard NTA Grade	Leaf Position	HG Grade Mark	Grade Name		
				Maturity	Body
E	Lugs (X) Cutters (C) Leaf (B) Tip (T)	T5L	Low Quality Lemon Tips	Ripe	Medium
		T5V	Low Quality Running Green Tips	Mature	Fleshy
		T5K	Low Quality Variegated Tips	Unripe	Heavy
		B5L	Low Quality Lemon Leaf	Ripe	Medium
		B5V	Low Quality Running Green Leaf	Mature	Fleshy
		B5K	Low Quality Variegated Leaf	Unripe	Heavy
		C5L	Low Quality Lemon Cutters	Ripe	Thin
		C5V	Low Quality Running Green Cutters	Mature	Medium
C5K	Low Quality Variegated Cutters	Unripe	Medium		
		X5V	Low Quality Running Green Lugs	Mature	Medium
		X5K	Low Quality Variegated Lugs	Unripe	Medium
F1	Lugs (X)	X4O	Fair Quality Orange Lugs	Ripe	Medium
		X4L	Fair Quality Lemon Lugs	Ripe	Thin
F2	Lugs (X)	X5O	Low Quality Orange Lugs	Ripe	Medium
		X5L	Low Quality Lemon Lugs	Ripe	Thin
R	Lugs (X) Cutters (C) Leaf (B) Tip (T)		Ripe (XND, CND, BND, TND) Unripe (XND, CND, BND, TND) Mature (XND, CND, BND, TND) Immature (XND, CND, BND, TND)		

Elements of Quality							
Leaf Structure	Color	Oil	Color Intensity	Width	Uniformity	Tolerance (%)	
						Injury	Waste
Firm	Lemon	Lean	Weak	Narrow	65	45	30
Firm	Running green	Lean	N/A	Narrow	65	45	30
Close	Variogated	N/A	N/A	Narrow	65	45	30
Firm	Lemon	Lean	Weak	Narrow	65	45	30
Firm	Running green	Lean	N/A	Narrow	65	45	30
Close	Variogated	N/A	N/A	Narrow	65	45	35
Open	Lemon	Lean	Weak	Normal	65	40	25
Open	Running green	Lean	N/A	Normal	65	40	25
Close	Variogated	N/A	N/A	Normal	65	40	25
Open	Running green	Lean	N/A	N/A	60	60	45
Close	Variogated	N/A	N/A	N/A	60	60	45
Open	Orange	Lean	Weak	N/A	65	50	35
Open	Lemon	Lean	Weak	N/A	65	60	35
Open	Orange	Lean	Pale	N/A	60	60	45
Open	Lemon	Lean	Pale	N/A	60	60	45
						70	50
						70	50
						70	50
						N/A	N/A

Key to Harmonized Grade Marks

The harmonized grade marks for Virginia tobacco are symbols that described the leaf group, leaf quality and leaf color as identified below:

Groups	Qualities	Colors
T – Tips	1 – Choice	L – Lemon
B – Leaf	2 – Fine	F – Orange
C – Cutters	3 – Good	R – Orange red
X – Lugs	4 – Fair	V – Running green

THE TOBACCO PLANT

Virginia

Tips (T):

These leaves grow at the very top of the stalk and make up around 18% of the plant's total weight. Tip leaves are narrow and pointed, smaller than lower leaves yet thicker and more full bodied. Tips of flue-cured tobacco contain from 3% to 3.5% nicotine, 6% to 6.5% sugars.

Leaf (B):

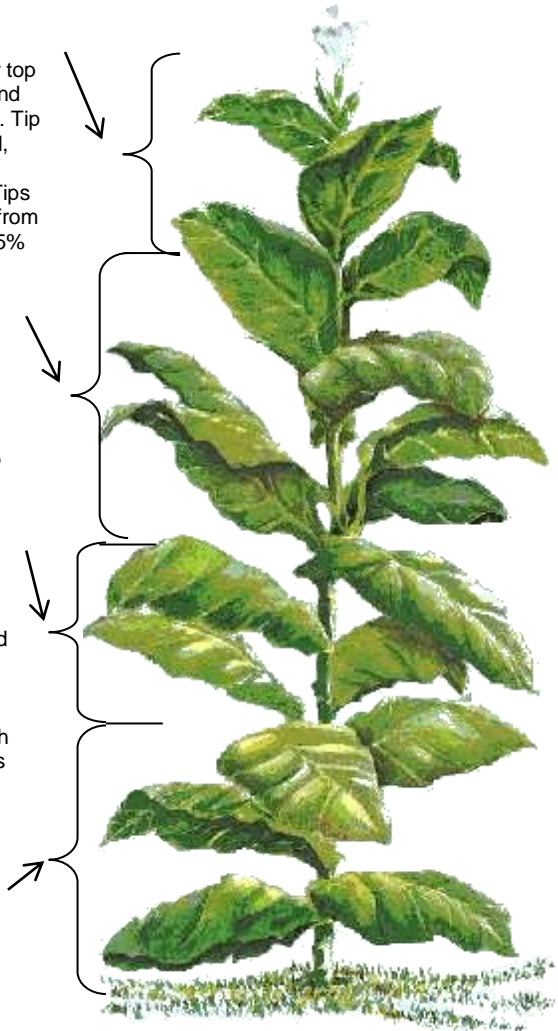
More than a third of the plant (42%) is made up of the leaves on the middle to upper stalk. These leaves are firm, thick and heavy bodied with pointed tips. From 3% to 3.5% nicotine, up to 15.5% sugars.

Cutters (C):

The largest leaves on the plant, both in length and width although only 15% of its weight. Thin to medium-bodied leaves from the middle of the stalk or below, cutters have rounded tips and the most desirable color when ripe. High in oil and resin content, cutters contain about 2.5% nicotine, 12% to 22% sugars.

Lugs (X):

These thin, blunt tipped leaves around the bottom of the stalk make up 25% of the plant weight. Lugs contain about 2.5% nicotine, 12% to 20% sugars.



More than 2,500 different chemical compounds have been identified in the leaves of *Nicotiana tabacum*, the commercially grown tobacco plant. The most important of these is nicotine, of course. But the various sugar levels found in the plant also play a vital role when different tobacco leaves are blended.

Note: The nicotine and sugars in the leaves will vary according to soil, light conditions, moisture and temperature, as well as stalk position.

Article 2

NTA STANDARD GRADES OF LOCALLY GROWN BURLEY LEAF TOBACCO

Definitions of Terms

As used in these standards, the words and phrases hereinafter defined shall have the indicated meaning so assigned.

1. **Air-cured.** Tobacco cured under natural atmospheric conditions.
2. **Air-dried.** The condition of unfermented tobacco as customarily prepared for storage under natural atmospheric conditions.
3. **Body.** The thickness and density of a leaf or the weight per unit of surface.
4. **Burley.** That type of bright air-cured tobacco, commonly known as Burley.
5. **Buff (L) color.** A light or pale tan.
6. **Class.** A major division of tobacco based on method of cure or principal usage.
7. **Clean.** Tobacco is described as clean when it contains only a normal amount of sand or soil particles. Leaves grown on the lower position of the stalk normally contain more sand or dirt than those from higher stalk positions (Rule 4).
8. **Color.** The third factor of a grade based on the relative hues, saturations or chromas, and color values common to the type. It is basically related to body and other overall characteristics of the type.
9. **Color intensity.** The varying degree of saturation or chroma. Color intensity as applied to tobacco describes the strength or weakness of a specific color or hue. It is applicable in all colors except in variegated, running green, and green colors.
10. **Color symbols.** As applied to Burley tobacco, single color symbols are as follows:
 - L – buff,
 - F – tan,
 - R – tannish red,
 - V – running green,
 - K – variegated, and
 - G – green.

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11. **Condition.** The state of tobacco which results from the method of preparation or from the degree of fermentation/conditioning. Words used to describe the conditions of tobacco are: undried, air-dried, sweating, and fermented/conditioned. Burley is air-dried for storage and conditioning.
 12. **Crude.** A sub-degree of maturity. Crude leaves are usually hard and slick as a result of extreme immaturity. A similar condition may result from sunburn, or sunscald. Any leaf which is crude to the extent of 20 percent of its leaf surface may be described as crude (Rule 16).
 13. **Cured.** Tobacco dried of its sap by either natural or artificial processes.
 14. **Damage.** The effect of mold, must, rot, black rot or other fungus or bacterial diseases which attack tobacco in its cured state. Tobacco having the odor of mold, must, or rot is considered damaged (Rule 16).
 15. **Dirty.** The state of tobacco containing moderate to excessive amounts of dirt or sand, or tobacco to which additional quantities of dirt or sand have been added (Rule 16).
 16. **Elasticity.** The flexible, springy nature of the tobacco leaf to recover approximately its original size and shape after it has been stretched.
 17. **Elements of Quality.** Elements of quality and the degrees used in the specifications of the NTA Official Standard Grades for Philippine grown Burley. Words have been selected to describe the degrees of each element. Some of the words are almost synonymous in their meaning, yet, they are sufficiently different to represent steps within the range of the elements of quality to which they are applied.
 18. **Finish.** The reflectance factor in color perception. Finish indicates the sheen or shine of the surface of a tobacco leaf. Descriptive terms range from bright to dingy.
 19. **Form.** The stage or preparation of tobacco such as stemmed or unstemmed.
 20. **Grade.** A subdivision of a type according to group, quality, and color.
 21. **Grade mark.** Normally consists of three symbols which indicate group, quality, and color. A letter is used to indicate group, a number to indicate quality and a letter or letters to indicate color. For example, C1L means cutters, choice quality, buff color.
 22. **Grade Name.** Description of leaf group, quality, and color.
 23. **Green (G) color.** A color term applied to immature or crude tobacco. Any leaf which has a green color affecting 20 percent or more of its surface may be described as green (Rule 15).

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24. **Group.** A division of a type covering closely related grades based on certain characteristics which are related to stalk position, body or the general quality of the tobacco. Groups in Philippine Burley Tobacco are Flyings (X), Cutters (C), Leaf (B) and Tip (T).
25. **Injury.** Caused by field diseases (wildfire, rust, frog-eye, mosaic, root rot, wilt, black shank, or other diseases), insects, or weather conditions; insecticides, fungicides, or cell growth inhibitors; nutritional deficiencies or excesses; improper fertilizing, harvesting, curing, or handling. Injured tobacco includes dead, burnt, hail-cut, torn, broken, frostbitten, sunburned, sun scalded, scorched, fire-killed, bulk-burnt, steam-burnt, barn-burnt, house-burnt, bleached, bruised, discolored, or deformed leaves (Rule 11).
26. **Leaf.** Whole unstemmed leaf.
27. **Leaf scrap.** A by-product of stemmed or unstemmed tobacco. Leaf scrap results from handling unstemmed tobacco and consists of loose and tangled whole or broken leaves.
28. **Leaf structure.** The cell development of a leaf as indicated by its porosity.
29. **Leaf surface.** The smoothness or roughness of the web or lamina of a tobacco leaf. Leaf surface is affected to some extent by the size and shrinkage of the veins.
30. **Length.** The linear measurement of cured tobacco leaves from the butt of the midrib to the extreme tip.
31. **Lot.** Tobacco stored or delivered in a pile, basket, bulk, bale or bales, case, package, or other defined package unit.
32. **Maturity.** The degree of ripeness. Tobacco is mature when it reaches its prime state of development. The extremes are expressed as immature and mellow.
33. **Mixed group.** This group consists of tobacco from three or more groups or two distinctly different groups which are mixed together in various combinations.
34. **Nested.** Any lot of Burley tobacco which has been loaded, packed, or arranged to conceal tobacco of inferior grade, quality, or condition, or non-tobacco related materials. Nested includes:
- any lot of tobacco which contains injured or other inferior tobacco, any of which cannot be readily detected upon inspection because of the way the lot is packed or arranged;
 - any lot of tobacco which consists of distinctly different grades, qualities, or conditions (Rule 16).

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35. **Non-Tobacco Related Material (NTRM) / Foreign matter.** Any extraneous substance or material such as stalks, suckers, straw, strings, rubber bands, grass, weeds, or excessive amount of dirt or sand, etc., referred to as NTRM (Rule 16).
 36. **Off type.** Tobacco of distinctly different characteristics which cannot be classified as Burley (Rule 16).
 37. **Order (case).** The state of tobacco with respect to its moisture content.
 38. **Packaged.** A bale or other securely enclosed parcel or bundle.
 39. **Quality.** A division of a group or the second factor of a grade based on the relative degree of one or more elements of quality in tobacco.
 40. **Raw.** Freshly harvested tobacco or tobacco as it appears between the time of harvesting and the beginning of the curing process.
 41. **Rework.** Any lot of flue-cured tobacco which needs to be re-sorted or otherwise re-classified to prepare it properly for market, including:
 - a) tobacco which contains non-tobacco related materials, wet leaves/high moisture content, muddy or extremely dirty leaves, off type, semi-cured, fire killed, smoked or has an odor foreign to the type, mixed groups, and nested tobacco which should be removed; and
 - b) tobacco not properly tied, bundled and packed in bales as prescribed by NTA or otherwise not properly prepared for market (Rule 16).
 42. **Running green (V) color.** A color term applied where the lamina portion of the leaf has a green tinge—this coloration may “run” or disappear during storage. Any leaf which has a running green color affecting 20 percent or more of its surface may be described as unripe (Rule 13).
 43. **Semi-cured.** Tobacco in the process of being cured or which partially but not thoroughly cured. Semi-cured includes tobacco which contains fat stems, swelled stems, or stems that have not been thoroughly dried in the curing process (Rule 16).
 44. **Side.** A certain phase of quality, color, or length as contrasted with some other phase of quality, color or length; or any peculiar characteristics of tobacco.
 45. **Sound.** Free of damage.
 46. **Stem.** The midrib or large central vein of a tobacco leaf.
 47. **Stemmed.** A form of tobacco, including strips or strip scrap, from which the stems or midribs have been removed.

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48. **Strips (S).** The sides of a tobacco leaf from which the stem has been removed or a lot of tobacco composed of strips.
 49. **Sweated.** The condition of tobacco which has passed through one or more fermentations/conditioning natural to tobacco packed with a normal percentage of moisture. This condition sometimes is described as aged.
 50. **Sweating/Conditioning.** The condition of tobacco in the process of fermentation/conditioning.
 51. **Tan (F) color.** An even shade of light brown.
 52. **Tannish red (R) color.** A darker shade of tan.
 53. **Tobacco.** Tobacco as it appears between the time it is primed, cured, stemming, threshing, sweating, and conditioning before the manufacturing processes.
 54. **Tobacco products.** Manufactured tobacco, including cigarettes, cigars, smoking tobacco, chewing tobacco, and snuff, which is subject to Internal Revenue tax.
 55. **Type.** A division of a class of tobacco having certain common characteristics and closely related grades. Tobacco which has the same characteristics and corresponding qualities, colors and lengths is classified as one type, regardless of any factors of historical or geographical nature which cannot be determined by an examination of the tobacco.
 56. **Undried.** The condition of unfermented tobacco which has not been air-dried.
 57. **Uniformity.** An element of quality which describes the consistency of a lot of tobacco as it is prepared for market. Uniformity is expressed as a percentage in grade specifications (Rule 10).
 58. **Unstemmed.** A form of tobacco, including whole leaf and leaf scrap, from which the stems or midribs have not been removed.
 59. **Variigated.** Any leaf of which 20 percent or more of its surface is yellow, pink, grayish, mottled, or bleached and does not blend with the normal colors of the type or group and is generally characterized by a lower degree of leaf structure and maturity than tobacco of the corresponding group and quality (Rule 12).
 60. **Wet (W).** Any sound tobacco containing excessive moisture (more than 18%) to the extent that it is in an unsafe or doubtful-keeping order. Wet applies to any tobacco which is not damaged but which is likely to damage if treated in the customary manner (Rule 16).

61. **Width.** The relative breadth of a tobacco leaf expressed in relation to its length. Width, as an element of quality, does not apply to tobacco in strip form.

***Rules of Grading for the Standard NTA Grades
of Locally Grown Burley Leaf Tobacco***

The application of these official standard grades shall be in accordance with the following rules:

Rule 1. Each grade shall be treated as a subdivision of a particular type. When the grade is stated in a bale tag, the type also shall be stated.

Rule 2. The determination of a grade shall be based upon a thorough examination of a lot of tobacco or of an official sample of the lot.

Rule 3. In drawing an official sample from a lot or other package of tobacco, at least one break shall be made at such points and in such manner as the grader or sampler may find necessary to determine the kinds of tobacco and the percentage of each kind contained in the lot. The break shall be made so that the tobacco contained in the center of the lot is visible to the sampler. The sample shall include tobacco of each different group, quality, color, length, and kind found in the lot in proportion to the quantities of each contained in the lot.

Rule 4. All standard grades must be clean, containing only the normal amount of sand or soil particles.

Rule 5. The grade assigned to any lot of tobacco shall be a true representation of the tobacco at the time of inspection and certification. If, at any time, it is found that a lot of tobacco does not comply with the specifications of the grade previously assigned, it shall not thereafter be represented as such grade.

Rule 6. A lot of tobacco on the marginal line between two colors shall be placed in the color with which it best corresponds with respect to body or other associated elements of quality (color follows the body).

Rule 7. Any lot of tobacco which meets specifications of two grades shall be placed in the lower grade.

Rule 8. A lot of tobacco meets the specifications of a grade when it is not lower in any degree of any element of quality than the minimum specifications of such grade.

Rule 9. Any lot, except strip form, of Leaf (B Group) tobacco in which 20 percent or more of its leaves are less than 30.48 cm (12 inches) in length shall be designated as Tip (T Group).

Rule 10. Degrees of uniformity shall be expressed in terms of percentage. The percentage shall govern the portion of a lot which must meet the specifications of the grade. (This percentage shall not affect limitations established by other rules.) The minor portion must be closely related, but may be of a different group, quality, and color from the major portion.

Rule 11. The application of injury tolerance as an element of quality shall be expressed in terms of a percentage. The appraisal of injury shall be based upon the percentage of affected leaf surface or the degree of injury. In appraising injury, consideration shall be given to the normal characteristics of the group as related to injury.

Rule 12. Any lot of tobacco with 20 percent or more of variegated leaves shall be described as "variegated" and designated by the color symbol "K."

Rule 13. Any lot of tobacco containing leaves with 20 percent or more of running green leaves combine shall be designated by the color symbol "V."

Rule 14. Any lot of tobacco containing 20 percent or more of green leaves, and crude combined shall be designated by the color symbol "G" applicable to immature.

Rule 15. Crude leaves shall not be included in any grade of any color except green for immature leaves.

Rule 16. Any lot of tobacco shall not tolerate the presence of mixed group, damaged and wet tobacco, sand and dirt except for what is the normal amount in the leaf, non-tobacco related materials (NTRM), off type, semi-cured or has an odor foreign to the type and nested tobacco. Any lot of tobacco found to include earlier stated conditions and materials need to be reworked.

SECTION 2

Harmonized Grades for the Locally Grown Burley Tobacco

Standard NTA Grade	Leaf Position	HG Grade Mark	Grade Name		
				Maturity	Body
A	Flyings (X) Cutters (C) Leaf (B)	B1F	Choice Quality Tan Leaf	Ripe	Medium
		B1R	Choice Quality Tannish Red Leaf	Ripe	Fleshy
		C1F	Choice Quality Tan Cutters	Ripe	Medium
		C1L	Choice Quality Buff Cutters	Ripe	Thin
		X1F	Choice Quality Tan Flyings	Mellow	Thin
X1L	Choice Quality Buff Flyings	Mellow	Tissuey		
B	Flyings (X) Cutters (C) Leaf (B)	B2F	Fine Quality Tan Leaf	Ripe	Medium
		B2R	Fine Quality Tannish Red Leaf	Ripe	Fleshy
		C2F	Fine Quality Tan Cutters	Ripe	Medium
		C2L	Fine Quality Buff Cutters	Ripe	Thin
		X2F	Fine Quality Tan Flyings	Mellow	Thin
X2L	Fine Quality Buff Flyings	Mellow	Tissuey		
C	Flyings (X) Cutters (C) Leaf (B) Tip (T)	T3F	Good Quality Tan Tips	Mature	Medium
		T3R	Good Quality Tannish Red Tips	Mature	Fleshy
		B3F	Good Quality Tan Leaf	Mature	Medium
		B3R	Good Quality Tannish Red Leaf	Mature	Fleshy
		B3K	Good Quality Variegated Leaf	Ripe	Medium
		B3V	Good Quality Running Green Leaf	Unripe	Medium
		C3F	Good Quality Tan Cutters	Ripe	Medium
		C3L	Good Quality Buff Cutters	Ripe	Thin
C3K	Good Quality Variegated Cutters	Ripe	Medium		
C3V	Good Quality Running Green Cutters	Unripe	Thin		
X3F	Good Quality Tan Flyings	Ripe	Thin		
X3L	Good Quality Buff Flyings	Ripe	Tissuey		

Elements of Quality							
Leaf Structure	Color	Color Intensity	Finish	Leaf Surface <i>(Smoothness)</i>	Width	Uniformity (%)	Injury Tolerance (%)
Open	Tan	Deep	Clear	Smooth	Spready	90	20
Open	Tannish red	Deep	Clear	Smooth	Spready	90	20
Open	Tan	Deep	Bright	Smooth	Broad	90	20
Open	Buff	Deep	Bright	Smooth	Broad	90	20
Open	Tan	Strong	Clear	Even	N/A	90	20
Porous	Buff	Strong	Clear	Even	N/A	90	20
Open	Tan	Strong	Moderate	Even	Spready	85	25
Open	Tannish red	Strong	Moderate	Even	Spready	85	25
Open	Tan	Strong	Clear	Even	Spready	85	25
Open	Buff	Strong	Clear	Even	Spready	85	25
Open	Tan	Moderate	Moderate	Even	N/A	80	30
Porous	Buff	Moderate	Moderate	Even	N/A	80	20
Firm	Tan	Moderate	Moderate	Wavy	Normal	80	30
Firm	Tannish red	Moderate	Moderate	Wavy	Normal	80	30
Firm	Tan	Moderate	Moderate	Wavy	Normal	80	30
Firm	Tannish red	Moderate	Moderate	Wavy	Normal	80	30
Open	Variegated	N/A	N/A	Wavy	Normal	80	30
Firm	Running green	N/A	Moderate	Even	Normal	80	30
Open	Tan	Moderate	Clear	Even	Normal	80	30
Open	Buff	Moderate	Clear	Even	Normal	80	30
Open	Variegated	N/A	N/A	Even	Normal	80	30
Open	Running green	N/A	Clear	Even	Normal	80	30
Open	Tan	Weak	Dull	Wavy	N/A	70	40
Porous	Buff	Weak	Dull	Wavy	N/A	70	40

Standard NTA Grade	Leaf Position	HG Grade Mark	Grade Name		
				Maturity	Body
D	Flyings (X) Cutters (C) Leaf (B) Tip (T)	T4F	Fair Quality Tan Tips	Mature	Medium
		T4R	Fair Quality Tannish Red Tips	Mature	Fleshy
		T4K	Fair Quality Variegated Tips	Mature	Fleshy
		T4V	Fair Quality Running Green Tips	Unripe	Fleshy
		B4F	Fair Quality Tan Leaf	Mature	Medium
		B4R	Fair Quality Tannish Red Leaf	Mature	Fleshy
		B4K	Fair Quality Variegated Leaf	Mature	Fleshy
		B4V	Fair Quality Running Green Leaf	Unripe	Fleshy
		C4F	Fair Quality Tan Cutters	Mature	Medium
		C4L	Fair Quality Buff Cutters	Mature	Thin
		C4K	Fair Quality Variegated Cutters	Mature	Medium
		C4V	Fair Quality Running Green Cutters	Unripe	Medium
		X4F	Fair Quality Tan Flyings	Mature	Thin
X4L	Fair Quality Buff Flyings	Mature	Tissuey		
X4K	Fair Quality Variegated Flyings	Ripe	Tissuey		
E	Flyings (X) Cutters (C) Leaf (B) Tip (T))	T5F	Low Quality Tan Tips	Mature	Medium
		T5R	Low Quality Tannish Red Tips	Mature	Fleshy
		T5K	Low Quality Variegated Tips	Unripe	Heavy
		T5V	Low Quality Running Green Tips	Unripe	Fleshy
		B5F	Low Quality Tan Leaf	Mature	Medium
		B5R	Low Quality Tannish Red Leaf	Mature	Fleshy
B5K	Low Quality Variegated Leaf	Unripe	Heavy		
B5V	Low Quality Running Green Leaf	Unripe	Fleshy		
C5F	Low Quality Tan Cutters	Mature	Medium		

Elements of Quality							
Leaf Structure	Color	Color Intensity	Finish	Leaf Surface <i>(Smoothness)</i>	Width	Uniformity (%)	Injury Tolerance (%)
Firm	Tan	Weak	Dull	Wavy	Narrow	70	40
Firm	Tannish red	Weak	Dull	Wavy	Narrow	70	40
Firm	Variegated	N/A	N/A	Wavy	Narrow	70	40
Close	Running green	N/A	Dull	Wrinkly	Narrow	70	40
Firm	Tan	Weak	Dull	Wavy	Narrow	70	40
Firm	Tannish red	Weak	Dull	Wavy	Narrow	70	40
Firm	Variegated	N/A	N/A	Wavy	Narrow	70	40
Close	Running green	N/A	Dull	Wrinkly	Narrow	70	40
Firm	Tan	Weak	Moderate	Even	Normal	70	40
Firm	Buff	Weak	Moderate	Even	Normal	70	40
Firm	Variegated	N/A	N/A	Even	Normal	70	40
Firm	Running green	N/A	Moderate	Even	Normal	70	40
Open	Tan	Pale	Dingy	Wrinkly	N/A	60	50
Porous	Buff	Pale	Dingy	Wrinkly	N/A	60	50
Porous	Variegated	Pale	Dingy	Wavy	N/A	60	50
Firm	Tan	Pale	Dingy	Wrinkly	Stringy	60	50
Firm	Tannish red	Pale	Dingy	Wrinkly	Stringy	60	50
Close	Variegated	N/A	N/A	Wrinkly	Stringy	60	50
Close	Running green	N/A	Dingy	Rough	Stringy	60	50
Firm	Tan	Pale	Dingy	Wrinkly	Stringy	60	50
Firm	Tannish red	Pale	Dingy	Wrinkly	Stringy	60	50
Close	Variegated	N/A	N/A	Wrinkly	Stringy	60	50
Close	Running Green	N/A	Dingy	Rough	Stringy	60	50
Firm	Tan	Pale	Dull	Wavy	Narrow	60	50

Standard NTA Grade	Leaf Position	HG Grade Mark	Grade Name		
				Maturity	Body
E (con't)	Flyings (X)	C5K	Low Quality Variegated Cutters	Mature	Medium
	Cutters (C)	C5V	Low Quality Running Green Cutters	Unripe	Medium
	Leaf (B)	X5F	Low Quality Tan Flyings	Mature	Thin
	Tip (T)	X5K	Low Quality Variegated Flyings	Mature	Medium
F	Flyings (X) Cutters (C)	C5L X5L	Low Quality Buff Cutters Low Quality Buff Flyings	Mature Mature	Thin Tissuey
R	Flyings (X) Cutters (C) Leaf (B) Tip (T)		Ripe (XND, CND, BND, TND) Unripe (XND, CND, BND, TND) Mature (XND, CND, BND, TND) Immature (XND, CND, BND, TND)		

Elements of Quality							
Leaf Structure	Color	Color Intensity	Finish	Leaf Surface <i>(Smoothness)</i>	Width	Uniformity (%)	Injury Tolerance (%)
Firm	Variegated	N/A	N/A	Wavy	Narrow	60	50
Firm	Running green	N/A	Dull	Wavy	Narrow	60	50
Open	Tan	Pale	Dingy	Wrinkly	N/A	55	60
Firm	Variegated	Pale	Dingy	Wrinkly	N/A	55	60
Firm	Buff	Pale	Dull	Wavy	Narrow	60	50
Porous	Buff	Pale	Dingy	Wrinkly	N/A	55	60
							70
							70
							70
							N/A

Key to Harmonized Grade Marks

The harmonized grade marks for Burley tobacco are symbols that described the leaf group, leaf quality, and leaf color as identified below:

Groups	Qualities	Colors
T - Tips	1 - Choice	L - Buff
B - Leaf	2 - Fine	F - Tan
C - Cutters	3 - Good	R - Tannish-red
X - Flyings	4 - Fair	K - Variegated
ND - Nondescript	5 - Low	V - Running green
		G - Green

Article 3

EFFECTIVITY

These proposed harmonized grades of locally grown leaf tobacco shall take effect upon approval of the NTA Board of Directors.¹

BY THE AUTHORITY OF THE NTA BOARD OF DIRECTORS

¹ Approved per MEMORANDUM CIRCULAR NO. 001 SERIES OF 2018 by the NTA Board of Directors on February 20, 2018. (See pages 5 and 6 of this Manual.)

THE TOBACCO PLANT

Burley

Tips (T):

These leaves grow at the very top of the stalk. Relatively narrow and sharp pointed tip. These leaves are similar to leaf grades but shorter and narrower with a slightly lower degree of maturity and leaf structure than other leaves on the stalk. Tips make up 5% of total plant weight and contain nicotine level of 3.5% to 4%.

Leaf (B):

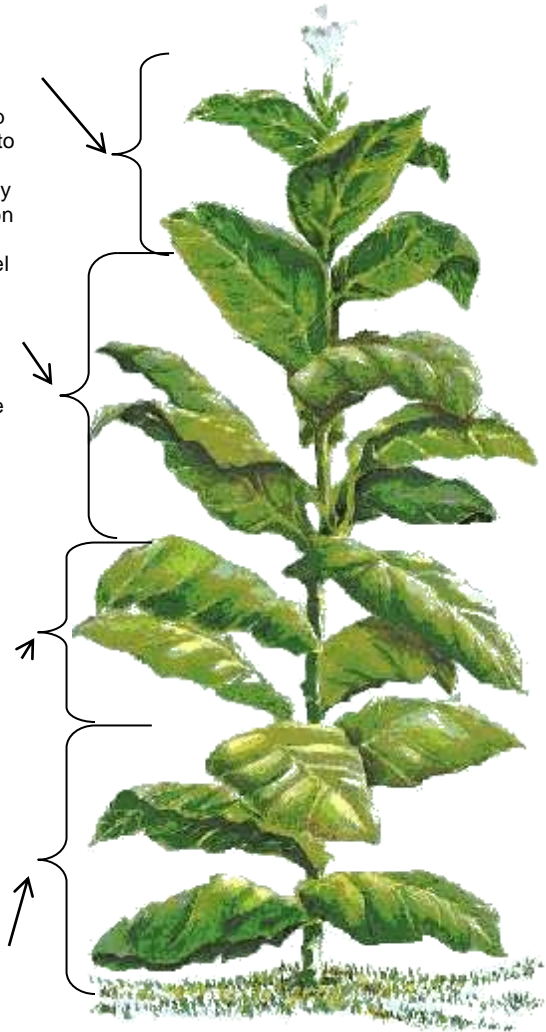
These leaves grow above the midpoint of the stalk. Cured leaves tend to fold concealing the face of the leaf and exposing the stem or midrib. These leaves have a pointed tip, are medium to heavy in body, and are narrower in relation to their length than lugs and cutters. Tan and red leaves make up more than 60% of the total plant weight with nicotine level of 4% to 4.5%.

Cutters (C):

These leaves grow just below the *middle* portion of the stalk. Cured leaves from this stalk position have a tendency to roll, concealing the stem or midrib. These broad leaves have an oblate to rounded tip and are usually thin to medium in body. Less than 25% of total plant weight, with nicotine level of about 3.25% to 22% sugars.

Flyings (X):

These leaves normally grow at the bottom of the stalk. These flat, open faced leaves have blunt or oblate tip. Flyings are relatively thin leaves which show the highest degree of maturity, the most open leaf structure. They may also show injuries, characteristic of leaves grown near the ground. Less than 10% of the total plant weight. Flyings contain nicotine levels of about 2.5%.



More than 2,500 different chemical compounds have been identified in the leaves of *Nicotiana tabacum*, the commercially grown tobacco plant. The most important of these is nicotine, of course. But the various sugar levels found in the plant also play a vital role when different tobacco leaves are blended.

Note: The nicotine and sugars in the leaves will vary according to soil, light conditions, moisture and temperature, as well as stalk position.

Features of the Harmonized Leaf Grades (Virginia Tobacco)

The leaf buyers of Virginia tobacco would go for degrees of elements toward the highest degrees (ripe, thin/medium, open, oily, deep, spread, higher percentage of uniformity and lower percentage of injury and waste) compared to the lowest degrees (immature, heavy, tight, weak, narrow, lower percentage of uniformity, and higher percentage of injury and waste) as stated below.

Elements of Quality and Degrees of Each Element, Virginia Tobacco

Elements	Degrees			
	Highest			Lowest
Maturity	Ripe	Mature	Unripe	Immature
Body	Thin	Medium	Fleshy	Heavy
Leaf Structure	Open	Firm	Close	Tight
Oil	Oily	Lean		
Color Intensity	Deep	Strong	Moderate	Weak
Width	Spready	Normal	Narrow	
Uniformity	*	*	*	*
Injury tolerance	*	*	*	*
Waste tolerance	*	*	*	*

Note: * Uniformity and Injury tolerance are expressed in percentage.

Summary of Standard Grades (72 grade marks)

The proposed harmonized grades for Virginia tobacco had a total of 72 grades where the tips had 15, 21 for leaf, 16 for cutters, 16 for lugs, and four for nondescript as can be seen below:

<u>15 Grades of Tips</u>					<u>16 Grades of Lugs</u>			
T3L	T3O	T3R	T3V	T3K	X1L	X1O		
T4L	T4O	T4R	T4V	T4K	X2L	X2O		
T5L	T5O	T5R	T5V	T5K	X3L	X3O	X3V	X3K
					X4L	X4O	X4V	X4K
					X5L	X5O	X5V	X5K
<u>21 Grades of Leaf</u>					<u>4 Grades of Nondescript</u>			
B1L	B1O	B1R			TND	BND	CND	XND
B2L	B2O	B2R						
B3L	B3O	B3R	B3V	B3K				
B4L	B4O	B4R	B4V	B4K				
B5L	B5O	B5R	B5V	B5K				
<u>16 Grades of Cutters</u>								
C1L	C1O							
C2L	C2O							
C3L	C3O		C3V	C3K				
C4L	C4O		C4V	C4K				
C5L	C5O		C5V	C5K				

Features of the Harmonized Leaf Grades (Burley Tobacco)

Generally buyers of Burley tobacco would desire the highest degrees of elements (mellow/ripe, tissuey/thin/medium, deep, bright, broad, higher percentage of uniformity and lower percentage of injury) compared to the lowest degrees of elements (immature, heavy, solid, dingy, stringy, lower percentage of uniformity and higher percentage of injury) as stated below.

Elements of Quality and Degrees of Each Element, Burley Tobacco

Elements	Degrees				
	Highest		Lowest		
Maturity	Mellow	Ripe	Mature	Unripe	Immature
Body	Tissuey	Thin	Medium	Fleshy	Heavy
Leaf Structure	Porous	Open	Firm	Close	Solid
Color Intensity	Deep	Strong	Moderate	Weak	Pale
Finish	Bright	Clear	Moderate	Dull	Dingy
Width	Broad	Spready	Normal	Narrow	Stringy
Uniformity	*	*	*	*	*
Injury tolerance	*	*	*	*	*

Note: * Uniformity and Injury tolerance are expressed in percentage.

Summary of Standard Grades (58 grade marks)

The proposed harmonized grades for Burley tobacco had a total of 58 grades where the tips had 10, 16 for leaf, 16 for cutters, 12 for lugs and four for nondescript as can be seen below.

	<u>10 Grades of Tips</u>					<u>12 Grades of Flying</u>		
T3F	T3R				X1L	X1F		
T4F	T4R	T4K	T4V		X2L	X2F		
T5F	T5R	T5K	T5V		X3L	X3F		
					X4L	X4F	X4K	
					X5L	X5F	X5K	
	<u>16 Grades of Leaf</u>					<u>4 Grades of Nondescript</u>		
B1F	B1R				TND	BND	CND	XND
B2F	B2R							
B3F	B3R	B3K	B3V					
B4F	B4R	B4K	B4V					
B5F	B5R	B5K	B5V					
	<u>16 Grades of Cutters</u>							
C1L	C1F							
C2L	C2F							
C3L	C3F	C3K	C3V					
C4L	C4F	C4K	C4V					
C5L	C5F	C5K	C5V					

APPENDIX

2018 REVISED RULES AND REGULATIONS GOVERNING THE TRADING AND REDRYING OF LOCALLY GROWN LEAF TOBACCO

Pursuant to the authority vested in the National Tobacco Administration (NTA) by virtue of Executive Order No. 245, Section 32 of Presidential Decree No. 1481, and Section 5, paragraph (c) of Presidential Decree No. 1143, the following rules and regulations governing the trading of locally grown leaf tobacco are hereby promulgated, for the information and guidance of all concerned.

REGULATION I – GENERAL PROVISIONS

Rule. 1. Definition of Terms – As used in these Rules and Regulations:

- a. Accountable Record/Columnar Book (ARCB) – refers to an accountable book assigned to each BS to be used by the NTA Designated Inspector in recording tobacco acceptances and deliveries.
- b. Administrator – refers to the Chief Executive Officer of the NTA.
- c. Branch Office Tobacco Production and Regulation Officers (BO-TPROs) – refers to the branch office employees who are tasked to implement these rules and regulations.
- d. Buying Station (BS) – refers to the place (building or warehouse), including its accessories/facilities, which is used for buying, selling, baling, grading, weighing, paying and/or storing leaf tobacco in accordance with these rules and regulations.
- e. Central Office Tobacco Production and Regulation Officers (CO-TPROs) – refers to the central office employees who are tasked to formulate, recommend and monitor the adoption/implementation of rules and regulations governing the trading of locally grown leaf tobacco.
- f. Certificate of Authority (COA) – refers to a written authority issued to a Viajero to gather/collect/purchase only Dark-air cured type tobacco to and from the Visayas and Mindanao areas.
- g. Certificate of Inspection (COI) – refers to a serially numbered certificate issued by the NTA to BS/BS/WTD/RP/CM/Viajero for the actual inspection of tobacco delivered, accepted and/or shipped/exported.
- h. Cigar/Cigarette Manufacturer (CM) – refers to a local entity engaged in the manufacture of cigars and cigarettes for domestic consumption and exports, and duly licensed by the NTA to purchase leaf tobacco from the WTD/Farmer Cooperators.
- h. Competitiveness Enhancement Fee (CEF) – refers to the fee paid by the CMs for actual purchases of locally grown tobacco to support the production of quality Philippine tobacco.

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- i. Composite Team – refers to a group of NTA officials created by the NTA Administrator with the primary function to review/study and recommend specific modification/action of these rules and regulations and/or the systems and procedures, in coordination with the Regulation Department.
 - j. Deputy Administrator for Operations (DAOP) – the second highest official of the NTA who is tasked to assist the NTA Administrator in the effective enforcement and implementation of these rules and regulations.
 - k. Dry Weight – weight of tobacco after undergoing redrying process.
 - l. Farmer-Cooperator (FC) – refers to a tobacco farmer who has been contracted to produce tobacco by a Licensed Buyer under a Marketing Agreement.
 - m. Farmer Leader (FL) – refers to any person, who must be a contracted tobacco farmer himself/herself, duly designated by a contracting buyer to supervise the members of his/her cluster in the production of their contracted tobacco.
 - n. Field Canvasser – refers to the representative of the Buying Station duly authorized by the NTA to buy tobacco directly from the FC, for and in behalf of the Buying Station.
 - o. Financial Guarantee – refers to a duly notarized written undertaking with performance bond equivalent to the value of the estimated volume of tobacco purchases based on the existing floor price executed by the contracting buyer to guaranty that it is financially qualified and capable and assumes the payment of all the leaf tobacco to be purchased by buyers without MA with farmers.
 - p. Green/Fresh Weight – refers to the farm-gate weight of cured tobacco and without having undergone any further processing.
 - q. License and Authority to Buy – refers to a license issued by the NTA to qualified contracting tobacco buying firm to buy leaf tobacco.
 - r. Manos – refers to a bundle/pack of leaf tobacco containing 100 leaves per bundle/pack.
 - s. Marketing Agreement (MA) – refers to the written contract by and among the NTA, the farmer-cooperator and the tobacco contracting buyer firm or by and between the FC and the contracting buying firm wherein the farmer-cooperator commits to sell his/her tobacco to the latter and the latter commits to purchase all the usable tobacco produce of the former, while the NTA renders technical and marketing assistance to the FC.
 - t. National Tobacco Administration (NTA) – a government agency mandated to administer and regulate the Philippine tobacco industry.
 - u. NTA Board – refers to the policy-making body of the Agency.
 - v. NTA Branch Office (NTA BO) – refers to any of the branch offices of the NTA located at the tobacco-producing provinces and headed by a Branch Manager, which is tasked to implement and enforce these rules and regulations governing the trading of locally grown leaf tobacco.
 - w. NTA Inspector/Grader – refers to an NTA official/employee who had undergone training and gained expertise on tobacco grading and inspection and duly assigned or designated by the NTA Administrator to supervise/monitor the classifying/grading/inspection of leaf tobacco.
 - x. NTA Designated Inspector – NTA personnel who is issued with a designation and authority to conduct actual inspection of all tobacco acceptances and deliveries/shipments.
 - y. Paldo – refers to a bale of leaf tobacco containing 50 to 60 kilograms of leaf tobacco.

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- z. Packed Weight – the weight of tobacco after having been packed which shall further undergo redrying process.
 - aa. Permit and Authority to Purchase – refers to a permit issued by the NTA to WTD and CM to purchase leaf tobacco on wholesale basis from contracting tobacco buyer firm with marketing agreement.
 - bb. Permit and Authority to Redry – refers to a permit issued by the NTA to redrying plant operator to redry/process/thresh/pack leaf tobacco of contracting tobacco buying firm and not an authority for the RP to purchase any tobacco from any tobacco seller.
 - cc. Contracting Tobacco Buyer Firm – refers to the entity that buys tobacco produce of contracted tobacco farmers.
 - dd. Pole Vaulting – An individual or group of tobacco farmer-cooperators with an existing MA to a Buyer Firm (BF) that sells his/her tobacco produce to other tobacco buyer firm/non-contracting BF.
 - ee. Purchase Commitment – is a duly notarized written undertaking with a corresponding performance bond equivalent to the volume committed to purchase based on the existing average floor price issued by the contracting tobacco buyer firm in favor of the NTA to buy or caused to be procured a quantity equal to the estimated purchases of all his/her identified contracted Farmer-Cooperators and to pay liquidated damages to the NTA the amount not less than one hundred percent (100%) of the value of the unpurchased quantity due to any reason, exception case of force majeure.
 - ff. Purchase Invoice Voucher (PIV) – refers to an accountable form that identifies the leaf tobacco purchased by the contracting tobacco buying firm with Marketing Agreement, indicating the name of farmer-seller, source of the tobacco, the weight, grade, total price per grade, total market value of the tobacco sold, time of arrival and payment of the sales proceeds of the tobacco and name and signature of the owner of the Extension Buying Station (BS) operator/authorized representative.
 - gg. Regulation Department (RD) – refers to the department of the NTA which acts as the regulatory arm of the agency.
 - hh. Request for Inspection (RFI) – refers to the written request submitted by the contracting tobacco buyer firm/exporter to NTA for the inspection of every tobacco to be delivered, shipped, accepted, redried, and exported.
 - ii. Redrying Plant (RP) – refers to a company duly licensed by the NTA to redry, process, thresh and/or pack leaf tobacco.
 - jj. Tabo System – refers to the leaf tobacco trading system, conducted thru an auction, at a designated place within a municipality within the Visayas and Mindanao areas.
 - kk. Tally-In-Sheet (TIS) – refers to an NTA prescribed Form used by WTD/RP/CM for every tobacco purchased/redried.
 - ll. Tally-Out-Sheet (TOS) – refers to an NTA prescribed Form used by BS/WTD/RP for every tobacco delivered/shipped.
 - mm. Tobacco Contract Growing System (TCGS) – is a market-oriented production system that assured the tobacco manufacturer and exporter of the volume and quality of tobacco they need; and, at the same time, assures the farmers of the technology, production assistance, technical assistance, from seedbedding to delivery of produce, ready market, proper grading, accurate weighing and better prices for their produce,

including incentives for good performance, like production quota, 100% delivery, prompt repayment and high nicotine, among others.

- nn. Tobacco Farmer – refers to a person whose stock of leaf tobacco is the product of the land tilled by him. He may be a self-financed or buyer firm/NTA financed.
- oo. Tobacco Leaf – locally produced material which is used in the manufacture of cigarettes and cigars consisting of three (3) types: a) Virginia; b) Burley; and c) Native, which undergoes flue-curing, air curing or dark-air curing, respectively.
- pp. Trading Rules and Regulations (TRR) – refers to the approved rules and regulations governing the trading, wholesale, and redrying of locally grown leaf tobacco.
- qq. Viajero – refers to a leaf tobacco buyer, who buys native/dark type of leaf tobacco directly from the tobacco farmer-producer and sells, delivers, transports and ships the same to other barangay/s, municipality/ies, province/s or other leaf tobacco buyers within the Visayas and Mindanao areas.
- rr. Wholesale Tobacco Dealer (WTD) – refers to the tobacco company which, under a purchase commitment and financial guaranty, commits to purchase all the leaf tobacco bought by the licensed contracting tobacco buyer firm on a Wholesale Basis contracted under the Marketing Agreement.

REGULATION II – JURISDICTION AND GENERAL FUNCTIONS

For the effective enforcement of these Rules and Regulations:

Rule 1. The NTA Board of Directors shall:

- a) Adopt policies in the promulgation of appropriate leaf tobacco trading rules and regulations in consultation with the management; and
- b) Adopt policies in the promulgation and prescription of tobacco grade descriptions/ classifications and floor prices.

Rule 2. The NTA Administrator shall:

- a) Approve Licenses and Authority to Buy for tobacco buyers from its contracted farmer cooperators and Permit and Authority to Purchase/Redry after compliance with the requirements prescribed under these rules and regulations.
- b) Primarily responsible for the proper, effective and efficient implementation of the trading rules and regulations, particularly, on the rules relating to the proper classification and grading, accurate weighing, prompt payment and proper documentation of tobacco acceptances; and
- c) Prosecute criminal offenses and impose appropriate administrative sanctions and/or fines to erring WTD/RP/contracting tobacco Buyer Firm/Viajero/Farmer Cooperators for violations of the herein trading rules and regulations.

REGULATION III – NTA LICENSE TO ENGAGE IN THE TRADING OF LEAF TOBACCO BY BUYING STATIONS AND FIELD CANVASSERS

Rule 1. Who May Apply for License and Authority to Buy Leaf Tobacco – Only person of legal age and having the legal capacity to enter into contract, a corporation, partnership,

company, cooperative, or any other juridical entity, and duly licensed to do business in the Philippines may apply for a License and Authority to Buy, subject to the provisions of Rules 3 and 4, hereof, and after paying the required processing and licensing fees, the amount of which shall be computed on the basis of the average volume of tobacco purchases/acceptances for the last three (3) trading seasons or estimated production of his/her contracted FCs for the trading season/year applied for, whichever is higher.

The amount to be paid for the processing and licensing fees shall be determined in accordance with the following table, to wit:

Volume of Tobacco Purchased/Accepted	Amount
A. For Virginia or Burley Tobacco	
250,000 kilograms and below	PhP9,500.00(*)
250,001–350,000 kilograms	11,500.00
350,001–450,000 kilograms	13,500.00
Above 450,000 kilograms	15,500.00
B. Native/Dark Leaf Tobacco	
250,000 kilograms and below	PhP3,000.00(*)
250,001– 350,000 kilograms	4,000.00
350,001– 450,000 kilograms	4,500.00
Above 450,000 kilograms	5,500.00

(*) covers new applicants

In addition to the above fees, the BS shall likewise pay for the Certificate of Authority for its duly designated Field Canvassers at the following rate:

Volume of Acceptances	Fees
2,000kg and below	P1,500.00*
2,001-20,000 kg	2,900.00
20,001-40,000 kg	4,300.00
40,001-100,000 kg	6,500.00
100,001-250,000 kg	8,000.00

* applicable to new applicants

Provided, that a Field Canvasser shall not be authorized to purchase tobacco from the FCs in excess of the maximum limit as provided above, otherwise, they shall be treated as a buying station and shall comply with the requirements as such. The Certificate of Authority shall be valid for the NTA branch office where the application was filed, hence, a Field Canvasser shall be required to apply for another Certificate of Authority in case it shall operate to other areas within the jurisdiction of other NTA branch office/s.

Rule 2. Where and When to File Application for License and Authority to Buy Tobacco

– Application for license and authority to buy/certificate of authority shall be filed with the NTA Administrator, through the NTA BO concerned where the contracting tobacco buyer firm operates. In case of provinces/regions with no NTA BO, the application may be filed with the

NTA Administrator, through the RD, by means of on-line application or any mode of available and fastest way of communication. It shall be filed on or before the following dates:

- | | | |
|-------------------------|---|-------------|
| 1. Virginia Type | – | January 15; |
| 2. Burley Type | | |
| a. Region I and Mindoro | – | January 15; |
| b. Region II | – | January 31; |
| 3. Native Type | | |
| a. Regions I and II | – | January 31; |
| b. Visayas/Mindanao | | |
| b.1 First Cropping | – | January 15; |
| b.2 Second Cropping | – | June 30. |

If the last day of filing of application falls on a Saturday, Sunday or Holiday, the last day of filing is deemed moved to the next working day. In case of unavoidable circumstances, the deadline set above may be changed through a Memorandum Circular to be issued by the NTA Administrator.

A surcharge of fifty percent (50%) of the annual License/Permit Fee shall be assessed for applications filed after the deadlines set.

Rule 3. Requirements to Support the Application for License and Authority to Buy Leaf Tobacco – An application (**NTA-RD-Form No. 001-A rev 02**) for the issuance of a License and Authority to Buy leaf tobacco, shall be supported by the following:

1. Application form (**NTA-RD-F-001 rev 01**) properly accomplished;
2. Information sheet (**NTA-RD-F-002 rev 01**) of the buying station operator;
3. Designation Order (**NTA-RD-F-003 rev 01**) from the principal buyer/corporation, as the duly authorized operator of such trading center, if trading center is a corporation or operates under the corporate name of a principal buyer;
4. Photocopy of Articles of Incorporation/By-Laws, if the applicant is a corporation (NEW APPLICANT ONLY);
5. Clearance (**NTA-RD-F-004 rev 01**) from the Branch Office, as to where the BS/WTD/RP/Viajero is located and as to the payment of R&R fees and other obligations;
6. Photocopy of audited financial statements and/or Income Tax Returns of the buying station operator or the corporation, for the two (2) past preceding calendar/fiscal year (IF NEW APPLICANT) (IF RENEWAL CURRENT/LATEST FINANCIAL STATEMENT);
7. Duly notarized Purchase Commitment (**NTA-RD-F-014 rev 02**) and Financial Guarantee (**NTA-RD-F-005 rev 02**) with Performance Bond;
8. List of Farmer-Cooperators (**NTA-RD-F-006 rev 02**) under its Marketing Agreement, including their personal circumstances (age, civil status, address), area and location of the parcel of land where tobacco shall be grown, as well as their estimated production;
9. Names and Duly Notarized Designation Letters of Field Canvassers and the specific area/s they intend to purchase tobacco from FCs contracted by their principal Buying Station.

10. List of contracting tobacco buyer firm (**NTA-RD-F-006-A rev 01**) where he/she will sell/deliver his/her leaf tobacco acceptances;
11. Vicinity/location and floor plan of the buying station, indicating its total area, location and dimension of the different service areas (FOR NEW APPLICANT ONLY);
12. Photocopy of the Mayor's Permit for the current year or proof of payment (O.R.) issued by the municipality/city where the buyer applied for a Mayor's Permit; (IF APPLICANT FILES ON DECEMBER OF THE CURRENT YEAR THE MAYOR'S PERMIT OF THE CURRENT YEAR WILL SUFFICE);
13. Photocopy of Official Receipt of Registration Fee for attendance to the Orientation Seminar conducted by the NTA; and
14. Photocopy of preceding year's License and Authority to Buy Leaf Tobacco (**NTA-RD-F-033**) (FOR RENEWAL ONLY).

Rule 4. Evaluation of Application and Issuance of License and Authority to Buy Leaf Tobacco – The BO shall pre-process the application upon receipt of the full payment of the corresponding processing/licensing fees. If the supporting documents are complete, the BO shall endorse the application to the DAOP, thru the RD within five (5) working days from receipt of the application, for further verification and evaluation.

If the application is found in order, the RD shall prepare the License and Authority to Buy Leaf Tobacco and recommend the same, thru the DAOP, for the approval of the NTA Administrator. Immediately upon the approval of the License to Buy, the RD shall issue the license and authority to buy to the Applicant, through the Branch Office concerned.

Rule 5. Validity of License and Authority to Buy – The License shall be valid only for each type of tobacco applied for and does not authorize the contracting tobacco buyer firm to purchase other tobacco types and shall be valid for a period of one (1) tobacco trading season, which shall be as follows:

- | | |
|---|---------------------------|
| A. Virginia/Flue-Cured leaf tobacco | – January 15 to June 30 |
| B. Burley/Bright Air-Cured Leaf Tobacco | |
| Region I | – February 1 to July 31 |
| Region II | – April 1 to September 30 |
| Visayas and Mindanao | – June 1 to December 31 |
| C. Native/Dark Air-Cured Leaf Tobacco | |
| Region I | – March 1 to December 31 |
| Region II | – April 1 to December 31 |
| Visayas and Mindanao | |
| 1) First Cropping | – February 1 to May 31 |
| 2) Second Cropping | – July 1 to December 31 |

Opening and closing of trading operations shall be simultaneous to all contracting tobacco buyer firm. However, opening and closing of trading operations earlier or later than the aforesaid period may be undertaken upon filing of written request at least ten (10) working days by the tobacco contracting buyer firm and duly approved by the NTA Administrator, provided, that early or late closing should not be undertaken beyond fifteen (15) days before or after the official trading period as aforesated.

REGULATION IV – TOBACCO TRIPARTITE CONSULTATIVE CONFERENCE

Every two (2) years, except, in cases when unforeseen and extraordinary circumstances surrounding the tobacco industry occur, the setting of floor prices for all types of locally grown leaf tobacco is being conducted by the NTA, to protect the tobacco farmer-producers and to keep abreast with the varying tobacco market and price conditions/situations. The objective of this Regulation is to ensure and guarantee a 25% fair return of the investments made by the tobacco farmer-producer in the production of tobacco.

Rule 1. Pre-Consultative Tripartite Conference Procedure – The RD, in coordination with the Farm Technology and Services Department (FTSD), shall review the Cost of Production (COP) and other data from the last tripartite conference and shall recommend the proposed NTA Floor Prices, per tobacco type, per grade, for approval of the Administrator, thru the DAOP. The NTA shall invite selected farmer leaders-representatives NAFTAC Officers to a scheduled date of conduct of Tripartite Consultative Conference.

Rule 2. Conference Proper Procedure – The NTA shall be in charge in the conduct of the conference, with the RD Department Manager as the facilitator and the Administrator as the Moderator. The following procedures shall be observed in the following order:

- a. The Farmers Group through their designated spokesperson shall present their position paper and the proposed COP;
- b. The Buyers Group through their designated spokesperson shall render a rebuttal on the Farmers' Group presentation;
- c. The Farmers' Group and Buyers' Group shall make further rebuttals and sur-rebuttals as may be allowed until all issues and questions are resolved and that both groups are agreeable to a common COP, taking into consideration the following:
 - 1) Formula to be used in the determination of Floor Price increase;
 - 2) Yield per hectare;
 - 3) Percentage Grades of Distribution; and
 - 4) Method of computations
 - 4.1 Cost of Production.
- d. The Buyers' Group and the Farmers' Group, with the conformity of the NTA, shall then agree to set the new floor prices, per type and per grade for the ensuing trading season (at least two years).

In case of disagreement, the NTA shall present to the participants its computed cost of production.

Rule 3. Signing of the Memorandum of Agreement – Immediately after the determination of the agreed floor prices, the parties and the NTA shall execute and sign the Memorandum of Agreement, per tobacco type (NTA-RD-F No. 32, 32-A and 32-B VT, BT, and NT, respectively). The fact that the MOA is not signed by any one or all of the parties shall not be a bar for its implementation.

Rule 4. Confirmation of the New Floor Prices by the NTA Governing Board – The NTA Administrator shall submit to the NTA Governing Board the proposed new floor prices together with the implementing Memorandum Circular for confirmation. The approved new floor prices and the Memorandum Circular shall be published in a newspaper of general circulation and filed with the Office of the National Administrative Register (ONAR), UP Law Center.

Rule 5. Effectivity of New Floor Prices – The approved new floor prices shall become effective for two (2) trading seasons starting with the immediately succeeding tobacco trading season and the next tobacco season and thereafter shall be subject to continuing review/revision.

REGULATION V – TRADING OF LEAF TOBACCO

Rule 1. The Following Are Qualified to Buy Leaf Tobacco:

- a. Any person, who is engaged in tobacco contract growing and duly licensed and issued with License and Authority to Buy by the NTA, may purchase leaf tobacco from his/her identified contracted FCs; and
- b. The NTA, in case of abnormal market conditions/contingencies in accordance with Rule 6 of this Regulation from contracted FCs whose contracted buyer failed to purchase their contracted tobacco using the performance bond issued by the defaulting contracting tobacco buyer firm.

Rule 2. Time, Place and Duration of Trading – The buying of leaf tobacco at the BS shall be from 8:00 a.m. to 5:00 p.m., Monday to Friday, except, if any of the said days is declared as an official holiday. However, the buying at the BS outside the official working day may be allowed upon written request by the BS operator filed at least twenty-four (24) hours prior to the conduct of such operations, and duly approved by the BO Manager concerned.

If in case trading operation extends beyond the official business hours or working days, there shall be a designated NTA inspector to supervise the trading operations. In which case the concerned BS Operator shall be responsible for the payment of overtime pay for the services rendered by the NTA Designated Inspector, the BO concerned shall adopt a scheme in the assignment of inspectors to undertake overtime services to supervise the trading operations beyond the official business hours or outside the official working day/s.

Notwithstanding any provision of these rules and regulations to the contrary, a FL who is duly authorized by the contracting buyer firm may be allowed to collect/gather/deliver the contracted tobacco of other FCs under his/her cluster under the following circumstances, to wit:

- a. In remote areas or places where FCs find great difficulty in transporting their contracted tobacco to the nearest trading center; or

- b. In a province where there is no buying station (BS) actually operating.

Rule 3. Location and Use of the Buying Station (BS) – The BS shall be located in a place adjacent to a street or thoroughfare, permitting easy access to it by the farmer-producer/seller. The BS warehouse/building shall be used solely for leaf tobacco trading. Other business activities conducted within the premises of the BS may also be allowed, provided, such activities will not in any way, hamper/obstruct the regular tobacco trading operations.

Rule 4. Requirements Before Buying – Before buying leaf tobacco, a BS shall:

- a) Make available all the prescribed trading forms, such as PIV, duly registered with the BIR, Purchase Books and TOS;
- b) Submit to the NTA BO, the name/s and facsimile signature/s of the BS operator/manager, his/her tobacco grader/s, weigher/s, and the BS official, if any, who may be authorized/designated by the BS operator, to sign in his/her behalf;
- c) Put up in front of the BS, a signboard measuring 3 feet x 6 feet containing the name and address of the BS, the corresponding NTA license number, its regular business hours and days of trading (e.g., “Open for business 8:00 a.m. to 5:00 p.m., Monday to Friday,” and other information which the BS operator may opt or decide to include;
- d) Display conspicuously inside the BS, the NTA duly approved and certified samples of leaf tobacco that should meet/approximate the standard and specifications/descriptions of each official grade/s, as prescribed by the NTA, and shall be kept in an appropriate display board that is visible to the public and should be changed every fifteen (15) days, or earlier, in case of sudden deterioration or change of the quality of the samples, particularly, in the color, thereof;
- e) Install weighing scale/s that is scientifically calibrated and sealed by the NTA BO-deputized inspector/calibrator;
The installed weighing scale/s shall be inspected and calibrated annually by the NTA, in collaboration with, the Department of Science and Technology (DOST), and periodically be monitored by NTA calibrators/TPROs, as to the accuracy of such weighing scale/s, at least twice during the trading season.
- f) Exhibit the original copy of the NTA-issued License and Authority to Buy leaf tobacco in a conspicuous place within the premises of the BS;
- g) Hire sufficient number of BS personnel to accomplish the NTA-prescribed trading forms in accordance with these rules and regulations;
- h) Provide permanent/adequate space for the NTA bulletin/billboard/s, in a conspicuous place, within the premises of the BS; and
- i) Undergo annual orientation seminar on the TRR, which shall be conducted by the RD, to be assisted by the concerned NTA BO.

Rule 5. Trading of Leaf Tobacco Under the Tobacco Contract Growing System (TCGS) Production and/or Marketing Agreement

- a) Tobacco production and/or marketing arrangement entered into by and between the tobacco farmer and buyer must be covered by a duly notarized written contract or Marketing Agreement (MA) (*NTA-RD F 007 rev 01*).

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- b) All tobacco areas of a contracted FC and even the nearest of kin within the first degree of consanguinity or affinity are not allowed to be contracted/covered by any two (2) or more different tobacco buyers.
 - c) The contracted tobacco buyer firm (BF) shall buy the tobacco produce at current prevailing market prices. However, the prevailing buying prices shall not be lower than the tobacco floor prices per grade set by the NTA. The tobacco buyer may provide additional incentives to farmer-cooperators (FCs) to motivate good performance, to include good agricultural practices, productivity, quality, grading, delivery, repayment performance and non-tobacco related materials, among others, provided that the amount of any incentives or subsidy shall be on top of and shall not be part of the buying prices as appearing in the PIVs.
 - d) All leaf tobacco under this program shall be personally delivered by the FC to the BS/WTD with whom he/she has entered into an MA, and shall be accompanied by the NTA TPRO assigned and/or shall be gathered/collected/delivered by the authorized cluster FL to the contracting Buyer Firm who correspondingly issue PIV to the FCs/FLs.
 - e) After the weighing and grading of the tobacco delivered by the FC, the BS operator shall issue immediately to the FC the farmer's copy of PIV/computer printout for the purpose of payment of the sales proceeds of his/her leaf tobacco produced/sold.
 - f) The contracting buyers' cashier shall deduct from the sales proceeds of the leaf tobacco sold, the amount of tobacco production assistance (including interest and service fee) due to the NTA/contracting buyer, in accordance with the schedule of loan repayment and shall remit within 24 hours to the NTA/buyer firm the collected production assistance from FCs.
 - g) All FCs who have availed of any tobacco production assistance from the NTA and/or from the contracting buyer shall properly maintain and carry his/her record book at all times for reconciliation and validation purposes.
 - h) The contracting tobacco buyer firm shall not buy/accept tobacco from farmers contracted by other Buying Station. Likewise, a BS-financed FC shall not deliver/sell his/her contracted tobacco to any other BS/WTD with which he/she has not entered into an MA.

Any violation of the provision/s of the MA shall be subject to the provisions of Regulation XIV, hereof, without prejudice to the filing of any appropriate case/s by the aggrieved party to protect, preserve and/or promote their interest under the circumstances.

Notwithstanding the foregoing, any self-financed tobacco farmer may be allowed to produce tobacco with or without a market tie-up; Provided, that he/she shall be solely responsible for himself/herself and shall free the NTA or any of its officers/employees of any obligation/liability in the event that his/her produce will not be bought. For this purpose, a self-financed tobacco farmer refers to a farmer whose name is not included in the list of FCs submitted to the NTA by the Buying Stations.

Rule 6. Classification of Tobacco – The FC shall deliver/sell his/her contracted tobacco produce to his/her contracted tobacco buyer firm/WTD, properly bundled/baled and classified

in accordance with the prescribed grading and classification standards prescribed by the NTA.

However, for cigar-filler type tobacco, the FC may deliver/sell his/her contracted tobacco produce in sticks, for fermentation purposes.

Rule 7. Procedure in the Grading of Tobacco – The grading of the leaf tobacco shall be done in the presence of the FC, and the appropriate grade/s shall be in accordance with the grade/classification prescribed by the NTA. The set of the NTA-approved and certified leaf tobacco samples displayed at the BS shall be used as basis in determining the proper grade.

Issues that may arise between the contracting buyer and FC with respect to grading and classification shall be subject to mediation and arbitration proceedings under Regulation XIII, hereof.

Rule 8. Order of Buying/Acceptance – Buying/acceptance of tobacco shall be attended strictly on a “first come, first serve” basis. It shall be recorded chronologically in the incoming logbook of the BS and the ARCB (*NTA-RD-F 010 rev 01*) of the NTA Designated Inspector/TPRO.

Rule 9. Weighing of the Leaf Tobacco – The leaf tobacco shall be weighed on a duly calibrated weighing scale installed by the BS. Weighing of leaf tobacco shall be done in the presence of the FC/BS.

Rule 10. Determination of Net Weight – The net weight of the leaf tobacco, which shall be the basis of payment, shall be determined by deducting the weight of the baling material/s, which is equivalent to two (2) kilos, if it is a jute sack. If appropriate, the “open-baling system” is recommended. The use of plastic sacks or sticks shall no longer be allowed.

For cigar-filler type sold in sticks, the net weight of the leaf tobacco shall be determined by deducting the weight of the sticks, which is equivalent to 5% of the total weight of 100 sticks.

Rule 11. Pricing of Leaf Tobacco – The leaf tobacco shall be bought at the current prevailing market prices but not lower than the prescribed floor price corresponding to a particular grade, as agreed upon in a Tobacco Tripartite Consultative Conference.

Rule 12. Procedure in the Documentation and Recording of Tobacco Acceptances and Deliveries of the BS – During the tobacco trading operations, there shall be NTA Designated Inspector/TPROs to supervise and monitor the tobacco acceptances of the BS and deliveries to WTD.

An RD-Controlled ARCB (*NTA-RD-F010 rev 01*) shall be assigned for each BS to be used by the NTA Designated Inspectors/TPROs to record all tobacco acceptances of the BS concerned. The ARCB should indicate the following information, to wit: (1) date; (2) time of arrival; (3) name of seller; (4) address of seller; (5) volume of acceptance; (6) source/s of tobacco; (7) name and signature of the NTA Designated Inspector and BS representative; and (8) remarks.

At the end of the business operations for the day, the ARCB shall be closed and signed by the NTA Designated Inspector and witnessed/attested by the BS representative to be turned

over to the next NTA Designated Inspector who shall likewise record all transactions after the closing of the ARCB by the preceding inspector.

In case the tobacco are purchased within the jurisdiction of a particular NTA BO and are directly delivered to another province or area of jurisdiction of another NTA BO, the place of delivery shall be responsible in the recording of the acceptance in the ARCB, provided, however, that the place of origin is clearly indicated. Likewise, the processing of the shipment documents, i.e., RFI and Request for Local Permit to Transport/Special Permit to Buy (**NTA-RD-F 011 rev 01**), COI/PTT (**NTA-RD-F 011-A rev 01**), which shall be undertaken at the place of origin. The COI/PTT shall be accomplished in triplicate copies to be distributed as follows:

- Original – Applicant
- Duplicate – Branch Office
- Triplicate – Regulation Department

In the absence of BS, all tobacco deliveries made by FC to a nearby BS must be supported by COI, duly signed by the designated TPRO/Agriculturist assigned to accompany the delivery and the FC and the basis of preparation of PIV by the BS.

Rule 13. Purchase Invoice Voucher (PIV) – Every leaf tobacco purchased from a tobacco farmer-cooperator shall be covered by a PIV that is duly registered with the BIR as inspected and verified by the NTA. Upon, acceptance, the BS operator shall immediately accomplish the PIV in triplicate copies and issue the same as follows:

- Original – Farmer-Cooperator
- Duplicate – Buyer
- Triplicate – NTA-BO/RD

In case the BS, which uses digital/computerized-weighing scales would not be able to immediately issue the PIV, the computer printout, if it is serially numbered and complies with the NTA-prescribed PIV form, shall be the one to be distributed in accordance with paragraph 1 hereof, subject to the accomplishment of the PIV form to be submitted not later than seven (7) days from date of purchase.

The same computer printout, duly reconciled with the ARCB, may be used as basis in the computation of volume of tobacco acceptances for the purpose of billing of R&R fee.

The PIV shall indicate the name of the BS, its business address, BIR registration number, name of tobacco farmer/cooperator whoever personally delivered/sold the tobacco produced to the BS, date of transaction, source of the tobacco, as to barangay, municipality and province, grade/s of the tobacco, gross weight and the corresponding deduction/s, if any, net weight of each grade, the corresponding buying price, per kilogram, for each grade, the purchase value for each grade, the total purchase value for the grades, name and signature of the BS operator/Representative, the time of its arrival at the BS. However, cash incentives or fertilizer subsidies given to the FCs shall be on top of the buying prices as appearing in the PIVs.

To avoid delays in the issuance of PIVs due to reconciliation of grades, the data contained in the computer printout issued earlier by the buyer firm shall be the same grade/data that may be used and the NTA BO shall do the reconciliation upon receipt of the PIVs.

During the trading operations, the NTA trading official/employee shall immediately, but not later than seven (7) days from the date of purchase, gather/collect the PIVs used by the BS and submit the same to the NTA BO for chronological recording in the Purchase Book of the following information data:

- Date of transaction
- Serial number/s of the PIV
- Name of Farmer-Cooperator
- Source of the tobacco (Barangay, Municipality, Province)
- Volume, grade and value of the leaf tobacco

Rule 14. Permit to Transport – For NTA BOs which require the issuance of a Permit to Transport [**NTA-RD-F 011-A (National)/011-B (Local)**], in addition to the COI/PTT (**NTA-RD-F-011 rev 01**), all BS/BF/FL shall secure a Request for Inspection/PTT (**NTA-RD F-011 rev 1**) from the NTA BO concerned such permit for every tobacco to be delivered to another area of jurisdiction other than the BS/BF/FLs registered province/area of operation or for exportation. The permit shall indicate the volume and source of tobacco, place of destination and name of FC and contracting tobacco buyer firm/BF/FL and shall serve as a gate pass to be presented at the designated tobacco inspection points.

Rule 15. Supervision and Enforcement – During the leaf tobacco trading season, the Administrator and/or his/her authorized representative shall designate and assign a Roving Team to oversee the effective and efficient enforcement/implementation of these trading rules and regulations at the BS level, particularly, on the proper grading, proper weighing, prompt payment, and proper documentation of leaf tobacco acceptances.

Rule 16. Specific Prohibitions in the Trading of Leaf Tobacco – The following or similar acts or circumstances are considered prohibited in the trading of locally grown leaf tobacco, to wit:

- a) Buying and selling outside the period provided in Regulation III hereof, unless with prior written approval from the NTA;
- b) Buying and Selling of tobacco by and among Farmer Leaders;
- c) Selling and buying tobacco without license from the NTA;
- d) Buying and selling of tobacco between or among BS;
- e) Selling and delivering tobacco directly from BS directly to CM;
- f) Buying and selling of tobacco with non-tobacco related materials (NTRMs);
- g) Buying/accepting/selling of unclassified tobacco at the BS, except for cigar-filler type tobacco for fermentation purposes;
- h) Spraying of water on leaf tobacco, except for cigar-filler tobacco, provided it is within the acceptable/recommended percentage of moisture content of not more than 18%;
- i) Deducting shrinkage allowances or handling losses;
- j) Delivering tobacco from BS to WTD/RP or from WTD/RP to CM/Export Market without NTA inspection;
- k) Buying directly from tobacco farmers except with marketing agreement;

- l) Selling and buying of tobacco between WTDs;
- m) Buying of tobacco by RPs;
- n) Delivering of tobacco by BS to WTD more than its acceptances based on the estimated volume of production of its contracted FCs;
- o) Delivering of tobacco by FC more than 100% his/her expected volume of Individual or Cluster production based on the actual area planted as recorded by the concerned NTA BO;
- p) Buying of leaf tobacco directly from FCs by CMs without NTA License and Authority to Purchase; and
- q) Buying and accepting tobacco by the BS/BF more than the estimated maximum volume of production as per submitted list of contracted farmers and area planted, without a Special Permit to Buy.

REGULATION VI – PAYMENT OF TOBACCO

Rule 1. Manner of Payment – All leaf tobacco purchased by BS shall be paid in cash/ATM Card. Payment in the form of check shall be allowed, provided that there is a bank or other facility for encashment within the province where the BS is located, and that such mode of payment is acceptable to the FC.

Rule 2. Time of Payment – The BS shall pay the FC, immediately after the grading and weighing of the delivered leaf tobacco. However, if payment cannot be made promptly due to fortuitous event or circumstances beyond the control of the BS, payment shall be made within forty-eight (48) hours, after the normal conditions are restored.

Rule 3. Place of Payment – The place of payment shall be at the BS. Payment in a place other than the BS may be allowed, if the payment cannot be effected at the BS by reason of the deterioration of the peace and order conditions in that place or any other cause beyond the control of both parties. No payment shall be effected in any bar/disco house or drinking establishment, gambling or other similar places.

REGULATION VII – LICENSING OF “VIAJEROS”

Rule 1. Native/dark leaf tobacco trading by the viajeros in the Visayas and Mindanao Areas can only buy native/dark leaf tobacco type – Before buying leaf tobacco, a “viajero,” shall secure a COA by filing the properly accomplished prescribed application form with the NTA-authorized TPROs deployed in their respective provinces/municipalities concerned, and pay the corresponding processing and registration fees, in the amount to be determined by the NTA.

The COA, shall be valid for one (1) trading season, the period of which shall be in accordance with the provision of Rule 5 of Regulation III hereof. If the “viajero” intends to buy leaf tobacco in Luzon, Rule 1 of Regulation III shall apply.

Only NTA-licensed “viajeros” are allowed to buy leaf tobacco directly from the tobacco farmer-producers within the province/s as indicated in his/her Certificate of Authority issued by NTA, subject to the following rules:

- a) The copy of COA shall be carried personally by the “viajero” at all times, when buying/selling native/dark leaf tobacco.
- b) Buying of tobacco may be in “manos” or “paldos,” provided, that there shall be a corresponding equivalent volume in kilos of the “manos” or “paldos” which shall be properly indicated in the COP to be issued by the “viajero,” to the native/dark leaf tobacco farmer-producer/seller.
- c) The tobacco farmer-producer/seller shall be paid within 24 hours after the consummation of the sale or before the delivery/release of the tobacco from his/her bodega/storage.
- d) The “viajero” shall secure a Certificate of Inspection/Permit to Transport (**NTA-RD 11a rev 01**) from the NTA Authorized TPROs deployed in their respective provinces/municipalities, before transporting any leaf tobacco purchased, to other barangay, municipality or province, indicating therein that the corresponding Research & Regulation fees for the native leaf tobacco purchased, are fully paid to the NTA Authorized TPROs, which shall issue the corresponding official receipt/s.
- e) The “viajero” shall not buy leaf tobacco produced by a tobacco farmer-producer covered by a tobacco contract growing project supervised by the NTA.

Rule 2. “Tabo System” of Tobacco Trading – Buying and selling of native leaf tobacco under a “tabo system” shall follow the rules stipulated herein:

- a) Any local government unit (LGU) which operates or intends to operate a tabo system of native/dark leaf tobacco trading shall notify the NTA through the Authorized TPROs concerned, by providing the following data/information:
 - 1) Copy of the Resolution of the Sangguniang Bayan/Barangay concerned to operate a “tabo system” for native/dark leaf tobacco trading;
 - 2) Location plan of the place/s where the “tabo system” shall be conducted;
 - 3) Floor plan of the building, indicating its total area, location and dimension of the different service area/s; and
 - 4) Designated day/s and time of “tabo” native/dark leaf tobacco trading.
- b) Native/dark leaf tobacco farmer-producer/s and NTA-licensed native/dark leaf tobacco buyers “viajeros” shall be allowed to participate in the “tabo system” of native/dark leaf tobacco trading.
- c) During the designated day/s and time of “tabo system” of native/dark leaf tobacco trading, an NTA official/employee and/or a Roving Team shall be assigned to oversee the trading activity/ies thereat.
- d) The native/dark leaf tobacco purchased/auctioned thereat shall be properly weighed on a duly-calibrated weighing scale in the presence of the tobacco farmer-producer and NTA Roving Team/Authorized TPROs, who, thereafter, issue a Certificate of Inspection and the corresponding official receipt for the payment of the Research & Regulation fees.

REGULATION VIII – RESEARCH AND REGULATION FEES

Rule 1. Research & Regulation Fee – A Research & Regulation (R&R) fee, at the rate of P0.50, shall be paid for every kilogram (farm-gate weight) of leaf tobacco purchased/accepted by the contracting BSs, with no shrinkage allowance to be deducted therefrom. The R&R fee herein provided may be increased in consultation with the stakeholders of the tobacco industry.

Rule 2. Additional R&R Fee – An additional R&R fee of P0.95, for every kilogram of locally grown leaf tobacco delivered by the contracting tobacco buyer firm/WTD to local cigarette/cigar manufacturers shall be paid by the CMs to the NTA based from the billing issued by RD.

Rule 3. The Basis of the R&R Fees – The basis of the R&R fees shall be the total monthly acceptances/purchases of leaf tobacco, as recorded in the ARCB, as reconciled with the PIV, whichever is higher.

In case the “Viajero” does not have any BS tie-up, within twenty-four (24) hours after issuance of COP to the farmer seller/s, shall correspondingly pay the R&R fees of the total volume purchased based from his/her issued COP to the concerned NTA BO-authorized TPROs.

Rule 4. Billing and Collection of R&R Fees – The BO Manager shall be responsible for the billing and collection of the R&R fees on or before the 10th day of the month following the month of purchase/acceptance of the leaf tobacco.

Rule 5. Payment of R&R Fees – The BS shall pay the R&R fees to the BO where such BS is operating/located within three (3) days from receipt of the notice. Late payments of R&R Fees shall be subject to the provisions of Regulation XIV hereof.

Rule 6. Remittance of R&R Fees – All collection on R&R Fees and penalties, if any, shall be deposited by the concerned BO to the NTA Central Office’s On-Line Bank Account, in accordance with the generally accepted principles of accounting and auditing standards.

Rule 7. Authorized Collecting Agent (Vis-Min) – In the case of provinces without existing NTA BO, the billing, collection, and remittance of R&R fees herein provided shall be undertaken by the NTA-authorized TPROs, and shall correspondingly issue an O.R. for every collection made and immediately deposit to the NTA On-Line Bank Account.

REGULATION IX – TRADING AND DELIVERY OF LEAF TOBACCO BY WHOLESALE TOBACCO DEALERS (WTDS)

Rule 1. Who May Engage in the Purchase of Leaf Tobacco – Any person may apply for a “Permit and Authority to Purchase” from the NTA, through the BO, upon full payment of the processing and license fee of Sixteen Thousand Two Hundred Pesos (PhP16,200.00), per tobacco type, per province, and submission of the following requirements:

a) Duly accomplished Application Form (**NTA-RD-F No. 001 rev 01**);

- b) Duly notarized Certificate of Financial Guarantee (**NTA-RD-F No. 005 rev 02**) with performance bond of duly licensed BSs that shall operate under its Purchase Commitment and the duly authorized signatories in all trading documents;
- c) Purchase commitment (**NTA-RD-F No. 014 rev 02**) with performance bond, to purchase not less than the volume of tobacco production of its contracted FCs under MOA;
- d) Photocopy of the Official Receipt for attendance to the annual Orientation-Seminar conducted by the NTA; and
- e) Photocopy of the Permit and Authority to Purchase Tobacco (RENEWAL).

Rule 2. Manner of Purchase – WTDs are authorized to purchase leaf tobacco deliveries from BS/contracting buyer firm/FCs, provided, that every delivery shall be supported by a COI and PTT, TIS, Control Sheet/Inventory Report, BIR Tobacco Delivery Permit (Guia) indicating therein, the volume/net weight of the tobacco purchased, date of purchase and place of origin.

Rule 3. Conditions of Purchase Commitments – Every Purchase Commitment to be executed by the WTD shall be duly notarized and accompanied with a performance bond. It shall contain an undertaking to buy or caused to be procured a quantity equal to the estimated purchases of all its identified FCs/BS operating under its Financial Guarantee.

Rule 4. Validity of Permit and Authority to Purchase – A Permit and Authority to Purchase issued to WTDs shall be valid only for one (1) cropping season for its purchases from FCs/BS under its Financial Guaranty and shall not in any manner authorize the WTD to purchase tobacco directly from any farmer, except those under its MA.

REGULATION X – LICENSING OF REDRYING PLANTS

Rule 1. Who may Engage in the Redrying of Leaf Tobacco – Any natural/juridical person may engage in the redrying of leaf tobacco by securing from the NTA a “Permit and Authority to Redry,” after full payment of the processing and license fee of Sixteen Thousand Two Hundred Pesos (PhP16,200.00), per province, and upon submission of the following requirements:

- a. Duly accomplished Application Form (**NTA-RD-F 001 rev 01**)
- b. Photocopy of the Official Receipt for attendance to the annual Orientation-Seminar conducted by the NTA; and
- c. Photocopy of the Permit and Authority to Redry Tobacco (RENEWAL).

Rule 2. Manner of Redrying – An RP is authorized to redry leaf tobacco of BS/WTDs, provided, that every delivery shall be supported by a TIS, control sheet/inventory report, GUIA, PTT and COI indicating therein the volume/net weight of the tobacco to be redried, the date of delivery and place of origin.

Rule 3. Validity of Permit to Redry – A permit and authority to redry shall be valid only for one (1) year for purposes of redrying, threshing, packing and processing of leaf tobacco and shall not in any manner authorize the RP to purchase leaf tobacco from any FC.

In case the RP intends to purchase tobacco from BSs or tobacco farmers, he/she shall be required to secure the necessary License and Authority to Buy as Trading Center and Permit

and Authority to Purchase as WTD and submit the documentary requirements as provided in Regulations III and IX of these rules and regulations.

REGULATION XI – PROVISIONS COMMON TO WTDs AND RPs

Rule 1. Requirements for Documentation, Monitoring and Supervision – All WTD/RP/CM shall be required to:

- a) Allow the NTA to enter into its trading areas, redrying and/or manufacturing plants and similar premises for purposes of inspection, monitoring, and supervision;
- b) Submit to the NTA, through the BO (area of jurisdiction) the TIS, TOS and production reports for every delivery/acceptance/job orders; and
- c) Install at least one (1) unit of weighing scale to be regularly calibrated by the NTA.

Rule 2. Procedure in the Documentation of Deliveries from BS to WTD/RP and from WTD/RP to CM – The following procedure shall govern the delivery of tobacco from BS to WTD/RP and from WTD/RP to CM, to wit:

- a) Before any BS delivers tobacco to WTD/RP, it shall file a Request for Inspection (RFI) and/or Request for Permit to Transport (RFPTT) (**NTA-RD-F-11 rev 01**) with the NTA at least 24 hours prior to the loading;
- b) The WTD/RP/CM shall notify the NTA of the arrival of the tobacco and shall within twenty-four (24) hours request for an inspection of accepted tobacco and before delivery of the redried tobacco to CM. The tobacco delivered to WTD/Manufacturing plant/factory shall be evidenced by a TOS and COI;
- c) The RPs shall within twenty-four (24) hours likewise request for inspection of leaf tobacco received for redrying and shall issue production report per job order and shall likewise request for an inspection of tobacco accepted for redrying and before delivery of the redried tobacco to WTD/CM's plant/factory. A TOS and production reports shall accompany the documents of the tobacco delivered to WTD/CM; and
- d) A COI/PTT (**NTA-RD-F 011A**) shall be issued to the BS/WTD/RP/CM upon actual inspection of the tobacco to be delivered/accepted. All COI/PTT forms shall be serially numbered by the respective BOs.

Rule 3. Procedure in the Conduct of Inspection – The following is the procedure in the conduct of inspection by NTA-authorized Inspectors:

- a) Inspectors shall conduct actual physical inspection of loading/unloading of incoming/outgoing leaf tobacco based on faxed information given by branch office of origin and/or requested shipping forms from tobacco company and make random sampling (at least 1 bale for every 20 bales) as to the actual weight of each bale loaded/unloaded. The average weight of the bales thus sampled shall be the basis for the computation of the total kilos of tobacco loaded/unloaded;
- b) BS/WTD/RP/CM shall not load/unload any tobacco without the presence of NTA Designated Inspector/s;
- c) Inspector shall reconcile actual inspection as to volume vis-à-vis the shipping documents, i.e., TOS, Stock Inventory/Inventory Report/Purchase Order/Job Order, GUIA COI/PTT from the BO of origin;

- d) Inspector shall prepare incident report for any violation of these rules and regulations within twenty-four (24) hours to be submitted to concerned BO Manager, copy furnished the central office thru the RD, which shall correspondingly report to the Administrator through the Deputy Administrator for Operations (DAOP);
- e) If shipping documents and actual inspection are in order, Inspector shall issue the COI/PTT to BS/WTD/RP/CM's representative; and
- f) Inspector shall advise the concerned BO/RD within 24 hours after inspection, thru the fastest means of communication, of the expected arrival of the tobacco and furnish copies of necessary shipping documents.

Rule 4. Inspection Fee. – All BS/WTDs/RPs requesting for an inspection shall pay the NTA the amount of P100.00 per certificate valid for one truck load. Each vehicle shall be issued one certificate of inspection.

REGULATION XII – COMPETITIVENESS ENHANCEMENT FEE (CEF)

(Note: Already covered by a separate rules and regulations)

Rule 1. Competitiveness Enhancement Fee – There shall be a Competitiveness Enhancement Fee (CEF) for every kilogram of tobacco delivered to local CM, which shall be collected from and paid by the local CM based on the following weight category:

<i>Green/Fresh Weight</i>	<i>Pack Weight</i>	<i>Dry Weight</i>
PhP0.60/kg	PhP1.00/kg	PhP1.66/kg

Rule 2. The Basis of the CEF Fees – The basis of the CEF fees shall be the total deliveries of leaf tobacco, on a per shipment basis, made by Wholesale Tobacco Dealers (WTDs), as per COI issued, and as reconciled with the TOS of WTD/RP, whichever is higher.

Rule 3. Billing and Collection of CEF Fees – The Central/BO where the accepting CM is located shall be responsible for the billing and collection of the CEF. The NTA Finance Manager shall prepare a Notice of Billing of CEF within twenty-four (24) hours upon receipt of notice of the actual delivery and inspection of tobacco to CM by the RD.

Rule 4. Payment of CEF – The CM shall pay the CEF fees to the Central Office/BO where such CM is located, within three (3) days immediately upon receipt of the billing. Late payments of CEF shall be subject to the provisions of Regulation XIV hereof.

Rule 5. Remittance of CEF – All collection on CEF and/or penalties, paid to the BO shall be deposited to the NTA Central Office's On-Line Bank Account, in accordance with generally accepted principles of accounting and auditing standards.

REGULATION XIII – MEDIATION AND ARBITRATION

Rule 1. Mediation – In case of disagreement as to the grading/classification of leaf tobacco between the farmer-seller and the BS operator, the NTA mediator assigned at the trading center shall immediately endeavor to make both parties concerned to come to an agreement.

The NTA, at the request of the aggrieved party, may intervene for purposes of mediation, in any dispute between the FC and BS as to any matter pertaining to the application or interpretation of any contract for production or marketing agreement.

Rule 2. Arbitration – If mediation fails, the NTA arbitrator shall advise the seller or the aggrieved party in a contract or agreement that he may request for arbitration or he may withdraw his/her tobacco from the BS.

Rule 3. Arbitration Procedure – If arbitration is requested, the following shall be followed:

- a) The NTA arbitrator shall inform the BS operator that arbitration is requested and shall direct the segregation of the tobacco in question;
- b) The NTA arbitrator shall designate an arbiter, another NTA official and/or employee present within the BS premises, provided that if one is not available, the NTA official and/or employee, who mediated, himself, shall act as arbiter;
- c) The Arbiter shall immediately inspect, examine, and determine the grades of the tobacco subject of arbitration using as basis the official grades prescribed by the NTA. In case of contract dispute, the NTA official shall determine the legality or propriety of the provisions in question and, if necessary, refer the same to the RD. The RD may request the NTA Legal Counsel for appropriate legal advice;
- d) The Arbiter shall forthwith prepare his/her written decision indicating therein, among others, the disputed grades and the grades given by him or the proper interpretation of any questioned provision of any contract or agreement; and
- e) The Arbiter's decision shall be immediately become final and executory and binding to both parties.

REGULATION XIV – OFFENSES AND PENALTIES

Notwithstanding the provisions of any law or regulation to the contrary, and for purposes of carrying out the provisions of these rules and regulations, the following acts or omission are hereby considered as serious, less serious, and light offenses and corresponding penalties therefore are herein prescribed:

- (1) Specific Offenses:
 - (a) Serious Offenses. – Any of the following acts or omissions shall constitute as serious offense:
 - (a.1) buying and selling of tobacco at prices lower than the prescribed floor prices;
 - (a.2) deducting shrinkage allowances or handling losses from the weight of the tobacco sold;
 - (a.3) buying and selling of tobacco from farmers or other authorized sellers without a license;
 - (a.4) knowingly and deliberately using tampered/inaccurate weighing scale; and
 - (a.5) buying and selling pole-vaulted tobacco.

The offender shall be imposed the penalty of fine of not less than one hundred thousand pesos (PhP100,000.00) nor more than five hundred thousand pesos (PhP500,000.00).

- (b) Less Serious Offenses. – Any of the following acts of omission shall constitute a less serious offense:
- (b.1) buying of tobacco from farmers and other authorized sellers outside BS except when prior authority is given by the NTA/BS/WTD;
 - (b.2) failure or refusal to issue prescribed invoice or receipt covering tobacco purchases;
 - (b.3) buying unclassified tobacco or tobacco in sticks, except for cigar-filler tobacco grown in Region II for fermentation purposes;
 - (b.4) buying and selling of tobacco by using false, fictitious, or another person's license, permit or identification card;
 - (b.5) selling or buying tobacco with an expired, suspended or cancelled license, permit or accreditation; and
 - (b.6) hindering or obstructing any NTA official or employee in the course of his/her duties, including refusal to furnish information or copies of documents relating to any tobacco or to permit the inspection of a tobacco.

The offender shall be imposed the penalty of fine of not less than fifty thousand pesos (PhP50,000.00) nor more than one hundred thousand pesos (PhP100,000.00).

- (c) Light Offenses. – Any other violation of the provisions of these rules and regulations to be promulgated by the NTA for which no specific penalty is prescribed and which is not punished by any other existing law shall be considered a light offense, with the corresponding penalties, as follows:
- (c.1) The offender shall be imposed the penalty of fine of not more than five thousand pesos (PhP5,000.00) nor less than two thousand pesos (PhP2,000.00).
 - (c.2) Violation committed by farmer-seller will be fined PhP50,000.00 and blacklisting.
 - (c.3) Additional Administrative Penalties for Other Light Offenses. – In addition to the penalties herein above-stated, the violator may be imposed with following penalties, to wit:
 - (c.3.1) The license of any buyer found guilty of serious, less serious or light offense, shall also be suspended/cancelled/revoked and shall not be renewed during the pendency of any investigation or prosecution for the commission of any such offenses.
 - (c.3.2) Any tobacco found to be violative of any provisions of these rules and regulations shall be confiscated and/or detained and shall be released only upon compliance with the provisions hereof within five (5) days from notice. Any confiscated/detained tobacco which are unclaimed within fifteen (15) days from last day of compliance period shall be deemed abandoned and shall be disposed of at the discretion of the NTA.

However, where a person has been found to violate these rules in respect of any such tobacco, the said NTA may declare such

tobacco to be forfeited in favor of the Republic of the Philippines, where upon it may be destroyed or otherwise disposed of as the NTA shall determine.

- (c.3.3) In case the deliveries of BS to WTD/RP/CM exceeds its total acceptances and deliveries to WTD/RP/CM outside its purchase commitment, a fine equivalent to 25% of the gross value of the excess tobacco delivered/sold shall be imposed, plus the corresponding R&R fees and penalty for late payments as hereinafter provided.
- (c.3.5) Acts or omissions for which no specific penalties are provided for under this TRR but are punishable by any other existing law shall be punished under such law.

If any act or omission constitutes an offense under these rules and regulations as well as a violation of another existing law or regulation, the law that imposes a heavier penalty shall be applied.

If the violation is committed by a corporation, partnership, association, cooperative or other juridical entity, the penalties provided for under this TRR shall be imposed upon the directors, officers, graders, employees or other officials or persons therein responsible for the offense; Provided, That if the offender is an alien, he shall be deported immediately without further proceedings.

The prosecution of any offense under this TRR shall be without prejudice to the civil or administrative liabilities of the offender.

- (c.3.6) In case the R&R or CEF fees are not paid within the reglementary period prescribed herein, a penalty of three percent (3%) per month, compounded monthly, shall be imposed, paid and collected in the manner prescribed herein. The penalty of three percent (3%) per month shall be computed from the day immediately following the day the principal R&R fees become due.
- (c.3.7) Any violation of the provision/s of the Marketing Agreement or any of the herein provisions of this Regulation, by the NTA/BS/WTD/PB-financed tobacco farmer-producer and/or by the WTD/PB/BS operator, shall be considered as unfair tobacco trading practice, subject to the following administrative sanctions and/or fines, in addition to the civil liability that may arise there from in favor of the injured party, to wit:
 - a. An NTA/BS/WTD-financed tobacco farmer-producer who violates the provision/s of the MA and/or any of the provisions of this Regulation, shall be blacklisted by the NTA and shall be disqualified as a beneficiary of any future production and facility assistance that the NTA may grant

- and shall pay an additional fine of three percent (3%) per month, of the unpaid loans; and
- b. Any WTD/PB/BS operator who violates the same shall be blacklisted from participating in any project/s of similar nature and/or immediate revocation of its license to Buy/Operate and shall pay additional fine of PhP50,000.00.
- (c.3.8) Violations of the prohibitions enumerated in Rule 16, Regulation V and Rule 1, Regulation XI shall be subject to the imposition of penalties provided in c.3.1 of the foregoing regulation.
 - (c.3.9) Tobacco acceptances in excess of the estimated production of the BS identified FCs shall be subject to a penalty of PhP5.00 per kilogram of excess tobacco accepted, whether justified or not. If not justified, the excess tobacco shall be further confiscated at the disposal of the NTA, without prejudice to the imposition of other applicable administrative penalty provided in the foregoing regulation.

REGULATION XV – TRANSITORY AND MISCELLANEOUS PROVISIONS AND EFFECTIVITY

Rule 1. NTA Composite Team – The NTA Administrator may create an NTA Composite Team to Review the foregoing rules and regulations and/or the systems and procedures as may hereafter formulated. In coordination with the RD, the Composite Team shall have the duty to study and recommend specific modification/action in these rules and regulations subject to the approval of the NTA Administrator.

Rule 2. Creation of a Provincial Inspection Team (PIT) – In cases of verified violation with any provision of the TRR, the NTA Administrator may create a Provincial Inspection Team (PIT) composed of the Branch Manager, as Chairperson, the Provincial Director of the Philippine National Police (PNP), as the Co-Chairperson, and the Chief Agriculturist, as member. The PIT can deputize Branch Office's TPROs and Police Officers to monitor the tobacco in question, its movement, can confiscate, inspect and/or detain any tobacco. Police Officers shall be entitled to reasonable honorarium for actual duty/services rendered outside their regular working hours.

Rule 3. Powers of the PIT and Procedures for Inspection

- (a) When a verified violation occurs, the PIT, may (1) enter any premises, vessel, boat, car, trucks, other conveyance used for the storage, processing, grading, packing, redrying, selling or offering for sale, shipping, or transporting of the tobacco and inspect such; and (2) stop for inspection, any conveyance that he/she believes to contain questionable tobacco.
- (b) For the purpose of inspecting a tobacco, the PIT may detain it at the risk of its owner and after detaining it. The PIT shall forthwith notify the owner of the detained tobacco by the fastest means of communication or such other means as the circumstances may warrant.

- (c) No person shall hinder or obstruct, in any manner, an inspector or a grader or members of the PIT, in the conduct of his/her duties.

Rule 4. Detention and Forfeiture of Tobacco by the PIT – Any tobacco, which in the opinion of the PIT an offense against these rules and regulations has been committed, may be placed under detention at the risk and expense of the owner, until such time as the owner of the tobacco complies with these rules and regulations, and/or where a person is convicted of an offense with respect to detained tobacco, the convicting court may declare such tobacco to be forfeited to the Republic of the Philippines, whereupon it may be destroyed or otherwise disposed of as the court directs.

However, the PIT shall undertake the foregoing inspection functions as a team and no individual inspection and monitoring shall be conducted in the absence of any one representative.

Rule 5. Regulation Department Inspectors – RD staff that are designated as Inspectors are likewise empowered to perform the functions of the PIT for areas not covered by any BO.

Rule 6. Monitoring and Evaluation in the Implementation of the Trading Rules and Regulations – The RD shall be responsible in the monitoring on the effectiveness and relevance of the provisions of this TRR in coordination with the Composite Team, where they shall conduct validation/evaluation of the implementation of the systems and procedures and the provisions of these rules and regulations by the NTA Branch Offices.

Rule 7. Effectivity – These Amended Trading Rules and Regulations shall take effect upon approval of the NTA Board of Directors.

BY THE AUTHORITY OF THE NTA BOARD OF DIRECTORS:

(SGD.) ROBERT L. SEARES, M.D.

Administrator/Vice-Chairman of the Governing Board

Approved by the NTA Board of Directors under Resolution No. 777-2018, dated 12 January 2018.

ACKNOWLEDGMENT

2017-2018 NTA Board of Directors

Secretary Emmanuel F. Piñol, Chairman
Undersecretary Evelyn G. Laviña, Alternate Chairman
Administrator Robert L. Seares, Vice-Chairman
Nestor C. Casela, Member
Wilfredo C. Martinez, Member
Teofilo R. Quintal, Member
Pedro J. Mendiola Jr., Member
Rodolfo F. Salanga, Member

Atty. Mel John I. Verzosa, Deputy Administrator for Operations

2017-2018 NTA Managers

1. Branch Offices

Esmeralda G. Valera (Abra)
Mario E. Corpuz (Ilocos Norte)
Minerva P. Mizal (Vigan)
Estrella G. De Peralta (Candon)
Giovanni B. Palabay, Ph.D. (La Union)
Cesario G. Sambrana (Pangasinan)
Herman C. Torres (Isabela)
Corazon R. Riazonda, Ph.D. (Cagayan)

2. Departments

Maybelen B. Dictaan (+) (Regulation Department)
Rohbert A. Ambros, (Regulation Department)
Imelda N. Riñen (Farm Technology and Services Department)
Rex Antonio P. Teoxon (Corporate Planning Department)
Cristina C. Lopez, DBA (Administrative Department)

Representatives of Tobacco Leaf Buyers

1. PMFTC

Mark Cutter, *Manager*
Gilbert P. Lim, *Manager, Leaf Operations*
Atty. William M. Varias, *Manager, Corporate Affairs*

2. ULPI

Irwin Ang, *Vice President for Operations*
Nicholas P. Curran, *Vice President - Leaf Sales*
Carlos G. Aguilan, *Director - Leaf Sales*

3. TMI

Matthew Diong, *Vice President*
Reynaldo C. Bagaoisan, *Agronomy Manager*

The **Industrial Research Department (IRD)** is responsible in developing other industrial uses of tobacco, setting quality standards of tobacco leaf and products, conducting market research, and rendering laboratory analytical services. It is divided into four divisions: the Product Development Division (PDD), Techno Laboratory Services and Instrumentation Division, the Quality Assurance Division, and Market Research and Development Division. All the divisions hold office at the Central Office, except PDD which is based in Batac City.

The **Quality Assurance Division (QAD)** develops and implements programs, policies, guidelines, and/or procedures for the conduct of continuing research/studies and determines standards of quality for tobacco leaf and tobacco products to be adopted. It also conducts the physical-chemical quality evaluation of all tobacco types to determine quality composition, material suitability improvement for production management and import requirement; and research relative to the harmonization of existing tobacco leaf classification and grading systems with internationally accepted standards.

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QUALITY ASSURANCE DIVISION
INDUSTRIAL RESEARCH DEPARTMENT



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