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Report Highlights:

This report provides the standard rules and regulations relevant to the administration of the Philippines' tariff-rate quotas, known locally as Minimum Access Volumes (MAV) and, when authorized, MAV Plus. MAV applies to horses, cattle, swine, goats, live poultry, beef, pork, goat meat, poultry meat, potatoes, coffee, corn, rice, and sugar. MAV Plus applies only in instances in-quota volumes are set above the WTO minimum level. In such instances, as with pork in 2021, supplemental MAV Plus guidelines may be issued.

[Republic Act No.8178-Agricultural Tariffication Act of 1996](#), mandated the Department of Agriculture to implement a Minimum Access Volume (MAV) mechanism for selected agricultural products taking into account the country's commitment under the World Trade Organization-Agreement on Agriculture. Administrative Order (AO) 1 of 1998, which amended AO 8 of 1997, established the rules for implementing these tariff-rate quotas and allocating import licenses. AO 52 of 2000 provided further amendments to the Rules and Regulations for the Implementation of the Agricultural MAV.

[AO 1](#) and [AO 52](#) were both previously notified to the WTO; however, the embedded link to AO 1 is misdirected. As such, copies of both AO 1 and AO 52 are included herein.



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

Administrative Order No. 8, series of 1997,
As amended by Administrative Order No. 1, series of 1998

**RULES AND REGULATIONS IMPLEMENTING THE MINIMUM ACCESS
VOLUME MECHANISM UNDER DEPARTMENT OF AGRICULTURE
ADMINISTRATIVE ORDER NO. 8, SERIES OF 1997, AS AMENDED BY
ADMINISTRATIVE ORDER NO. 1, SERIES OF 1998**

WHEREAS, Department of Agriculture (DA) Administrative Order No. 8 (AO 8), series of 1997 provides for the Amended Rules and Regulations for the implementation of the Agricultural Minimum Access Volumes (MAVs);*

WHEREAS, a review of said AO 8 identified certain provisions that may be amended to enhance and refine the implementation of the MAV mechanism;*

WHEREAS, the DA conducted several consultations with affected sectors to take into account their concerns while respecting the Philippines' commitments under the GATT Uruguay Round Final Act;*

NOW, THEREFORE, these rules and regulations implementing the MAV mechanism under AO 8, series of 1997, as amended by AO 1, series of 1998, shall read as follows:

SECTION I.
The MAV Mechanism

A. General Principles

1. The implementation of the MAV mechanism shall conform with the following principles:

a. *Transparency*

These rules and regulations should be implemented in a predictable manner. Information thereon should be accessible to all parties concerned.

b. *Equity*

The mechanism should be fair in that it addresses the requirements of each geographical area. Without sacrificing the objective of promoting economic efficiency, the mechanism's implementation should allow all parties concerned to maintain, and enhance to the extent possible, their economic and social well-being.

c. *Market-consistency*

The mechanism should entail the least government intervention; and the resulting allocations of the MAVs over time should approximate, to the extent possible, the competitive import shares of importers.

d. *Responsiveness to Economic Development*

The mechanism should address the economic development requirements of the country, facilitate the adjustment of industries to higher levels of competitiveness, and contribute to stabilizing agricultural prices.

B. Definition of Terms

1. *Agricultural Competitiveness Enhancement Fund (ACEF)* - the fund created by Republic Act No. 8178 out of the proceeds of the MAV importations to help the agricultural sector become viable, efficient, and globally competitive.
2. *Agricultural product* - any product classified under Chapters 1 to 24 of the Harmonized System of tariff nomenclature in the Tariff and Customs Code of the Philippines (TCCP), as amended.
3. *Beginning Year Pool (BYP)* - the sum of the incremental MAV for a particular MAV allotment year, the recalled and cancelled allocations of the prior MAV year effected under pertinent provisions of this Order, as well as any MAVs not availed of in the prior MAV year.
4. *Commercial food service provider* - a person, firm, cooperative, or any other legal entity, such as a hotel or a restaurant, that processes an agricultural product into prepared food.
5. *Economic size lot* - a minimum quantity of a MAV product which would be financially viable to import, as reflected in Annex II of this Order.
6. *Harmonized System (HS) Code* - a nomenclature which is used in the TCCP, as amended, to classify products for the purpose of levying tariffs.
7. *Incremental MAV* - the difference between the MAV in any particular MAV allotment year and that in the prior MAV year for a particular MAV product.
8. *In-quota tariff rate* - the lower rate of customs duty reflected in the TCCP, as amended, that is applicable to an agricultural product which is imported under the MAV mechanism.

9. *MAV allotment year* - in relation to a particular MAV product, any particular MAV year after the first year of implementation which is the subject of the subsequent year allocation procedure described in Section I. F of this Order.
10. *MAV entrant* - a person, firm, cooperative, or any other legal entity which is granted a MAV license for the first time or an old licensee which failed to get a regular MAV license in the prior MAV year.*
11. *MAV Import Certificate (MAVIC)* - a form issued by the MAV Secretariat authorizing the release by the Bureau of Customs (BOC) of a portion or all of a MAV license at any one time within a MAV allotment year.
12. *MAV Import Consolidator* - a licensee authorized by another licensee to import all or part of the latter's allocation.*
13. *MAV license* - the allocation issued by the MAV Management Committee (MMC) which entitles the licensee to import a specified quantity of a MAV product at the in-quota tariff rate within a given MAV allotment year.
14. *MAV licensee* - a person, firm, cooperative, or any other legal entity which is issued a MAV license and is, therefore, granted a right to import a MAV product.
15. *MAV product* - an agricultural product classified under any of the four-digit TCCP HS Code headings covered by the MAV mechanism.
16. *MAV year* - the annual MAV implementation cycle which starts on February 1 of any given year and ends on January 31 of the next year.*
17. *Mid-Year Pool (MYP)* - the total volume of allocations surrendered by MAV licensees to the MAV Secretariat on or before the last working day of May of a MAV allotment year.*
18. *Minimum Access Volume (MAV)* - the quantity of an agricultural product that may be imported in a MAV allotment year at the in-quota tariff rate provided for in the TCCP, as amended. For the purposes of this Order, the phrase "minimum access volume" is used synonymously with the phrase "tariff rate quota". The schedule of MAVs for specific agricultural products is provided in Annex I of this Order.
19. *Out-quota tariff rate* - the higher rate of customs duty reflected in the TCCP, as amended, that is levied on the quantities of an imported agricultural product in excess of the MAV for that particular product.

* As amended by Administrative Order No. 1, series of 1998.

- 20. *Prior MAV year* - the MAV year preceding a particular MAV allotment year.
- 21. *Processor* - a person, firm, cooperative, or any other legal entity that adds to the value of an agricultural product.
- 22. *Producer* - a person, firm, cooperative, or any other legal entity that grows, raises or produces an agricultural product.
- 23. *Regular allocation* - the volume allocated to a MAV licensee which the licensee retains from the previous MAV allotment year's allocation.
- 24. *Representative period* - the three (3) years immediately preceding the initial year of implementation of the MAV mechanism for a particular product
- 25. *Trader* - a person firm, cooperative, or any other legal entity that buys and sells an agricultural product.
- 26. *Volume request* - the quantity of a specific MAV product which an applicant wishes to import.

C. MAV Mechanism Organizational Structure

1. MAV Management Committee (MMC)

a. Composition

The MAV Management Committee (MMC) shall be composed of the Secretary of Agriculture as Chairperson, and the Secretaries of Agrarian Reform, Finance, Science and Technology, and Trade and Industry, and the Director-General of the National Economic and Development Authority, as members.

The Chairperson and members of the MMC may designate their respective alternates, who shall be officials of their respective agencies with the rank of at least an Assistant Secretary or equivalent, and who shall have full authorization to vote and act on their behalf.*

b. Functions

The MMC shall perform the following functions:

- i. implement this Order by ensuring that the MAV mechanism is administered in a manner consistent with the principles laid down in Section I.A(1) of this Order;
- ii. formulate guidelines to enhance the implementation of this Order;

- iii. issue MAV licenses, which shall be signed by the Chairperson in its behalf;
- iv. recall and/or cancel MAV licenses, where warranted;
- v. cause the conduct of an annual audit of the implementation of the MAV mechanism; and
- vi. submit annual reports to the President on the status of the implementation of the MAV mechanism.

c. Meetings

The MMC shall meet at least twice a year to discuss the allocation of MAVs, and other related matters. Additional meetings may be convened when deemed necessary.

2. MAV Advisory Council (MAC)

a. Composition

The MAV Advisory Council (MAC) shall be composed of thirteen (13) members from the private sector who shall be appointed by the MMC for a term of one (1) year. The MAC shall be chaired by a DA official with the rank of at least an Assistant Secretary or equivalent and shall be composed of the following:

- i. one (1) representative from the cattle, goat, beef, and goat meat producing sector;
- ii. one (1) representative from the hog and pork producing sector;
- iii. one (1) representative from the poultry and poultry meat producing sector;
- iv. one (1) representative from the grains producing sector;
- v. one (1) representative from the sugar producing sector;
- vi. one (1) representative from the sector producing other MAV products;
- vii. one (1) representative from the meat processing sector;
- viii. one (1) representative from the non-meat processing sector;
- ix. one (1) representative from the trading and commercial food service sectors;
- x. one (1) representative from the consumers' sector;
- xi. one (1) representative of the agriculture and fishery councils (AFCs) in Luzon;
- xii. one (1) representative of the AFCs in the Visayas; and
- xiii. one (1) representative of the AFCs in Mindanao.

A Vice-Chairperson from the private sector shall be elected by the MAC from among its members. The Vice-Chairperson shall act in behalf of the Chairperson in the latter's absence.

* As amended by Administrative Order No. 1, series of 1998.

b. Functions

The MAC shall:

- i. advise the MMC on all matters relating to the allocation of the MAVs; and
- ii. review the results of the annual audit of the implementation of the MAV mechanism.

3. MAV Secretariat

a. Composition

A MAV Secretariat shall assist the MMC in the implementation of the MAV mechanism. The MAV Secretariat shall be headed by an Executive Director, who shall be designated by the MMC Chairperson from among the officials of the DA and its attached agencies, bureaus and corporations, and who shall have the rank of at least a Division Chief or equivalent. The Executive Director shall serve on a full-time basis.

The MAV Secretariat shall be composed of the MAV Secretariat Central Office Unit and MAV Secretariat Regional Units.

- i. The staff members of the MAV Secretariat Central Office Unit shall be designated by the MMC Chairperson from among the personnel of the DA and/or its attached agencies, bureaus, and corporations. They shall serve on a full-time basis.
- ii. The Executive Director shall determine in which of the DA Regional Field Units it is necessary to install MAV Secretariat Regional Units. The MAV Secretariat Regional Unit shall be composed of personnel from among the staff of the DA Regional Field Unit concerned, and/or any of the DA's attached agencies, bureaus or corporations. These personnel, who shall be designated by the DA Regional Director concerned, with the concurrence of the Executive Director and the head of the attached agency, bureau or corporation concerned, shall serve in an *ex-officio* capacity.

b. Functions

- i. The MAV Secretariat Central Office Unit shall carry out the day-to-day administration of the MAV mechanism. Specifically, it shall, among others:
 - aa. accept, verify, and process MAV applications;
 - bb. recommend to the MMC the MAVs that should be allocated to each qualified MAV applicant, based on pertinent provisions of this Order;

- cc. issue MAV Import Certificates (MAVICs);
- dd. monitor MAV utilization, surrender, and other indicators;
- ee. provide Secretariat support to the MAC and the MMC;
- ff. assist personnel of the MAV Secretariat Regional Units on matters related to the implementation of the MAV mechanism;
- gg. work with other government agencies, particularly the BOC and the Tariff Commission, to ensure the effective implementation of the MAV mechanism;
- hh. conduct information campaigns on the MAV mechanism, specifically its rules and regulations, and other related matters; and
- ii. undertake other activities which are necessary to enhance the implementation and monitoring of the MAV mechanism.

ii. The MAV Secretariat Regional Units shall:

- aa. accept and verify applications for MAV licenses in their respective jurisdictions;
- bb. endorse the verified applications for MAV licenses to the Central Office Unit for further processing;
- cc. conduct regional public information campaigns on the MAV mechanism; and
- dd. undertake other regional activities as may be necessary to enhance the implementation and monitoring of the MAV mechanism.

D. Eligibility of MAV Applicants and Application Procedures

1. Eligibility Requirements in the First Year of Implementation of the MAV Mechanism

- a. A MAV applicant which has been in the business as an importer of a regularly- or significantly-imported MAV product during the representative period shall be eligible for MAV licenses for Type A products, as defined in Section I.E(1)a of this Order.
- b. A MAV applicant which has been a user or a seller of an irregularly- or scarcely-imported MAV product during the representative period shall be eligible for MAV licenses for Type B products, as defined in Section I.E(1)b of this Order.

2. Subsequent Year Eligibility Requirements

- a. For products whose MAVs are fully subscribed, only persons, firms, cooperatives, or any other legal entities which have operated a business involving the MAV product concerned as of the start of the prior MAV year and which have imported the minimum import volume for the MAV product concerned at any time during the immediately preceding twelve months but no later than the close of the application periods provided for the Beginning Year

Pool (BYP) and the Mid-Year Pool (MYP) shall be eligible for allocations from the BYP and the MYP for the MAV product concerned as provided for in Sections I.F(5) and I.G(1) of this Order. The minimum import volume shall be equal to one-half of the pertinent economic size lots as indicated in Annex II herein.*

Full subscription of a MAV, for this purpose, shall be defined as the condition under which the volume available for allocation in either the BYP or the MYP for a particular MAV product in a particular MAV allotment year is less than the sum of all the volume requests made by licensees qualified to apply for the BYP or the MYP, as the case may be, and MAV entrants, as reflected in their respective applications.

- b. For products whose MAVs are undersubscribed, persons, firms, cooperatives, or any other legal entities which have not been in business involving the MAV product concerned as of the start of the prior MAV year and/or have not imported the minimum import volume for the same product shall be eligible for allocations from the BYP and the MYP for the MAV product concerned through the first-come-first-served allocation scheme, as provided for in Sections I.F(5), I.F(7), and I.G(4) of this Order, provided that the requirements of eligible licensees and MAV entrants for the MAV product concerned have been met.*

Undersubscription of a MAV, for this purpose, shall be defined as the condition under which the volume available for allocation in either the BYP or the MYP for a particular MAV product in a particular year is more than the sum of all the volume requests made by licensees qualified to apply for the BYP or the MYP as the case may be, and MAV entrants, as reflected in their respective applications.

- c. As proof of its track record, a person, firm, cooperative, or any other legal entity which has operated a business involving a MAV product as of the start of the prior MAV year and has imported the minimum import volume for the same product during the same period shall submit the following documents as attachments to its application as a MAV entrant:*
- i. a Department of Trade and Industry (DTI), Securities and Exchange Commission (SEC), or Cooperative Development Authority (CDA) certificate of registration, whichever is applicable;
 - ii. a duly-notarized sworn statement to the effect that it had imported the MAV product concerned within the prior MAV year;
 - iii. the original and a copy of the Import Entry and Revenue Declaration/s (IERD/s) pertinent to the importation/s made of the MAV product within the prior MAV year;
 - iv. the income tax return, or the appropriate Bureau of Internal Revenue (BIR) form for exempt organizations, for the latest fiscal year;*

- v. the business permit issued by the Office of the Mayor for the current year; and*
- vi. where appropriate, the most recent accreditation certificates from pertinent DA agencies.

- d. A person, firm, cooperative, or any other legal entity which has not operated a business involving the MAV product concerned as of the start of the prior MAV year and/or has not imported the minimum import volume for the same product but which applies for access to the BYP or the MYP for the MAV product, through the first-come-first-served allocation scheme provided for in Sections I.F(5), I.F(7), and I.G(4) of this Order, shall submit the following documents together with its application/s and the appropriate proof of import shipment as provided for in Section I.F(7)b of this Order:*

- i. a DTI, SEC, or CDA certificate of registration, whichever is applicable;
- ii. the business permit issued by the Office of the Mayor for the current year; and*
- iii. where appropriate, the most recent accreditation certificate from pertinent DA agencies.

- e. A licensee in any given MAV allotment year applying for its regular allocation and allocation for the BYP in the subsequent MAV allotment year shall submit the following documents as attachments to its application as a regular licensee:*

- i. the income tax return, or the appropriate BIR form for exempt organizations, for the latest fiscal year; and*
- ii. the business permit issued by the Office of the Mayor for the current year.*

- f. For applicants from areas outside the National Capital Region, all documents submitted in support of applications shall be verified by the MAV Secretariat Regional Unit in whose jurisdiction said applicants fall. These documents must bear a stamp which attests to the verification done by the Regional Unit concerned and is signed by the staff concerned.

3. Application Requirements and Procedures

- a. All licensees shall make separate applications for their respective regular allocations, access to the BYP, and access to the MYP. All other entities desirous of access to either the BYP or the MYP under the procedures described in Section I.F shall also make separate applications.
- b. The application period for regular allocations and access to the BYP of a MAV allotment year shall start on the first working day of November and

* As amended by Administrative Order No. 1, series of 1998.

* As amended by Administrative Order No. 1, series of 1998.

close at 5:00 p.m. on the last working day of November of the prior MAV year. The application period for access to the MYP shall open on the third working day of June and close at 5:00 p.m. on the first working day after June 15 of the MAV allotment year. Applications submitted after the close of these application periods shall not be accepted. Only applications submitted to and received by the MAV Secretariat shall be honored.*

c. MAV applicants shall fill out an application form containing the following information:

- i. name of the applicant,
- ii. line of business,
- iii. agricultural products engaged in,
- iv. business address,
- v. telephone and fax numbers,
- vi. MAV product/s applied for,
- vii. HS code/s corresponding to the MAV product/s applied for, and
- viii. requested MAV/s for the incoming year.

The application shall be filed in duplicate, the original of which shall be retained by the MAV Secretariat.

d. In cases where a federation, association, or any such group applies for a MAV license in behalf of some or all of its members for the first time, it shall submit all of the documents which those members ought to have submitted had each of them filed separate applications and the following documents together with its application form:

- i. a notarized list of members on whose behalf the application is filed, certified by the head of the organization;
- ii. a special power of attorney from each member authorizing the organization to apply for a MAV allocation in its behalf; and
- iii. a certified copy of the resolution of the Board of Directors of such organization authorizing it to act in behalf of such members.

e. In cases where a federation, association, or any such group applies for a MAV license in behalf of some or all of its members for the second and subsequent times, it shall submit the following documents, in addition to those listed in Section I.D(3)d of this Order, together with its application form:

- i. a certified listing of the volumes allocated to individual members in the prior MAV year;
- ii. a certified listing of the volumes actually imported by individual members in the prior MAV year; and

iii. the original and a copy of the IERD/s pertinent to the importation/s made of the MAV product by each such member within the prior MAV.

f. If a member of a federation, association, or any such group holding a license for the prior MAV year applies for a license for the same MAV product which its organization has applied for in its behalf, its application shall be considered separate from that of the organization. Its name shall be, for the purpose of processing the application of the organization concerned, stricken out of the membership list of the organization. Consequently, any allocation that would be given to the federation, association, or any such group shall correspondingly be decreased, the degree of diminution being equal to the volume allocated to the individual member.

g. Where a legal entity is a member of two or more federations, associations or any such groups applying for licenses for the same MAV product, then that legal entity shall be considered in the application of only one organization. It shall be the responsibility of the legal entity to ensure that it is represented only in one applying organization. In the event that a legal entity appears in the application of more than one organization, the MAV Secretariat shall decide under which organization the legal entity's application will be considered. The MAV Secretariat shall immediately notify all concerned parties of such fact.

h. Members which have resigned from a federation, association, or any such group which had been allocated a MAV license in their behalf in the MAV allotment year can apply for their individual allocations only within the pertinent application period of the succeeding MAV allotment year, provided they can show written proof of their share in the MAV allocation given in the MAV allotment year to the organization representing them. The head of the organization representing these members shall attest to the veracity of the aforementioned receipt or written proof.

i. In the event that a federation, association, or any such group decides that all its members shall apply for individual MAV licenses, it shall submit to the MAV Secretariat within the application period of the MAV allotment year concerned a Board Resolution stating its intention to do so. Members of such organizations shall then be subject to the eligibility and application requirements and procedures stated under Section I.D(2) and I.D(3).

4. The MAV Secretariat shall not accept any application that does not provide all of the required information and documentation.

5. On the first working day after January 15 of the prior MAV year, the MAV Secretariat shall publish in two newspapers of national circulation a tentative list of licensees and the volumes allocated to each. Applicants shall have one week within which to seek redress with the MAV Secretariat regarding their respective allocations. Regular licenses covering regular allocations and allocations from the Systematic

* As amended by Administrative Order No. 1, series of 1998.

Distribution Procedure (SDP) of the BYP shall be issued not later than the first working day after February 7 of the MAV allotment year concerned.*

6. On the first working day after June 21, the MAV Secretariat shall publish in two newspapers of national circulation a tentative list of licensees and the volumes allocated to each. Applicants shall have three days from the date of such publication within which to seek rectification regarding any problems they may have on the allocations. Special licenses covering allocations from the SDP of the MYP shall be issued not later than the first working day of July of the particular MAV allotment year.*
7. Where the MAV Secretariat rejects an application for a regular allocation and for access to the BYP, it shall inform the concerned applicant of the reasons for rejecting the application not later than the first working day after December 15 of the prior MAV year. Where the MAV Secretariat rejects an application for access to the MYP, it shall inform the concerned applicant of the reasons for rejecting the application not later than the first working day after June 18 of the MAV allotment year. The reasons for rejecting applications may include any of the grounds mentioned in Section I.H(6) of this Order.*

The decision of the MMC on the MAV allocations shall be final.

E. Allocation Procedures Applicable for the Initial MAV Allotment Year

1. MAV products shall be classified into two types: Type A and Type B.
 - a. Type A products shall be those which have been imported regularly and in substantial volumes during the representative period. These are frozen meat of bovine animals, maize, rice, and cane or beet sugar and chemically pure sucrose.
 - b. Type B products shall be those which have been irregularly or scarcely imported during the representative period. These are the other products listed in Annex I of this Order but not in mentioned in the preceding paragraph.
2. MAVs shall be allocated in the following manner:
 - a. For a Type A product, the total MAV shall be allocated to qualified MAV applicants by multiplying the total MAV with the applicants' respective import shares. An applicant's import share shall be determined through the procedures specified in Annex III.
 - b. For a Type B product, the total MAV shall be allocated to qualified MAV applicants by multiplying the total MAV with the applicants' respective local

output shares. An applicant's local output share shall be determined through the procedures specified in Annex IV.

F. Subsequent Year Allocation Procedures for a MAV Product

1. For any particular MAV allotment year subsequent to the initial year of the implementation of the MAV mechanism, the MAV Secretariat shall no longer classify applicants into producers, processors, traders or commercial food service providers. Instead, it shall classify applicants as: (a) regular licensees, (b) MAV entrants, or (c) applicants for the first-come-first-served distribution of the BYP and the MYP.*
2. All regular licensees shall retain their MAV allocations for a product in the prior MAV year, except the volumes which they got from the MYP and the MAV Plus mechanism, as well as those cancelled and/or recalled in accordance with Section I.H of this Order, provided that they comply with all the application requirements. In the event a license is subject to recall, a regular licensee's allocation shall be subject to diminution, based on the formula in Section I.H of this Order. The regular allocations of licensees which fail to apply for such allocations in the following year shall automatically be recalled and added to the BYP. A licensee which fails to apply for a MAV allocation in any given year shall be deemed a MAV entrant in subsequent years, unless it is able to get a MAV license from the first-come-first-served allocation of the BYP.*
3. For members of federations, associations, or any such groups which have resigned from such organizations, or have decided to apply separately, the MAV Secretariat shall consider the allocation received by these members in the prior MAV year, and deduct the volumes which they got from the MYP and the MAV Plus mechanism as well as those cancelled or recalled in accordance with Section I.H. of this Order. The resulting volumes shall be the regular allocations of these members for the MAV allotment year.
4. Federations, associations, or any such groups whose members have applied separately shall have their regular allocations reduced by the amount equivalent to the regular allocations of these members.
5. The MAV Secretariat shall put together a BYP which is the sum of the incremental MAV, the allocations recalled and cancelled under pertinent provisions of this Order, as well as any MAVs not availed of in the prior MAV year. The BYP shall be allocated, first through the conduct of the SDP and then, if necessary, through the first-come-first-served distribution procedure.
6. The following shall be eligible to participate in the SDP:
 - a. qualified MAV entrants; and

* As amended by Administrative Order No. 1, series of 1998.

* As amended by Administrative Order No. 1, series of 1998.

- b. licensees which (i) have not surrendered all or part of their respective licenses in the prior MAV year under the surrender procedure described in section I.H of this Order, and (ii) have met the utilization threshold set forth in Section I.H.2 of this Order as of December 15 of the prior MAV year. Utilization rates shall be computed using the pertinent formula in Annex V of this Order. Utilization of licenses shall be determined using the MAVICs issued to the licensees, provided, however, that whenever necessary, the MAV Secretariat may require the submission of other documents that will prove that a licensee has imported.*

The volumes allocated to a qualified licensee or to a MAV entrant shall either be the total volume indicated in the lots which are drawn in its favor or its volume request, whichever is lower. The volumes awarded to such entities shall form part of their regular allocations for the following MAV allotment year.*

7. Any balance in the BYP after the SDP has been conducted shall be allocated on a first-come-first-served basis to any interested applicant, provided that in the case of an applicant which is a licensee, its net allocation shall have first been fully utilized. Net allocations shall be computed using the formula contained in Annex V of this Order. The volumes allocated from the first-come-first-served scheme of the BYP shall be available from the first working day after the issuance of the licenses covering the regular allocation and the allocation from the SDP of the BYP, until the entire balance is allocated, or the end of the MAV year, whichever comes first.*

The following procedure shall be followed in allocating this balance:

- a. The MAV Secretariat shall notify the general public of the availability of, and the procedures that will be followed in allocating, the said balance.
- b. All applicants which are not regular licensees shall submit to the MAV Secretariat Central Office Unit (COU) completely filled-up application forms as described in Section I.D(3)c together with the documents described in Section I.D(2)d of this Order. These applicants shall also submit to the MAV Secretariat a copy of Bills of Lading for forthcoming sea shipments or Air Waybills for forthcoming air shipments and the corresponding commercial invoice in both cases.*
- All applicants which are regular licensees need only to submit with their application forms a copy of the Bills of Lading for forthcoming sea shipments or the Air Waybills for forthcoming air shipments, and the corresponding commercial invoices in both cases.*
- c. The MAV Secretariat shall receive applications in the sequence in which these are submitted. Immediately upon receipt and verification of these documents, it shall indicate, through a stamp on the two copies of the application form and the Bill of Lading or Air Waybill, the action it has taken, as well as the

time and date such documents were received. The Executive Director or his authorized representative from among the staff members of the Central Office Unit shall sign the stamp on both copies of the documents. The applicant shall retain one set of said documents.*

- d. The MAV Secretariat shall maintain an Official Log of the first-come-first-served scheme of the BYP. This log shall contain the names of all the applicants, which shall be listed in the sequence in which they applied, the action taken regarding their respective applications, the date and time such actions were taken, the total volumes awarded in cases where applications were approved, and the balance remaining in the BYP as a result of the action taken on each application. This log, together with the application forms and supporting Bills of Lading/Air Waybills and the corresponding commercial invoices in both cases, shall be presented to an applicant for its review if it so desires.*
- e. Immediately after action has been taken on a particular application, the MAV Secretariat shall update the Official Log. The applicant whose application had just been acted upon shall then affix its signature attesting to the veracity of the latest entries made by the MAV Secretariat in the log.
- f. As long as there are available volumes in the balance, the MAV Secretariat shall automatically issue provisional MAVICs covering the volumes awarded to the applicant. The volumes that will be awarded to qualified applicants shall either be the net volumes indicated in their Bills of Lading/Air Waybills supported by the corresponding commercial invoices, or the total available volumes in the balance, whichever is lower.*
- g. Immediately upon issuance of the provisional MAVIC, the MAV Secretariat, through the Executive Director, shall inform the BOC in writing of such issuance.
- h. To the extent possible, the MAV Secretariat shall inform the general public when seventy percent (70%) of the volume available in the balance has already been allocated, to give notice that applicants may no longer be granted licenses.
- i. The regular and special MAV licenses covering the provisional MAVICs for the volumes awarded under the first-come-first-served allocation scheme of the BYP and the MYP, respectively, shall be issued to applicants not later than the last working day of the MAV allotment year.*
- j. A holder of a MAV license from the first-come-first-served allocation of the BYP shall automatically be considered as a regular licensee, and shall therefore retain its MAV allocation in the succeeding MAV allotment year,

* As amended by Administrative Order No. 1, series of 1998.

* As amended by Administrative Order No. 1, series of 1998.

unless it has had its license recalled or cancelled as defined in Section I.H of this Order.

G. Mid-Year Allocation Procedures for a MAV Product

1. The MAV Secretariat shall put together the MYP which shall consist of the volumes voluntarily surrendered by MAV licensees to the MMC on or before the last working day of May of the particular MAV allotment year.*

The MAV Secretariat shall reduce the allocation for the remainder of the MAV allotment year of the licensee which voluntarily surrendered a portion or all of its license on or before the last working day of May. This reduction shall be equivalent to the volume surrendered.*

2. As with the BYP, the MYP shall be allocated, first through the conduct of the SDP which is described in Section I.I of this Order, and then, if necessary, through the first-come-first-served distribution procedure.
3. The SDP shall be conducted to allocate the MYP to all licensees, including MAV entrants to the BYP of the MAV allotment year which (a) have not surrendered all or part of their respective licenses under the surrender procedure described in Section I.H of this Order and (b) have utilized at least thirty percent (30%) of their respective net allocations for the pertinent MAV allotment year, reckoned on the last working day of May. Net allocations and utilization rates shall be computed using the formula in Annex V of this Order. Utilization of licenses shall be determined using the MAVICs issued to the licensees provided, however, that whenever necessary, the MAV Secretariat may require the submission of other documents that will prove that a licensee has imported.*

The volumes allocated to a qualified licensee shall either be the total volumes indicated in the lots which are drawn in its favor, or its volume request, whichever is lower. The volumes awarded to these licensees shall not form part of their regular allocation in the succeeding MAV allotment year.

4. Any balance remaining in the MYP after the SDP has been conducted shall be allocated on a first-come-first-served basis to any interested applicant in accordance with the provisions under Section I.F(7) of this Order, except licensees which have not fully utilized their net allocations. First-come-first-served allocations shall be available to qualified applicants from the first working day after the issuance of the MYP licenses until the entire balance is exhausted, or the end of the MAV year, whichever comes first.*

H. Surrender, Recall, and Cancellation of MAV Licenses

* As amended by Administrative Order No. 1, series of 1998.

1. A licensee which decides not to use all or part of its license, may voluntarily surrender such volumes to the MAV Secretariat on or before the last working day of May of the MAV allotment year. The licensee or its duly authorized representative must present its MAV license to validate the surrender. Any volumes surrendered after the last working day of May shall not be accepted by the MAV Secretariat.*
2. All licensees utilizing less than eighty percent (80%) of their respective net allocations over a twelve-month period shall be penalized by having part of such allocations recalled for purposes of determining allocations in the succeeding MAV year. The utilization rate shall be reckoned as of December 15, thereby effectively setting the utilization threshold at seventy percent (70%), or 80% multiplied by 10.5 months over 12 months, using the formula in Annex V of this Order. The MMC shall recall from the regular allocation of a licensee in the following MAV year: (a) 50% of the unused out of the unsundered volumes in the first instance of failure to meet the utilization threshold in a MAV allotment year; (b) 75% of the unused out of the unsundered volumes in the second instance of failure to meet the utilization threshold; and (c) 100% of the unused out of the unsundered volumes in the third and succeeding instances of failure to meet the utilization threshold.*
3. For the purposes of determining the unused unsundered volume and the utilization rate, the formulas in Annex V shall apply.
4. All licensees which surrender all or part of their respective allocations shall be penalized. The MMC shall recall from the regular allocation of a licensee in the following MAV year 10% of the surrendered volumes of the licensee if such surrender is made on or before the last working day of May.*
5. The volumes recalled because of non-use/underutilization and/or surrender of allocations shall be factored into the computation of the allocation a licensee retains in the succeeding MAV allotment year, as provided for in Section I.F(2) of this Order.
6. Following due process, the MMC may permanently cancel a MAV license on any of the following grounds:
 - a. misrepresentation of any vital information requested from the applicant, such as those indicated in the MAV application form;
 - b. submission of spurious or falsified documents;
 - c. commission of technical smuggling;
 - d. commission of any act of deceit by the applicant to obtain benefits from the MAV mechanism to which it is otherwise not entitled; or
 - e. any act analogous to the foregoing.

* As amended by Administrative Order No. 1, series of 1998.

The MMC shall immediately inform the BOC, through a letter, that it has cancelled a license/s.

7. The preceding paragraph does not preclude the government from taking legal action against the party concerned.

I. Conduct of the SDP

1. The SDP shall be implemented in a transparent manner and as follows:
 - a. Qualified applicants can only participate in the SDP if they are present at the particular time and place set by the MAV Secretariat for the drawing of numbers as described in Section I.I(1)ci. An applicant may authorize an agent or a representative, through a power of attorney, to act in its behalf during the conduct of the SDP.
 - b. If the total volumes requested by all qualified applicants which are present in the SDP are less than the volumes in the BYP/MYP, the MAV Secretariat shall grant the individual volume requests and the SDP shall no longer be conducted.*
 - c. If the total volumes requested by all qualified applicants present exceed the BYP/MYP, the following procedures shall apply:
 - i. Each qualified applicant shall draw a number from a transparent container in the presence of all other applicants.
 - ii. Applicants shall register their corresponding number assignments with the MAV Secretariat which, in turn, shall prominently display within the area the list of qualified applicants present and their respective number assignments in ascending order.
 - iii. All applicants shall place their respective numbers in another transparent container from which the Executive Director shall draw a number in the presence of all applicants.
 - iv. The applicant holding the number drawn by the Executive Director shall be awarded his/her volume request or one economic size lot, as defined in Annex II of this Order, whichever is lower. The applicant holding the next higher number shall be awarded its volume request or one economic size lot whichever is lower. The awarding of volume requests or economic size lots to other applicants shall proceed in the same manner. In case the applicant holding the highest number is awarded a lot or its volume request, the round shall be repeated and the next awardee shall be the applicant holding the lowest number.

A round refers to a succession of awards that starts with that given to the applicant holding the number drawn by the Executive director and ends with that given to the applicant holding the next lower number.

- v. Any applicant which has received all of its volume request shall be excluded from the applicants eligible for the next round.
- vi. The awarding of lots shall continue until there are no lots left in the BYP/MYP, or until all the volume requests of all the applicants are satisfied.

2. Immediately upon completion of the SDP, the MAV Secretariat shall post the list of the total volumes awarded to each applicant in a prominent place in the venue. The Executive Director shall authenticate this list.*

J. Notifications

1. On the second and third Mondays of October, the MAV Secretariat shall call for the submission of applications for MAV licenses for the following MAV year through a notice published in at least two (2) newspapers of national circulation. A similar notice shall be published on the second working day of June calling for the submission of applications for MYP licenses. These notices shall include the following information for applicants: *
 - a. the opening and closing dates of the application periods;*
 - b. the list of MAV products and the quotas available for each product for the MAV year;*
 - c. the in-quota tariff rates that will apply to the MAVs;
 - d. the validity period of the MAV licenses;
 - e. the names and addresses of the national and regional offices where applications forms may be obtained and submitted;
 - f. the information and documentation required of applicants;*
 - g. the schedule and venue for the conduct of the allocation of the BYP/MYP as provided for in Section I.I of this Order.*

The MAV Secretariat shall publish the list of tentative allocations of MAV applicants in two national dailies on the first working day after January 15 for the regular allocations and the allocations from the BYP and on the first working day after June 21 for the MYP. In the same notification, the MAV Secretariat shall provide the list of the grounds for ineligibility of applicants as provided for in Section I.H(6) of this Order. It shall enjoin any interested party with information on the possible ineligibility of any of the tentative awardees to provide such information to the MAV Secretariat.*

* As amended by Administrative Order No. 1, series of 1998.

* As amended by Administrative Order No. 1, series of 1998.

3. The MAV Secretariat shall notify all unqualified applicants of the rejection by the MMC of their respective applications and the reasons thereof. Such notifications shall be made until two (2) weeks after the closing of the application period.
4. To the extent possible, the MAV Secretariat shall inform the general public when seventy percent (70%) of the volume available in the balance has already been allocated, to give notice that applicants to the first-come, first-serve scheme may henceforth no longer be granted licenses.
5. Licensees whose licenses are recalled or cancelled shall be notified by the MAV Secretariat in writing of such recall or cancellation, and the reasons thereof.

K. MAV Licenses, MAV Withdrawal Forms and MAV Import Certificates

1. A license shall contain the following information:
 - a. the HS code identifying the MAV product for which the MAV licensee can apply the MAV license,
 - b. the quantity of the MAV product,
 - c. the name of the licensee,
 - d. the MAV Account Number
 - e. the validity period of the license.

A portion of the MAV license shall contain a passage providing for the formal surrender of part or the whole of such license by the licensee or its duly authorized representative. Such a passage should include a space where the actual size of the surrendered volume is indicated.
2. The MMC shall issue two (2) kinds of licenses: a) the regular licenses which are renewed in the succeeding MAV allotment year net of recalled volumes, and b) the special licenses which are non-renewable.
3. A MAV license shall be applicable to a specific MAV product whose HS code in the TCCP matches that in the license.
4. The MAV license shall be non-transferable and entitles a licensee to a MAV account in its favor. A licensee, however, may have several MAV accounts should it be eligible for different MAV products; provided that one MAV account will correspond to only one MAV product.
5. The MAV Account Number shall consist of a set of numbers identifying the MAV allotment year for which the account is valid (first two digits), the MAV licensee (next four digits), and the HS Code (the next four digits). Hyphens should separate the year, the code of the MAV licensee, and the HS codes.

* As amended by Administrative Order No. 1, series of 1998.

6. The MAV Secretariat shall submit the following to the Chief of the Central Records Management Division (CRMD) of the BOC by the second week of February of every MAV year:*
 - a. The MAV Master List showing all the MAV accounts opened for the pertinent MAV allotment year; their respective MAV account numbers; the names of the MAV licensees; the total quantity of MAV products respectively allocated to MAV licensees; the HS codes of the MAV products allocated; and the validity period of the accounts; and
 - b. MAV for each MAV product for the pertinent MAV allotment year.
7. The MAV Secretariat shall amend the MAV Master List to reflect the surrenders and the creation of the MYP, and shall furnish the BOC this updated master list not later than the first working day of July of the MAV allotment year and before the conduct of the first-come-first-served distribution of the MYP.*
8. The MAV Secretariat shall provide MAV withdrawal forms to licensees which will be used to secure the MAVICs. These forms indicate the MAV licensee's intent to withdraw from its MAV account a specified quantity of MAV products to be imported, which amount should be duly validated with copies of the corresponding Bill of Lading/Air Waybill and commercial invoice.*
9. Upon receipt of a duly accomplished MAV withdrawal form, and upon its verification that the MAV licensee has a positive MAV balance in its MAV account, the MAV Secretariat shall issue a MAVIC in favor of the licensee. There are three kinds of MAVICs: (a) the regular MAVIC which is issued against the regular license and which is applied against the regular allocation and the allocations from the BYP; (b) the special MAVIC which is issued against the special license covering allocations from the MYP and the MAV Plus; and (c) the provisional MAVIC which is issued in advance of the regular and special licenses covering allocations from the first-come-first-served schemes of the BYP, MYP and MAV Plus respectively.*
10. The MAVIC shall bear the following information:
 - a. quantity of the MAV product indicated in the MAV Withdrawal Form that is based on the net volume in the Bill of Lading/Air Waybill supported by the commercial invoice, or the balance in the MAV account of the licensee, whichever is lower; *
 - b. the specific description and HS code of the product;
 - c. the name of the MAV licensee;
 - d. the MAV account number;
 - e. the port of entry in the Philippines;
 - f. the validity period of the MAVIC; and
 - g. where applicable, the name of the MAV Import Consolidator to which the MAVIC is endorsed.*

* As amended by Administrative Order No. 1, series of 1998.

11. A MAV Import Consolidator is authorized to import all or part of a particular licensee's allocation. Any licensee can act as MAV Import Consolidator provided that it is accredited by the MAV Secretariat. The MAV Secretariat shall publish the list of MAV Import Consolidators at the same time as the publication of the tentative allocations from the BYP. It shall likewise submit the same list to the BOC together with the MAV Master List.*
12. Upon issuance of the MAVIC, the MAV Secretariat shall update the licensee's MAV account to reflect the withdrawal made through the said MAVIC.
13. The MAVICs shall be issued in five copies: the white or original copy, the green or return copy, the pink or BOC copy, the blue or MMC copy, and the yellow or MAV licensee copy.

The copies shall be disposed of as follows:

- a. The white or original copy shall be an integral part of the import documents covering a MAV importation. The MAV Secretariat shall deliver by messenger the white and pink copies of the MAVIC to the Chief of the Tax Exempt Division (TED) of the BOC. The messenger's identity and signature must be *a priori* established through an official memorandum from the MAV Secretariat Executive Director to the BOC.

The green copy shall be delivered to the Tariff Collector at the port of entry of the MAV importation.

- b. The MAV Secretariat shall keep the blue copy of the MAVIC for the MMC's record, and give the yellow copy to the holder of the MAVIC.

Upon the application of the in-quota tariff rate based on the MAV importation, the BOC official shall stamp the word "used" on the white, green, and pink copies of the MAVIC. Keeping the used white and pink copies for its own records, the BOC shall thereafter remit the green copy to the MMC, indicating on the copy how much revenue was collected from the imposition of the in-quota tariff rate on the importation of the MAV product concerned. This voids the MAVIC which thus cannot be used to avail of in-quota tariff rates in any other importations.

14. Only the MAVIC holder whose name appears in the certificate can import the MAV product in the volume stated therein, unless the MAVIC is endorsed to a MAV Import Consolidator. In the event the MAVIC holder is an organization representing its members, the organization, and not its members, shall be the entity legally authorized to bring the quantities of the MAV product into the country.
15. MAVICs shall be valid for three months from the date of their issue, provided that no MAVIC issued within a MAV year shall be valid beyond February of the

following MAV year. MAVICs issued after the utilization threshold reckoning date shall be counted against the licenses issued for the current MAV year.*

L. Monitoring and Evaluation

1. The BOC shall submit to the MAV Secretariat not later than the end of the second and fourth weeks of a given month the perforated and void MAVICs and copies of the corresponding IERDs submitted in support of the importation of the MAV products.
2. At the end of every month, the BOC shall provide the MAV Secretariat copies of all IERDs submitted in support of any importation of the MAV products at the out-quota tariff rates.
3. The MAV Secretariat shall then submit to the MMC a monthly report reconciling the quantities of the MAV products imported based on the IERDs provided by the BOC, and the MAV licenses and any MAVICs issued by the MMC and the MAV Secretariat, respectively. A summary of importations of the MAV products at the out-quota rates shall be included in this report.
4. The MMC shall review the implementation of the MAV mechanism at least once a year to solve any problems in a manner consistent with the general principles articulated in Section I.A of this Order.*

M. Other Matters Relating to the MAV

1. Where the Tariff and Customs Code of the Philippines, as amended, provides an in-quota tariff rate for a given tariff line but Annex I of this Order does not provide any MAV quantities for the particular tariff line, the BOC shall collect the duties based on the out-quota tariff rates.
2. The MAV for rice shall be exclusively imported by the National Food Authority (NFA) in accordance with Presidential Decree No. 4 which grants the NFA the sole authority to import rice, as well as Section I-B of the Philippine commitments under the Uruguay Round Final Act which assigns to the NFA the sole responsibility to import rice.
3. A unilateral MAV is one which the Philippine government, as part of its trade policy, establishes independently based on the following considerations:
 - a. In the case of products that the government had liberalized before the effectivity of RA 8178 and the tariff rates of which were raised by EO 313, the government may provide a unilateral MAV equal to the current import

* As amended by Administrative Order No. 1, series of 1998.

* As amended by Administrative Order No. 1, series of 1998.

access volume plus a reasonable growth per annum, provided both producers and users of the product concerned agree on the volume.

- b. In the case of products whose quantitative restrictions were lifted by RA 8178 and for which the Philippines does not have any MAV commitment under the Uruguay Round Final Act, the government may provide a unilateral MAV, provided both producers and users of the product concerned agree on the volume.
- c. In the case of products whose quantitative restrictions were lifted by RA 8178 and for which the Philippines has a MAV commitment under the Uruguay Round Final Act but the quantities are less than the current import access, the government may unilaterally expand the MAV up to the current import access level, provided both producers and users of the product concerned agree on the volume.

SECTION II. The MAV Plus Mechanism

A. Definition and Purpose

1. The MAV may be increased, even if the regular allocations and allocations from the BYP and MYP of licensees have not yet been fully utilized, in order to address the problems of possible commodity shortages or abnormal price increases in the MAV products.*
2. Commodity shortages are indicated by the excess of local wholesale prices of commodities over the CIF prices of their respective competing imports expressed in the local currency and adjusted for the applicable out-quota and in-quota tariff rates, and the handling and transport costs from port to warehouse.

B. Procedure for Invoking the MAV Plus Mechanism*

1. The MAC shall request the Department of Agriculture to verify the validity of reports of a shortage in a particular MAV product through the use of objective, verifiable, and transparent methodologies which are appropriate for the purpose.*
2. The Department of Agriculture shall establish the existence of a shortage, determine the size of the additional MAVs required to address such a shortage, ascertain the period when the MAV Plus volumes may be imported, and apprise the MMC of such matters accordingly.*

* As amended by Administrative Order No. 1, series of 1998.

3. If deemed appropriate, the MMC shall recommend to the President an increase in the MAV. The President may propose to Congress such an increase in the MAV, pursuant to Section 6 of RA 8178. In the event Congress fails to render a decision on the recommendation fifteen (15) days after its receipt of the proposal, the same shall be deemed approved.*

C. Application for Access to the MAV Plus Mechanism*

1. All licensees applying for access to the MAV Plus mechanism shall fill up the application form described in Section I.D(3)c. All applicants who are not existing licensees shall submit completely filled-up application forms described in section I.D(3)c together with the documents described in Section I.D(2)d of this Order.*
2. In the event it rejects an application for access to the MAV Plus mechanism, the MAV Secretariat shall inform the applicant whose application has been rejected of the reasons for its rejecting the application not later than one week after the special licenses for the MAV Plus volumes have been issued. The reasons for rejecting applications may include those mentioned in Section I.H.(6) of this Order.*

D. Allocation Procedures*

1. Upon approval of an increase in the MAV for a particular product, the MAV Secretariat shall publish a notice in two (2) newspapers of national circulation informing the general public of the availability of the MAV Plus, the application period, the period when the volumes may come in, and the procedures for the allocation of such volumes.*
2. The MAV Plus shall be allocated to qualified applicants in the same manner as the BYP and the MYP are allocated. *
 - a. The SDP described in Section I.I of this Order shall be conducted to allocate the additional volumes available under the MAV Plus mechanism to licensees which (i) have not surrendered all or part of their respective licenses, and (ii) have utilized, as of the last day of the application period, at least eighty percent (80%) of their respective net allocations in the pertinent MAV allotment year. The utilization rate shall be determined on the basis of the MAVICs issued in the pertinent MAV year.*

The volumes allocated to such licensees or MAV entrants shall either be the total volumes indicated in the lots which are drawn in their respective favors,

* As amended by Administrative Order No. 1, series of 1998. Administrative Order No. 1, series of 1998, providing for amendments to Administrative Order No. 8, series of 1997, (rules and regulations implementing the MAV mechanism) was published last February 19, 1998 in Manila Bulletin and Philippine Star.

or their respective volume requests, whichever is lower. The volumes awarded to these entities shall not form part of their regular allocations in the succeeding MAV allotment year.*

3. Any balance remaining in the MAV Plus volumes after the SDP has been conducted shall be allocated on a first-come-first-served basis to any interested applicant. The first-come-first-served scheme that will be implemented for this purpose is provided for in Section I.F(7) of this Order.*

SECTION III
Agricultural Competitiveness Enhancement Fund

A separate administrative order shall be issued for the purpose of implementing the provision of RA 8178 regarding the Agricultural Competitiveness Enhancement Fund.

SECTION IV
Effectivity and Transitory Provisions

- A. This Order shall take effect fifteen (15) days from its publication in two (2) newspapers of national circulation.*@
3. Licenses and MAVICs issued in 1998 MAV allotment year shall be governed by the provisions of this AO.*
2. Licenses and MAVICs issued from January 1, 1998 up to end-January 1999 shall be factored into the computation of the utilization rates for the 1998 MAV allotment year. Thereafter, or starting the 1999 MAV allotment year, utilization rates shall be based on the period covering February 1 of any given year to January 31 of the next year.*

SECTION V
Repealing Clause

All provisions in AO 8 which are inconsistent with this Order are hereby repealed.*

SECTION VI
Separability Clause

The provisions of this Order are hereby declared to be separable, and in the event one or more of such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.*

¹As amended by Administrative Order No. 1, series of 1998.

APPROVED

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Secretary, Department of Agriculture

ERNESTO D. GARILAO
Secretary, Department of Agrarian
Reform

SALVADOR M. ENRIQUEZ
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CESAR B. BAUTISTA
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WILLIAM G. PADOLINA
Secretary, Department of
Science and Technology

CIELITO F. HABITO
Director-General, National Economic and
Development Authority

ANNEX II. ECONOMIC SIZE LOTS FOR THE SDP

Four-Digit HS Code/s	HS Heading	Economic Size Lots
0101	Live Horses	2 head*
0102	Live Bovine Animals	1,200 head*
0103, 0104	Small Animals except Poultry (i.e., swine and goats)	20 head*
0105	Live Poultry	5,000 head*
0201	Fresh/Chilled Beef	1.5 metric tons*
0202, 0203, 0204, 0207	Other Meat and Edible Meat Offals (i.e., frozen beef, fresh/chilled/frozen pork, goat meat and poultry meat)	18 metric tons
0701	Edible Vegetables, Roots and Tubers (i.e., potatoes)	12 metric tons
0901	Coffee, Tea, Mate and Spices (i.e., coffee beans)	12 metric tons
1005, 1006	Cereals (i.e., rice and corn)	25 metric tons
1701	Cane or beet sugar and chemically pure sucrose, in solid form	10 metric tons
2101	Miscellaneous Edible Preparations (i.e., soluble coffee)	.5 metric tons

*As amended by Administrative Order No. 1, series of 1998.

ANNEX I. MINIMUM ACCESS VOLUMES, 1985 TO 2005

HS HEADING	Description	UNIT	1 January											
			1985	1986	1987	1988	1989	2000	2001	2002	2003	2004	2005	
0101	Live horses, asses, mules and hinnies	Head	26	07	57	57	57	57	57	57	57	57	57	26
0102	Live bovine animals	Head	0.100	12.652	13.500	14.401	15.266	16.270	17.174	18.079	18.983	19.888	20.791	26
0103	Live swine	Head	1.366	2.570	2.200	2.570	2.570	2.570	2.570	2.570	2.570	2.570	2.570	1.285
0104	Live sheep and goats	Head	24.000	51.204	54.800	54.514	62.172	65.500	69.488	73.146	75.803	80.461	84.075	41.075
0105	Live poultry, that is to say, flocks of the species Gallus domesticus, ducks, green turkeys, and guinea fow	Head	2,568,654	5,034,120	6,342,350	6,756,181	7,186,000	7,610,030	8,033,654	8,456,475	8,879,303	9,302,126	9,725,953	
0201	Meat of bovine animals, fresh or chilled	MT	2.000	4.207	4.201	4.436	4.611	4.785	4.959	5.134	5.308	5.483	5.657	2.785
0202	Meat of bovine animals, frozen	MT	0	21.131	57.264	71.317	85.561	98.418	108.258	119.065	130.964	144.039	158.047	72.047
0203	Meat of swine, fresh, chilled or frozen	MT	16.290	33.726	38.178	36.546	42.065	47.584	53.103	58.622	64.141	69.660	75.179	37.126
0204	Meat of sheep or goats, fresh, chilled or frozen	MT	3.05	6.66	7.46	7.66	8.46	9.26	9.46	9.66	9.86	1.046	1.096	9.60
0207	Meat and edible offal of the poultry of heading No. 01.05, fresh, chilled or frozen	MT	7.545	15.160	16.162	16.701	17.240	18.700	19.034	20.870	21.823	22.906	24.014	10.374
0201	Poultry, fresh or chilled	MT	4.65	9.66	1.000	1.102	1.171	1.240	1.309	1.378	1.447	1.516	1.585	772
0201	Coffee, whether or not roasted or decaffeinated, whole beans and skins, other substances containing coffee in any proportion	MT	5	527	900	1.000	1.120	1.192	1.268	1.354	1.391	1.467	1.467	746
1005	Males (corn)	MT	65.050	134.971	144.623	154.266	163.908	173.550	183.192	192.834	202.477	212.119	221.761	106.470
1006	Rice	MT	26.666	61.513	66.076	67.001	111.964	119.480	124.306	134.306	144.306	154.306	224.005	142.005
1701	Cane or beet sugar and chemically pure sucrose, in solid form	MT	19.215	38.954	42.201	46.547	48.303	51.240	54.087	56.923	59.760	62.597	65.433	32.022
2101	Substituted, essences and concentrates of coffee, whether or not roasted or decaffeinated, and other soluble coffee, in any proportion	MT	0	20	21	22	23	24	25	26	27	28	29	30

ANNEX III

Steps in Determining a MAV Applicant's Import Share

1. Identify the largest annual volume of importation made by the applicant during the representative period for the MAV product concerned.
2. Add all the largest annual volumes of importation made by all applicants during the representative period for the MAV product concerned.
3. Divide the largest annual volume of importation made by the applicant during the representative period [as determined in step 1] by the sum of all the highest annual volumes of importation made by all qualified applicants during the representative period for the MAV product concerned [as determined in step 2]. The resulting quotient is the applicant's import share.

ANNEX IV

Steps in Determining a MAV Applicant's Local Output Share

1. Classify a qualified MAV applicant for a specific MAV product under one of the following categories: a) producer; b) processor; c) trader; or d) commercial food service provider.
2. Determine the total quantity that is locally produced of the MAV product.
3. Determine how much of the local production is sold domestically.
4. Determine how much of these sales have been bought by processors and commercial food service providers, as groups, during the representative period.
5. Approximate the appropriate market share of traders in consultation with industry stakeholders, to take into account small- and medium- sized users of the MAV product which do not have the incentive to directly import their requirements.
6. After estimating the shares of the processors, commercial food service providers and traders based on the preceding paragraphs, designate the remaining share as that for producers. This share shall serve as the proxy for the consumption of households.
7. Multiply the total MAV for the product concerned with the output share of each group as determined in steps 4 and 5. These shall result in group allocations.
8. Determine the largest annual volume of sales made by an applicant during the representative period for the MAV product concerned.
9. Add all the largest annual volume of sales made by all applicants during the representative period for the MAV product concerned.
10. Divide the largest annual volume of sales made by an applicant during the representative period, as determined in step 8, by the sum of all the highest annual volumes of sales made by all applicants during the representative period for the MAV product concerned as determined in step 9. The resulting quotient is the applicant's local output share.
11. Multiply the allocation, as determined in step 7, of the group to which an applicant belongs with that applicant's local output share. The result is the applicant's MAV allocation for a particular MAV product.

Annex V

Computation of Utilization Rate and Unused Unsurrendered Volume

$$\text{Net Allocation} = \text{RA} + \text{BYPS} + \text{MYPS} + \text{MPS} - \text{SA}$$

Where:

RA = Regular Allocation
 BYPS = BYP Share
 MYPS = MYP Share
 MPS = MAV Plus Share
 SA = Surrendered Volumes Accepted

$$\text{Utilization Rate} = \frac{\text{AUR} + \text{AUB} + \text{AUM}}{\text{NA}}$$

Where:

AUR = Actually Utilized of RA
 AUB = Actually Utilized of BYPS
 AUM = Actually Utilized of MYPS and MPS
 NA = Net Allocation

$$\text{Unused Unsurrendered Volume} = \text{NA} - \text{AUR} - \text{AUB} - \text{AUM}$$

ABBREVIATIONS

A	ACEF AFC AO	Agricultural Competitiveness Enhancement Fund agriculture and fishery council Administrative Order
B	BIR BOC BYP	Bureau of Internal Revenue Bureau of Customs Beginning-Year Pool
C	CDA CIF CRMD	Cooperative Development Authority cost, insurance and freight Central Records Management Division
D	DA DTI	Department of Agriculture Department of Trade and Industry
E	EO	Executive Order
H	HS	Harmonized System
M	MAC MAV MAVIC MMC MYP	MAV Advisory Council Minimum Access Volume MAV Import Certificate MAV Management Committee Mid-Year Pool
N	NFA	National Food Authority
R	RA	Republic Act
S	SEC SDP	Securities and Exchange Commission Systematic Distribution Procedure
T	TCCP TED	Tariff and Customs Code of the Philippines Tax Exempt Division
V	VAT	Value Added Tax



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

December 07, 2000

ADMINISTRATIVE ORDER NO. 52
Series of 2000

ADMINISTRATIVE ORDER PROVIDING FOR FURTHER AMENDMENTS TO THE RULES AND REGULATIONS FOR THE IMPLEMENTATION OF THE AGRICULTURAL MINIMUM ACCESS VOLUMES (MAVs) CONTAINED IN ADMINISTRATIVE ORDER NO. 1 SERIES OF 1998.

WHEREAS, Department of Agriculture (DA) Administrative Order No. 1(AOI) series of 1998 provides for the Amended Rules and Regulations for the Implementation of the Agricultural Minimum Access Volumes (MAVs);

WHEREAS, a review of said AOI identified certain provisions that may be amended to enhance and refine the implementation of the MAV mechanism;

WHEREAS, the DA conducted consultation with MAV Advisory Councils (MACs) which represent the affected sectors to take into account their concerns while respecting the Philippines commitments under the GATT Uruguay Round Final Act;

NOW, THEREFORE, the following provisions contained in AOI are hereby amended as follows:

1. Section I.C.2.a providing for the composition of the MAV Advisory Council is hereby amended by deleting the Cattle, goat, beef and goat producing sector and the representative from Agricultural Fisheries Council are reduced to one. Thus, the same shall read as follows:

The MAV Advisory Council (MAC) shall be composed of **ten (10) members** from the private sector who shall be appointed by the MMC for a term of one (1) year. The MAC shall be chaired by a DA official with the rank of at least an Assistant Secretary or equivalent and shall be composed of the following:

- i. one (1) representative from the hog and pork producing sector;
 - ii. one (1) representative from the poultry and poultry meat producing sector;
 - iii. one representative from the grains producing sector;
 - iv. one representative from the sugar producing sector;
 - v. one representative from the sector producing other MAV products;
 - vi. one representative from the non-meat processing sector;
 - vii. one representative from the meat processing sector;
 - viii. one representative from the trading and commercial food service sectors;
 - ix. one representative from the consumers' sectors;
 - x. one representative of the National Agriculture and Fishery Councils
2. Section I. D.3.a providing for a requirement to the application of companies with the same ownership. Thus the same shall read as follows:

All licensees shall make separate applications for their respective regular allocations, access to the BYP, and access to the MYP. Companies directly or indirectly owned by the same person or entity shall be limited to one application per MAV product category. Indication of common ownership include but are not limited to similarity in incorporators, interlocking directors and similar office address, as may be determined by the Secretary or his/her duly designated representative. All applications in violation of this rule shall ipso facto be disqualified from being awarded any allocation under any MAV product category for a period of one calendar year. Provided, that this rule shall not apply to

companies with overlapping ownership engaged in legitimate business operations, where the corporations are not used to defeat public interest or the purpose of these rules; Provided further, that there is full disclosure on the part of the applicant at the time of application. All other entities desirous of access to either the BYP or the MYP under the procedures described in Section I.F shall also make separate applicants.

3. Section I.E.5 providing a condition that will give priority to end-users on grain and sugar sectors. Thus the same shall read as follows:

The MAV Secretariat shall put together a BYP which is the sum of the incremental MAV, the allocations recalled under pertinent provisions of this Order, as well as any MAVs not availed of in the prior MAV year. The BYP shall be allocated, first through the conduct of the SDP and then, if necessary, through the first-come-first-served distribution procedure. In the grain and sugar sectors, the Secretary of Agriculture may decide to give priority to end-users in allocating BYP, MYP and MAV plus in cases which may prove beneficial to the sector. Provided, that in case of existing allocations, the licensee shall be provided an opportunity to justify its initial allocation.

4. Section I. F.6.b 2nd paragraph providing for the determination of licensee or MAV entrant in case volume request is beyond the capacity of the licensee or MAV entrant is hereby amended by inserting a provision. Thus the same shall read as follows:

The volumes allocated to such licensees or MAV entrants shall either be the total volumes indicated in the lots which are drawn in their respective volume requests, whichever is lower. Provided, that in cases where the volume request is beyond the capacity of the licensee or MAV entrant, as may be determined using historical data such as previous importation volumes, consumption rate, and market share, the Secretary of Agriculture or his/her designated authority, upon consultation with the MAC, may determine a specific volume which will be considered as the volume requested for purposes of (BYP or MAV plus) allocating under the SDP. The volumes awarded to these entities shall not form part of their regular allocations in the succeeding MAV allotment year.

5. Section I. H.2 prescribing no penalties for underutilization for causes beyond its control. Thus the same shall read as follows:

All licensees utilizing less than eighty percent (80%) of their respective net allocations over a twelve-month period shall be penalized by having part of such allocations recalled for purposes of determining allocations in the succeeding MAV year. The utilization rate shall be reckoned as of December 15, thereby effectively setting the utilization threshold at seventy percent (70%), or 80% multiplied by 10.5 months over 12 months, using the formula in Annex V of this Order. The MMC shall recall from the regular allocation of a licensee in the following MAV year: (a) 50% of the unused out of the Unsurrendered volumes in the first instance of failure to meet the utilization threshold in a MAV allotment year; (b) 75% of the unused out of the Unsurrendered volumes in the second instance of failure to meet the utilization threshold; and (c) 100% of the unused out of the Unsurrendered volumes in the third and succeeding instances of failure to meet the utilization threshold. Provided that this rule shall not apply in cases where the licensee was prevented from utilizing its net allocation for causes beyond its control.

6. Section I. H.4 prescribing a no penalty provision in case a MAV licensee will use a local supply. Thus the same shall read as follows:

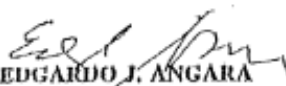
All licensees which surrender all or part of their respective allocations shall be penalized. The MMC shall recall from the regular allocation of a licensee in the following

MAV year 10% of the surrendered volumes of the licensee if such surrender is made on or before the last working day of May. No penalty if the MAV licensee reduces his allocation utilization rate due to usage of local supply, upon submission of proof of local purchases, provided the allocation shall be surrendered so it may form part of the MYP.

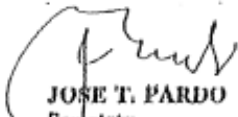
7. **Section II. D.2.a** prescribing the utilization rate of MAV plus allocation. Thus the same shall read as follows:

The SDP described in Section I.I of this Order shall be conducted to allocate the additional volumes available under the MAV Plus mechanism to licensees which (i) have not surrendered all or part of their respective licenses, (ii) have utilized, as of the last day of the application period, at least eighty percent (80%) of their respective net allocations in the pertinent MAV allotment year, and (iii) have utilized at least 90% of their preceding MAV plus allocation. The utilization rate shall be determined on the basis of the MAVICs issued in the pertinent MAV year.

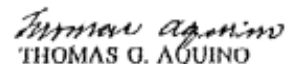
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

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Attachments:

No Attachments.