

**CONTRACT FOR THE PURCHASE AND SALE OF 300,000 MT OF 25% BROKENS,  
WELL-MILLED LONG GRAIN WHITE RICE UNDER COST-INSURANCE-FREIGHT  
(CIF) DELIVERED-AT-PLACE (DAP) BASIS**

**This Contract is executed by and between:**

**PHILIPPINE INTERNATIONAL TRADING CORPORATION**, a government-owned and controlled corporation, created and existing under and by virtue of Presidential Decree No. 1071, as amended, with business address at NDC Building, 116 Tordesillas Street, Salcedo Village, 1227 Makati City, Philippines, represented in this act by its President and CEO, **DAVE M. ALMARINEZ**, who is authorized for this purpose through Resolution \_\_\_\_\_, series of \_\_\_\_\_, evidenced by Secretary Certificate dated \_\_\_\_\_ a copy of which is attached as **Annex "A"** and made an integral part of this document, hereinafter referred to as **"PITC"**.

-and-

**DEPARTMENT OF \_\_\_\_\_ OF THE  
GOVERNMENT OF \_\_\_\_\_ (\_\_\_\_\_)**, a government agency of the \_\_\_\_\_, located in \_\_\_\_\_, represented herein by its \_\_\_\_\_, \_\_\_\_\_, who is authorized for this purpose through Resolution \_\_\_\_\_ dated \_\_\_\_\_, a copy of which is hereto attached as **Annex "B"** and made an integral part of this document, herein referred to as the **"SELLER"**

**Antecedents:**

**PITC** is the state owned trading enterprise of the Philippines duly empowered under Section 6 (i) of its Charter, Presidential Decree (P.D.) 1071<sup>1</sup>, among others, to act in any representative capacity for persons, firms, corporations or other entities, either domestic or foreign, including as manufacturer's agents, in respect of any commercial or financial matters;

**PITC** is further empowered under Section 6 (c) of its charter, to import commodities, products, goods, wares, merchandise, and other article of commerce and interest therein and trade capabilities, trading services including local and third country enterprises through trade methods, and systems facilities intended to achieve better terms of trade, both foreign procurement/importation as well as marketing and distribution within the purview of PITC's corporate powers.

Proclamation No. 922 series of 2020 declared a State of Public Health Emergency throughout the country due to Corona Virus Disease 2019 (COVID-2019), and enjoined all government agencies and local government units (LGUs) to render full assistance and cooperation, and mobilize the necessary resources to undertake critical, urgent and appropriate responses and measures to curtail and eliminate the COVID-19 threat;

---

<sup>1</sup> Revising the Charter of the Philippine International Trading Corporation

Section 2 of Republic Act (R.A.) No. 11469, otherwise known as the “Bayanihan to Heal as One Act”, declared a State of National Emergency over the entire country in view of the continuing rise of confirmed cases of COVID-19, the serious threat to health, safety, security, and loves of our countrymen, the long-term adverse effect on their means of livelihood and the severe disruption of economic activities.

Resolution No. 16 of the Inter-Agency Task Force (IATF) for the Management of Emerging Infectious Diseases approved, if necessary, the importation of an additional 300,000 metric tons (MT) of rice through Government-to-Government arrangements with Association of Southeast Asian Nation (ASEAN) and Non-ASEAN trading partners;

Rule 6.4 of the Implementing Rules and Regulations of Republic Act No. 11203<sup>2</sup> provides that *“In the event of rice supply shortage, the President may direct the Secretary of Trade and Industry and the Philippine International Trading Corporation (PITC) to expeditiously participate in the rice industry thru contracts with private traders that would purchase the needed rice supplies from domestic and foreign sources to enhance market competition and stabilize rice prices.”*;

**PITC** was authorized by Resolution No. 19 dated April 3, 2020 issued by the Interagency Task Force for the Management of Emerging Infectious Disease to purchase the above mentioned rice on the basis of the best proposal offer, in terms of price, quantity and conditions submitted to PITC upon instructions to invite qualified state trading suppliers and to submit their current proposals;

**SELLER** is a company established by the [REDACTED] as evidenced by their authority from their government to engage in commodity exports of rice and is willing and authorized to export the Rice requirement of the Republic of the Philippines thru the facilitation and importation services of **PITC** under R.A. No. 11203 or otherwise known as the Rice Tariffication Law;

**On [date], PITC** awarded the Rice Supply Contract of [quantity], 25% Broken, Well-Milled Long Grain White to aforementioned qualified government supplier taking into consideration as basis the most advantageous proposals/offers submitted to PITC with arrival period not later than [date].

The **SELLER** and the **PITC** agreed to the sale of 300,000 MT 25% Broken, Well Milled on Documents Against Acceptance (D/A) basis;

**ACCORDINGLY**, for and in consideration of the terms and conditions and their mutual covenants hereunder, the Parties hereby agree as follows:

## **I. DEFINITION OF TERMS**

For purposes of this Contract, the following terms or words and phrases shall mean or be understood as follows:

a. **Documents against Acceptance (DA) Basis** - Payment shall be made only after acceptance by PITC of all shipping documents and other required documents.

b. **Cost, Insurance and Freight (CIF)** - Seller is responsible for the contract of the carrier and also for the payment of all, costs of pre-carriage, insurance, and delivery of the goods to the named port of destination.

c. **Delivered at Place (DAP)** - The seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination.

d. **Notice of Readiness (NOR)** - Is the document used by the captain of the ship, in the event of voyage chartering, to notify that his ship is ready, in every respect, to load and/or unload the goods.

e. **Customs Broker** - Is a licensed individual or firm that ushers all shipment, whether imported or exported, through **customs**. It is the **broker** who represents the shipper when it comes to any dealings with the **customs** authorities, and prepares the necessary documents for the shipment.

f. **Surveyor** - An independent third party, person, association or corporation duly accredited by the Bureau of Customs of the Philippines. The Surveyor will ensure and certify compliance of the goods as per contract specifications who will issue a Pre-Shipment Inspection Certificate attesting to the compliance of the goods to specified contract terms. For purposes of this Contract, the surveyor shall be an independent third party surveying company accredited by the Philippine BOC which shall be appointed by the Seller.

g. **Cargo Handler** - Means an entity that will handle loading, unloading, packing or unpacking of cargo and includes cargo handling services provided for freight in special containers or for non-containerized freight, services provided by a container freight terminal or any other freight terminal, for all modes of transport and cargo handling services incidental to freight, but does not include handling of export cargo or passenger baggage or mere transportation of goods.

h. **Receiving Report (RR)** - PITC document that provides proof of ownership of commodities that are stored in a warehouse.

i. **Empty Sack Receipt (ESR)** - are free empty sacks of the same design and specifications equivalent to 1.5% of the total quantity (in bags) loaded to serve as allowance for busted bags.

j. **Container Shipment** - Shipping freight in large standardize sealed containers in 20ft or 40ft equivalent unit container.

k. **Fumigation** - Is a method of killing pests, termites or any other harmful living organisms to prevent the transfer of exotic organisms.

l. **Mixed Indicator Method** - Is a method to determine the age of milled rice; the sample to be used in the analysis to determine the age of milled rice shall be sub-divided into three (3) working samples weighing 5 grams each. The result of analysis which yielded the highest number of months shall be taken as the age of stocks.

m. **Shipping Agent** - A licensed agent in a port who transacts or supervises a ship's business, such as customs and immigration procedures, insurance, or documentation, on behalf of the owner.

n. **Daily Statement of Facts (DSF)** - Is a written report of the condition of the rice which shall be properly accounted, recorded, reported.

o. **Alcohol-Alkali Staining Method** - A type of rice test to determine the milling degree of the rice which involves dipping of the rice kernels in a 2% KOH-EtOH solvent where the residual bran layers shown up to be brown patches or streaks against a background of light yellow endosperm.

p. **Air - oven Method** - are procedures used to determine the percent moisture content in grain.

q. **Certificate of Infestation** - Is a certificate issued by an competent Inspector/surveyor stating that the rice has been inspected and samples were taken to check for pest and/or other infestation.

r. **Certificate of Sampling and Quality Inspection Report (CSQIR)** - A certificate issued by a competent person, corporation or association designated by the parties to conduct the sampling and checking of the quality of the goods.

s. **Certificate of Completed Delivery Receipt (CCDR)** – A certificate issued by the Buyer/PITC that the goods have been completely delivered as to quantity and received in the designated warehouse.

## **I. GENERAL PROVISIONS**

1. In this Contract, words and expressions shall have the same meaning as respectively assigned to them in the provisions of the Contract.
2. In consideration of the contract price (\_\_\_\_\_), SELLER hereby covenants with PITC to import and deliver maximum 300,000 Metric Tons (MT) of rice in the Philippines, in conformity in all respects with the provisions of the Contract.

## **II. SCOPE AND SPECIFICATIONS OF GOODS**

1. Commodity, maximum 300,000 MT of Long Grain White Rice at 25% brokens, well-milled, packed in 50 kilograms net capacity woven polypropylene (WPP) sack with a minimum weight of 110 grams/pc. Design and specifications of the sack are shown in the Terms of Reference (with corresponding design and specification).
2. The SELLER shall provide free empty sacks of the same design and specifications equivalent to 1.5% of the total quantity (in bags) loaded to serve as allowance for busted bags. Busted bags in excess of the 1.5% of the volume shall be provided for by the SELLER.
3. Specifications:

<b>Parameters</b>	<b>25% Brokens</b>
Whole Kernels (min. %)	40.00
Brokens (max. %)	25.00
Damaged Grains (max. %)	1.50
Yellow/Discolored Grains (max.%)	1.50

Chalky Kernels (max.%)	8.00
Immature Kernels (max.%)	1.00
Red Kernels (max.%)	5.00
Foreign Matter (max.%)	0.20
Weed Seeds and other Crop Seeds (max. no. per 1,000 g)	35.00
Paddy (max. no. per 1,000 g)	25.00
Moisture Content (max. %)	14.00
Size of Brokens	<0.50 of the whole kernel or <3.2 mm in length
Milling Degree (1-14% BSK)	Well-Milled
Age	Not more than four (4) months old from the date of milling

**Crop Year-** Harvested during the period **March 2020 onwards only**. Stocks should be freshly milled and not more than four (4) months prior to loading as certified by SELLER's appointed Surveyor. Mixing of freshly-milled rice with aged rice (more than four (4) months) is not allowed. **Stocks should not be powdery, free from sack-like odor, free from insect infestation, and no moth webbing.** The above requirements shall apply to both head rice and brokens. Reprocessed milled rice shall not be accepted.

*Chalky kernel* – kernels, whole or broken, one-half or more of which is white like the color of white chalk.

- Rice deliveries that do not conform with specifications of this Contract shall be rejected or subject to deductive cost in accordance with by Article XIV and XIX of this Contract.

### III. CONTRACT PRICE

The Contract Price shall be based on the bids received on opening date.

The Contract Price shall cover the following:

PARTICULARS	AMOUNT (in US\$/MT)
FOB Price	
Marine Insurance	
Freight	
Survey/Inspection Cost	
Integrated Cargo Handling	
Other Expenses/Others	
Total Price	

Incoterms 2020 shall apply.

### IV. DELIVERY PERIOD:

SELLER shall deliver the goods within the schedule indicated in the Terms of Reference from receipt of the Notice to Proceed issued by PITC.

**V. PERFORMANCE SECURITY**

1. THE SELLER shall submit a Performance Security equivalent to five percent (5%) of the Total Awarded Contract Price valid until the issuance of PITC Final Certificate of Acceptance within five (5) banking days after receipt of the Notice of Award in the form of (a) Irrevocable Stand-by Letter of Credit (L/C) issued by reputable local or foreign Universal or Commercial Bank or (b) foreign Bank Guarantee confirmed by a local commercial or universal bank to guarantee the faithful performance of their obligations under the contract. If issued by a foreign bank, it should be confirmed and authenticated by a local Universal or Commercial Bank in Metro Manila. The Stand-by Letter of Credit Form as attached in the Terms of Reference.
2. All charges for the opening of the Irrevocable Stand-by Letter of Credit (L/C) or Bank guarantee and incidental expenses thereto, shall be for the account of the SELLER.
3. The Performance Security shall be denominated in Philippine Peso and/or US Dollar, in case of US Dollar it shall be confirmed by a local correspondent commercial or universal bank and posted in favor of Philippine International Trading Corporation which shall be confirmed forfeited in case of default in any of the obligations under this contract. In case the US Dollar is not sufficient to cover the Performance Security, Seller shall cover the deficiency at its own expense by posting additional performance security.

**VI. TERMS OF THE CONTRACT**

**I. DELIVERY SCHEDULE AT PHILIPPINE PORT**

1. Quantity Per Discharge Port

Port of Discharge	Quantity per Discharge Port (In MT)	
	Not Later Than (NLT) July 14, 2020	Not Later Than (NLT) August 14, 2020
Manila	87,000.00	87,000.00
Cebu	21,000.00	21,000.00
Tacloban	7,500.00	7,500.00
Zamboanga	12,000.00	12,000.00
Davao	22,500.00	22,500.00
<b>TOTAL</b>	<b>150,000.00</b>	<b>150,000.00</b>

2. "One Vessel - One Bill of Lading" policy shall be strictly observed. The Seller may unload in two discharge ports upon approval of PITC.
3. Early shipment shall be allowed, provided that arrivals are within the required arrival period at discharge ports. Within 7 days notice prior to loading to the Seller, the PITC may re-schedule arrival period as it deem necessary without additional cost to the PITC.
4. Late Deliveries shall be penalized as provided under The Grain and Feed Trade Association (GAFTA) 122 relating to Default. The basis for calculating late delivery

shall be the actual date of arrival of the vessel as indicated in the Notice of Readiness (NOR).

5. SELLER shall inform PITC, within 2 days before departure, of the vessel's name, its expected date of departure from load port and its expected time of arrival at designated Philippine Port.

6. SELLER shall deliver the goods free of obligations and expenses to PITC up to stockpile of the PITC's designated warehouses.

7. PITC's designated receiving warehouses shall be within 40-km radius from the port of discharge, otherwise the PITC shall shoulder the Cargo Handling Payment beyond the 40-km radius.

8. PITC has the option to re-assign the discharge port in case of natural or man-made calamities and in operational exigencies at no cost on the part of the PITC. PITC shall notify the discharge re-assignment to the Seller prior to loading of stock at the point of origin.

9. Shipment of any cargoes other than the goods stated in this contract is strictly prohibited. In case of unauthorized cargoes found on the vessel, SELLER shall be liable in accordance with Article XIV and XIX of this Contract.

## **VII. PRE-ARRIVAL PROCEDURES / DOCUMENTATION**

### **The PITC shall:**

1. Brief the SELLER on the loading and unloading operations of the Imported Rice;
2. Provide the SELLER with designated receiving warehouses nationwide which shall be within a 40-km radius from the port of discharge; and
3. Coordinate with SELLER about arrival period and ensures that schedules of arrivals are in accordance with the delivery period per contract.

### **PRE- LOADING AT PORT OF ORIGIN**

#### **The PITC shall:**

1. When necessary, the PITC shall appoint one (1) representative for every 12,500 MT and a fraction thereof to witness loading operations at the port of origin. Expenses shall be for the account of the BUYER.

#### **The SELLER on its account shall:**

1. Ensure that all carrying vessels are seaworthy and covered with the required marine insurance coverage.
2. Ensure the timely delivery of rice imports at PITC's designated receiving warehouses;

3. Appoint the following:

- a. **Customs Broker** assigned by the Seller's Cargo Handler will facilitate document and process the necessary customs clearance and release of the cargo with the Bureau of Customs (BOC) the at the designated discharge port.
- b. Bona fide accredited BOC Philippine **Surveyor** that shall ensure and certify compliance of the rice imports to contract specifications. It shall represent the SELLER on all matters of quantity and quality of the deliveries;
- c. Bona fide and Philippine Registered **Cargo Handler** with capability experience and resources to unload at discharge port, deliver and stockpile the imported rice up to the PITC's designated receiving warehouses. It shall represent the SELLER on matters of imported rice delivery.

SELLER shall submit to the PITC lists of TH-TRUCKS indicating plate number, name of driver, driver's license, and specimen signatures.

SELLER shall issue SPECIAL POWER OF ATTORNEY (SPA) authorizing drivers/checkers designated by the Cargo Handler with their specimen signature to sign warehouse documents such as PITC Receiving Report (RR) and Empty Sack Receipt (ESR) and to witness unloading, weighing and stocking procedures in the designated warehouse.

- d. Obtain from a legitimate **Insurance Company** that shall ensure that insurance coverage of the rice cargo is in accordance with the contract and shall witness the condition of Bad Order (BO) stocks at PITC designated receiving warehouse and stockpiling up to its disposition, and to provide PITC with lists of names and specimen signatures of the Customs Broker, Surveyor and Cargo Handler.
4. Nominate vessel and notify PITC of the vessel's Laycan, Quality Specification (25% Broken), and the scheduled quantity for loading, including the complete vessel's specifications such as vessel's name, class, cargo gears, LOA, number of holds/hatches/discharging rate, summer draft/copy of charter party agreement/fixture notes, marine insurance policy coverage and other details.
  5. PITC shall evaluate quantity and vessel nomination before acceptance and discharge port assignment.
  6. If accepted, PITC shall send letter of vessel acceptance and notice to the SELLER specifying the assigned discharge port for its nominated vessel.

## **LOADING AT PORT OF ORIGIN**

1. Break bulk, container shipment or both is allowed. The SELLER shall follow the policy of one (1) discharge port per vessel to facilitate and ensure the timely delivery and unloading of the cargo.
2. The SELLER'S **Surveyor** shall supervise the conduct of inspections of the imported rice to ensure that the rice stocks from origin up to PITC's designated receiving warehouses are in accordance with quality specifications per contract- and are free from any chemical contaminations, abnormal odors, living insects, and mites.
3. The SELLER shall properly fumigate the cargo at the port of origin on its account under the direct supervision of SELLER's appointed **Surveyor**. It shall report type of fumigant, actual dosage applied method of applications, gas concentration readings at designated time or day, date and time of completion.

Fumigation to be carried out shall be as follows:

The recommended fumigant shall be 3 pounds per 1,000 cubic feet of Methyl Bromide (CH<sub>3</sub>Br) for a minimum of 48 hours exposure period. The piping carrying fumigant to the holds must be such that no liquid methyl bromide comes into direct contact with the rice cargo. The recommended fumigant shall be a minimum of nine (9) grams per cubic meter of metal-based Aluminum Phosphide (AIP) in bags or sachets (chain/blankets/strips/plates) with a minimum of seven (7) days exposure period.

4. Re-fumigation due to live infestations upon vessel arrival at discharge port shall be for SELLER's account and billeting of crews at the port of unloading if necessary, shall be for the account of SELLER.
5. The **Surveyor** shall issue a certification that the rice import to be delivered are within the acceptable maximum limits (ML) of the following heavy metal contaminants: Arsenic at 0.2 mg/kg, Cadmium at 0.4 mg/kg, and Lead at 0.2 mg/kg and shall be within the acceptable limits set by the following:

CODEX Alimentarius Commission, Food and Agriculture Organization/World Health Organization of the United Nations. General Standards for Contaminants and Toxins in Food and Feed. CODEX STAN 193-1995 (Amended 2016) and the Philippine National Standard (PNS/BAFS 194:2017) General Standard for Contaminants and toxins in Food and Feed.

6. The **Surveyor** shall also supervise vessel aeration, and residue retrieval including cleanliness of the holds/hatches and sufficiency of empty sack requirements.
7. The SELLER'S **Surveyor** shall conduct the following test on the imported rice at the port of origin.
  - i. **Air-oven Method** as shown in the Terms of Reference to determine the moisture content of rice; and

ii. **Mixed Indicator Method** as shown in the Terms of Reference to determine the age of rice

8. The SELLER shall furnish the PITC with the following shipping documents for Customs Clearance purposes, upon completion of loading at load port:

SELLER	SURVEYOR
1. Bill of Lading	1. Certificate of Weight and Inspection of the Quality, Quantity, and Weight of the Cargo
2. Commercial Invoice (indicating break-down based Cost, Insurance and Freight)	2. Shall furnish a copy of Phytosanitary Certificate
3. Certificate of Origin (Form D)	2.1 Certificate of Fumigation
	2.2 Heavy Metals Contaminant Analysis Maximum Limit (ML) Certification (ML)
	2.2.1 Arsenic - 0.2 mg/kg
	2.2.2 Cadmium - 0.4 mg/kg
	2.2.3 Lead - 0.2 mg/kg)
	3. Non-Genetically-modified Organism (GMO) Certificate
	4. Packing List
	5. Certificate Of Milling
	6. Inspection Certificate as to the Condition of the Vessel
	7. Loadport Survey Report

9. The SELLER shall prepare Commercial Invoice for BOC tax computation as follows:

*CIF (COST, INSURANCE, & FREIGHT)*

A. FOB	US\$ XXX.XX
B. MARITIME INSURANCE	US\$ XXX.XX
C. FREIGHT	<u>US\$ XXX.XX</u>
TOTAL CIF	US\$ XXX.XX

10. The SELLER shall also prepare another Commercial Invoice for the PITC for Billing and payment purposes as follows:

*CIF (COST, INSURANCE, & FREIGHT)*

A. FOB	US\$ XXX.XX
B. MARITIME INSURANCE	US\$ XXX.XX
C. FREIGHT	<u>US\$ XXX.XX</u>
TOTAL CIF	US\$ XXX.XX

*OTHER COSTS*

E. SURVEY/INSPECTION COST	US\$ XXX.XX
F. CARGO HANDLING	US\$ XXX.XX
G. OTHERS	<u>US\$ XXX.XX</u>
TOTAL OTHER COST	US\$ XXX.XX

TOTAL CONTRACT PRICE..... US\$ XXX.XX

11. The SELLER shall regularly advise the PITC of the loading status of vessel and estimated time of departure (ETD) / estimated time of arrival (ETA) and shall inform the PITC of any change in vessel status/position.

12. Immediately after completion of loading, SELLER shall advise PITC vessel's time of departure at load port and estimated time of arrival at discharge port. SELLER shall likewise provide PITC every 72/48/24 hour-notice of ETA at discharge port.
13. From one/two safe berth, one/two safe port out of source country to one/two safe berth, one safe Philippine port to be declared by the Buyer five (5) days prior to completion of loading

### **PRE-UNLOADING AT DISCHARGE PORT**

1. The SELLER **Shipping Agent** shall coordinate with the Philippine Ports Authority (PPA) on the arrival of vessel at discharge port/pilot station and secure availability of berthing space.
2. The SELLER **Shipping Agent** shall secure free-pratique from the quarantine doctor of the Department of Health (DOH).
3. It shall also secure boarding formalities and by the following:
  - i. PITC;
  - ii. BOC;
  - iii. Bureau of Plant Industry (BPI);
  - iv. Ship's Agent;
  - v. Bureau of Immigration (BOI);
  - vi. Philippine Coast Guard (PCG);
  - vii. Maritime Police;
  - viii. Subic Bay Metropolitan Authority SBMA Representative (for Subic disport);
  - ix. Surveyors at discharge port;
  - x. Cargo handler's Representative; and
  - xi. Representative from Insurance Company .
4. The SELLER's **Customs Broker** as assigned by the cargo handler of the supplier shall assist the PITC disport in the actual computation of duties/taxes, if any of the rice imports by the Bureau of Customs (BOC) which shall be based on the Cost, Insurance and Freight (CIF).

### **VIII. UNLOADING PROCEDURES AT THE PIER**

1. The SELLER's **Cargo Handler** shall unload rice cargo from vessel at the discharge port to trucks and deliver and stockpile the rice up to the PITC designated receiving warehouses.
2. The SELLER's **Cargo Handler** may opt to do truck scaling at the Pier / Port. However, final weighing and receipt of stocks shall be done at PITC's designated receiving warehouses.

3. The SELLER's **Surveyor** shall conduct inspection of the condition and quality of rice being unloaded from vessel to trucks and up to the delivery of rice to designated warehouse/s.
4. PITC's representative shall observe unloading operation, prepare and submit Daily Statement of Facts (DSF) as shown in the Terms of Reference. The DSF shall be counter-signed by authorized representatives of the **Cargo Handler** and **Surveyor**.
5. The SELLER shall re-bag busted bags inspected at discharge port.
6. In case of infestation on board vessel and the conduct of re-fumigation is undertaken, the **Surveyor / Fumigator** shall collect the residues of fumigants before unloading the stocks. This is to avoid contamination on the stocks. Re-fumigation shall be at SELLERS expense.
7. The SELLER's **Cargo Handler** shall unload the imported rice and shall notify PITC on its truck arrivals to expedite unloading and delivery of imported rice to designated warehouses.
8. The SELLER **Surveyor** shall identify Bad Order stocks unloaded from the vessel. Bad Order rice shall include sweepings, damaged stocks (sea water, rain damage, and other cause of damage), **stocks with objectionable or off-odor, stocks with moth webbings**.
9. All rice cargoes on board a vessel shall be unloaded, delivered and stockpiled at PITC designated warehouse including Bad Order (BO) rice from the vessel and rice cargoes that are not declared and not covered in the shipping documents. The undeclared and undocumented cargo shall not be paid but shall be declared as part of PITC's stocks. All BO stocks shall be segregated and piled outside the warehouse and disposition of which shall be the responsibility of the SELLER. In cases when the BO stocks are in big volume (e.g. 1 vessel load), the PITC shall totally reject the shipment.

#### **IX. UNLOADING AT THE DESIGNATED RECEIVING WAREHOUSE**

1. SELLER shall be responsible for unloading of the shipment and stockpiling at PITC designated warehouses.
2. The SELLER and the PITC shall conduct Joint Inspection and Sampling of the imported rice deliveries at PITC's designated warehouse
3. The number of bags for sampling shall be 10% of each truck load and shall be randomly taken in all accessible portions of the truck prior to unloading- where a minimum of 3 kg primary samples per truck shall be drawn.

Example:

For a Truckload with 700 bags; 10% of 700 bags is 70 bags,

a total of 3kg of random rice sample shall be taken from the 70 randomly selected bags.

4. Drawing of samples shall be undertaken after weighing of stocks and shall be drawn through probing.
5. The SELLER and the PITC shall determine the condition of the stocks while drawing of primary samples if there is presence of live insects, objectionable or off odor, moth webbings, or combination of the three.
6. The primary samples shall be set aside until sampling has been undertaken in all truck deliveries in a particular warehouse.

#### Preparation of Representative Samples

Mix all the primary samples in a mixer/divider or through quartering method to obtain a composite sample.

Obtain three (3)-1.5 kg representative samples from the composite sample. These shall be classified and recorded as follows:

- i. **First representative sample** - for immediate analysis at the designated receiving warehouse.
  - ii. **Second representative sample** - for reference to be used for joint analysis at the PITC's Laboratory in case of dispute in the result of analysis at the designated receiving warehouse.
  - iii. **Third representative sample** - for reference to be submitted to an independent quality Surveyor in case of dispute in the result of analysis at the PITC's Laboratory.
7. The second and third representative samples shall be properly labeled and jointly signed at the sealed portion of the sample by the PITC and SELLER's representative to preserve the integrity of the sample. The said samples shall be kept under the custody of the PITC's Laboratory.

#### Analysis of Representative Samples

The **first representative sample** shall be used for the analysis of all quality parameters indicated in the contract **except for the moisture content (MC) determination** (where the analysis shall be conducted by the PITC at the designated receiving [as shown in the Terms of Reference]).

8. The PITC shall use the following official methods of analysis:
  - i. The **Mixed Indicator Method** shall be used to determine the age of milled rice; the sample to be used in the analysis to determine the age of milled rice shall be sub-divided into three (3) working samples weighing 5 grams each. The result of analysis which yielded the highest number of months shall be taken as the age of stocks;
  - ii. The **Alcohol-Alkali Staining Method** shall be used to determine the milling degree of milled rice; and
  - iii. **Moisture Content shall be determined by Air-oven Method.**
9. The three (3) working samples are intended for the separate analysis of broken, whole kernels, and the mixture of both.
10. Rice deliveries that do not conform to the contract specifications shall be subjected to penalty (as shown in the Terms of Reference for the **Penalty for Non-conforming Imported Milled Rice Deliveries**). A formal notice shall be made by the PITC to the SELLER.
11. The PITC's Laboratory shall turn-over the excess composite samples to the receiving Warehouse.
12. The second and third representative samples shall be disposed only if there is no dispute arising from the result of analysis at the warehouse after completion of unloading.

13. Moisture Content Determination

The SELLER and the PITC shall determine Moisture Content of the rice sample drawn *per truck*. Ten (10) trials shall be conducted on the rice sample using a calibrated moisture meter. The average of the 10 trials shall be recorded in the *RR document*.

**Determination of Moisture Content**

1. **On a per truck basis**, conduct 10 trials on the rice sample using the **verified or adjusted moisture meter**. Get the average of the 10 trials and record in the **RR document**;
2. In case where the rice stocks to be unloaded have registered more than 14% averaged MC reading, unload the rice stocks and pile it separately. Rice stocks of this nature shall be regularly monitored and prioritized for issuance; and
3. **The basis for penalty computation shall be the average MC readings taken from ALL the truck deliveries of a particular designated warehouse.**

Note: In case the **FINAL averaged** MC reading is more than 14%, inform the Seller's Surveyor

Truckload of imported rice that registered more than 14% up to 15% average MC reading shall be unloaded on a separate pile and shall be subject to penalty.

The PITC shall reject all deliveries with an average MC of more than 15%.

14. Live Insects Detection

Imported Rice found to have live insects during inspection and sampling, shall be unloaded and piled separately. Receiving documents shall be noted with **“For Fumigation”**.

The PITC shall prepare “Certification of Infestation” (as shown in the Terms of Reference) duly signed by PITC and SELLER’s representatives. It shall likewise Inform the local DA-Bureau of Plant Industry (BPI) of the infestation.

The SELLER shall fumigate the infested stocks in the presence of PITC. The SELLER’s appointed fumigation service provider shall be duly accredited by the Fertilizer and Pesticide Authority (FPA).

All expenses incurred in the conduct of fumigation shall be for the SELLER’s account.

15. Objectionable or Off-Odor Imported Rice

Objectionable or off-odor rice shall be categorized and characterized by the following descriptions:

<b>Odor Category</b>	<b>Characteristics</b>
Musty	Earthy, moldy, and ground-like (not to be confused with burlap bag odor).
Sour	Rancid, sharp, or acrid ex., insect waste and fermenting grain odor.
Commercially-objectionable Foreign Odor (COFO)	Any odor not normal to grain, ex., odor of fertilizer, hides, oil products, smoke, burnt grain, chemical treatment, and decaying vegetable and animal matter.

\*Source: USDA-GIPSA/FGIS Rice Inspection Handbook, Chapter 5, Inspection of Milled Rice, July 1, 1994.

16. The PITC shall undertake the following when there is imported rice with objectionable / off-odor.

- Bags of imported rice with objectionable or off-odor shall be segregated and piled together with other Bad Order stocks and shall be marked “BO” with permanent marker;
- Conduct 100% sampling during unloading; and
- Reject all imported rice with objectionable or off-odor.

All expenses incurred in the segregation of BO stocks due to objectionable or off-odor shall be for the SELLER’s account.

17. Presence of Moth Webbing

The PITC shall undertake the following when there is presence of Moth Webbing in the imported rice;

- Bags of imported rice with Moth Webbings shall be segregated and piled together with other Bad Order stocks and shall be marked “BO” with permanent marker;
- Conduct 100% sampling during unloading; and
- Reject all imported rice with Presence of Moth Webbings.

18. Truck sweepings shall be collected and weighed using platform scale prior to tare weighing of the truck. This shall be added to the Bad Order stocks.

#### **X. WEIGHING OF IMPORTED RICE DELIVERIES AT RECEIVING WAREHOUSE**

All rice cargoes delivered at PITC’s designated warehouse including Bad Orders (BO) and undeclared rice cargoes if any, shall be weighed and classified in the presence of the SELLER’s representatives. The PITC shall verify, check and calibrate Weighing scales witnessed by the SELLER’s representatives.

#### **XI. DOCUMENTATION OF IMPORTED RICE DELIVERIES AT RECEIVING WAREHOUSE**

1. The weight, quality and condition of rice stocks, including that of WPP packing shall be final at PITC’s designated receiving warehouses.
2. The SELLER shall be responsible for ensuring that the rice delivered to the PITC on board vessel at load port up to PITC’S designated warehouses is the same commodity as that described in the Certificate of Weight and Inspection of the Quality, Quantity and Weight of the Cargo including the bags.
3. The PITC shall receive all Good quality imported rice- conforming and non-conforming to quality specifications- including undeclared rice cargoes delivered at PITC’s designated warehouse in the presence of the SELLER’s representatives. These deliveries shall be documented with PITC RR as shown in the Terms of Reference.
4. The PITC shall also all receive and document unused sacks after re-bagging of busted bags. The breakdown of the 1.5% spare sacks shall be accounted as to number of pieces used in re-bagging busted bags from the vessel/truck/ unloading at receiving warehouse; and as to the number of pieces used to bag recovered vessel sweepings.

#### **XII. DOCUMENTATION AND WITHDRAWAL OF BAD ORDER DELIVERIES AT RECEIVING WAREHOUSE**

1. Bad Order Rice shall be properly accounted, recorded, reported in the Daily Statement of Facts (DSF). It shall be piled separately outside the PITC’s warehouses but within its compound. It shall not be reconditioned nor be documented using PITC RR.

2. The PITC and the SELLER shall conduct joint inspection and sampling on the BO stocks after completion of unloading from a particular vessel.
3. The PITC shall accomplish the Certificate of Sampling and Quality Inspection Report (CSQIR) as shown in the Terms of Reference. The CSQIR shall be signed by all concerned parties indicated therein.
4. The jointly taken samples from the BO stocks shall be subject to Laboratory Analysis. The result of the analysis shall be reported using **Laboratory Analysis Report** (as shown in the Terms of Reference), within two (2) working days after the submission of samples.
5. The SELLER shall withdraw Bad order imported rice within three (3) working days from the receipt PITC advise as per Receiving Report and Summary of Bad Order Stocks.
6. Re-bagging to non-PITC marked sack shall be done during the prescribed withdrawal period to be witnessed by the PITC. In no case shall the withdrawal of stocks be allowed in their original sacks with PITC markings.
7. Storage fee and other expenses shall be charged to the SELLER after the lapse of the prescribed withdrawal period for non-withdrawal of Bad Order (BO) stocks.
8. The PITC shall prepare a Summary Report of Bad Order Stocks to be confirmed and signed by representatives of the SELLER.
9. The SELLER shall pay the storage fee and all the expenses incurred in the separation and handling of the Bad Order stocks.

### **XIII. CERTIFICATE OF COMPLETED DELIVERY RECEIPT (CCDR)**

1. The PITC representative at area of delivery shall issue a fully signed **CERTIFICATE OF COMPLETED DELIVERY RECEIPT (CCDR)** (Format of CCDR is shown in the Terms of Reference) **upon completion of delivery of a vessel cargo to PITC's designated receiving warehouses. The CCDR shall be in seven (7) copies, (4 original copies and 3 copies can be certified photocopy).** The CCDR shall be completed and submitted within one (1) week from the date of completion of the delivery.
2. All amount (costs, expenses, penalties etc.) shall be in dollars (\$) using the foreign exchange rate of the day before the date of the CCDR preparation; rounded off to two (2) decimal places. Weight of imported rice in the CCDR shall be in metric ton (MT) rounded off to three (3) decimal places.

**The CCDR shall be forwarded to the PITC's Head Office – Imports Department for evaluation and indorsement to the PITC's Accounting for processing of payment**

Certificate of Complete Delivery Receipt (CCDR) shall include the following:

- Good Stocks & Empty Sacks received;
- Computation of Duties for the Bad Order imported rice and short landed stocks (*Short landed stocks shall refer to stocks per Bill of Lading (B/L) less good and BO as delivered at PITC's designated receiving warehouse*);
- Penalties for non-conforming imported rice;
- Penalties for late deliveries;
- Storage, Handling and Disposition expenses for BO stocks; and
- Penalties for undelivered number of free 1.5% empty sacks per shipment.

#### **XIV. DISPUTE ON QUALITY SPECIFICATIONS**

1. Dispute between the PITC and the SELLER in findings and observations in the quality of stocks, shall be resolved by joint analysis by the parties at the PITC's designated Laboratory. The **second representative sample** shall be used in the conduct of joint analysis.
2. If the dispute is not settled, it shall be resolved by an independent quality Surveyor jointly appointed by the SELLER and PITC. The **third representative sample** shall be used by the appointed independent quality Surveyor. **The result of analysis shall be FINAL.** The cost of analysis shall be for the account of the SELLER.
3. Imported Rice Deliveries at the designated warehouse shall not be unloaded without the SELLER's **Surveyor**.

#### **XV. INSURANCE**

1. The carrying vessel must be seaworthy, fully geared, single, or between decker suitable for the transportation, loading and unloading of bagged grains.
2. SELLER shall undertake to cover the goods with risk insurance from the loading port up to the stockpile of the PITC designated warehouse/s at SELLER's account and expense.

#### **XVI. PAYMENT**

1. Payment shall be in US\$ and shall be through Documents Against Acceptance (D/A) with a tenor of 15 calendar days from receipt by PITC of the complete set of original shipping documents, except for the Certificate of Origin and Phytosanitary Certificate which are Certified Photocopies. Payment shall be made fifteen (15) calendar days after signing the "Accepted" portion of the Bill of Exchange by the PITC. The "accepted" Bill of Exchange shall be given outright to the recipient/PITC's bank in exchange for original set of documents on the same day. The PITC shall remit via telegraphic transfer to the SELLER's nominated bank.
2. The documentary requirements for payment are the following:
  - a. Bill of Exchange (2 copies);

- b. SELLER's Commercial Invoice indicating break-down of cost items based on the price/s offers; (Cost, Marine Insurance, Freight, Surveyor's Fee, Cargo Handling and other expenses); in duplicate;
  - c. Clean on Board Ocean Vessel Bill of Lading (2 originals, one copy for the Bank and another copy for PITC file, and 2 non-negotiable copies). "One Vessel - One Bill of Lading/Discharge port" policy shall be observed;
  - d. Charter Party/Fixture Note (one Certified Photocopy for PITC file) made out to order and marked "FREIGHT PREPAID". Notify Party: PHILIPPINE INTERNATIONAL TRADING CORPORATION, NDC Building, 116 Tordesillas St., Salcedo Village, Makati City Philippines;
  - e. Certificate of Weight and Inspection on the Quality, Quantity, and Weight of the Cargo including the bags issued by SELLER's appointed SURVEYOR;
  - g. Certificate of Origin (CO) "Form D" issued by a competent government authority duly designated by the exporting ASEAN member state as qualification under the ASEAN Trades and Goods Agreement (ATIGA). For bidder from exporting non-ASEAN member state, a similar document to the Certificate of Origin (CO) "Form D" issued by a concerned government authority shall be submitted;
  - h. Phytosanitary Certificate, duplicate;
  - i. Certificate of Fumigation issued by the fumigating company certified as supervised by SELLER's appointed SURVEYOR, duplicate;
  - j. Inspection Certificate as to the condition of the vessel issued by the SELLER's appointed SURVEYOR;
  - k. Certificate of Milling issued by the SELLER's appointed SURVEYOR stating that the stocks were milled not more than four (4) months prior to loading and harvested during the period **March 2020** onwards only; and
  - l. Seven (7) copies of Certificate of Complete Delivery and Receipt (CCDR) issued by the PITC with its best efforts and as earliest as possible from completion of delivery to PITC's designated receiving warehouses (4 original copies and 3 certified photocopy):
    - Proforma copy of CCDR as shown in the Terms of Reference.
    - 1<sup>st</sup> and 2<sup>nd</sup> copies – for PITC's designated Representative.
4. Included in the CCDR are the deductions for the advance payment of Custom Duties for bad order stocks and short landed stocks, expenses in handling of bar order stocks, penalties for non-conforming imported milled rice, penalties for non-provision of empty sacks equivalent to 1.5% of the total quantity (bags) loaded per shipment, delayed/late deliveries.

5. Bad order stocks shall include sweepings, damaged stocks (sea water, rain damage, and other cause of damage), *stocks with objectionable or off-odor, and stocks with moth webbings*. Stocks for reconditioning shall not be accepted.
6. Shortlanded stocks shall refer to stocks per Bill of Lading (B/L) less good and bad order as delivered at PITC's designated receiving warehouses.

## **XVII. PRESIDENTIAL DECREE NO. 1466 / FLAG WAIVER**

1. The SELLER shall take cognizance of P.D. No. 1466 of the Philippines and whenever available shall utilize Philippine flag vessels in the shipment of the cargo. Otherwise, SELLER shall secure the necessary waiver from the Philippine Shippers' Bureau. Cost of filing waiver shall be for SELLER's account or its authorized local agent in the Philippines. Loading of cargo shall not commence in the absence of the said approved waiver.

## **XVIII. GAFTA 122 PROVISIONS**

1. For all other terms and conditions which are not in contravention with the above terms and conditions, the provisions of GAFTA 122 shall be adopted and shall form and integral part of this Contract.

## **XIX. DEFAULT AND PENALTIES**

### **1. Non-Conforming Stocks**

The following provisions shall be observed for stocks not in conformity with the stock quality of specification:

- a. Cargo deliveries which shall not conform with the Quality Standard Specification shall be imposed with a corresponding penalty. A Penalty Table for Non- Conforming IMR Deliveries in terms of Brokens, Whole Kernels, Moisture Content and Milling Degree is shown in the Terms of Reference.
- b. Dispute arising from such deviations shall be resolved by undertaking a joint sampling and evaluation by an independent quality laboratory to be witnessed by the PITC, SELLER's appointed Surveyor and a representative of the SELLER.
- c. Penalties imposed on resolved non-conforming deliveries shall be deducted from PITC's payables to SELLER.

### **2. Delayed or Late Deliveries**

- a. If the shipments were not delivered in accordance with the delivery schedule stipulated herein and/or agreed upon by both the PITC and the SELLER, the SELLER shall be liable for penalty on shipments beyond the period as per schedule of penalty on shipment extension, except if the reasons for the delay are due to force majeure, not due to the fault of the SELLER, and/or if the reasons for delay is/are acceptable to the PITC. Any request by the SELLER for extension of delivery of stocks shall be in writing and shall be

submitted to the PITC not later than five (5) working days before the due date(s) of delivery as provided in this Contract.

- b. For purposes of determining delay in delivery, the basis of the actual date of arrival is the date indicated in the Notice of Readiness (NOR). It shall also be the basis in imposing penalties for late deliveries using the provisions of GAFTA 122 on penalty schedule as follows:

No. Of Days Delayed	% Penalty of the late delivery volume x contract price
1-7 days	0.00
8-11 days	0.50
12-13 days	1.00
14 days or more	1.50

For purposes of computing the penalty for late deliveries of shipments, the schedule of arrival per discharge port and schedule of penalties shall serve as basis.

- c. The GAFTA 122 penalties imposed on resolved delayed/late deliveries shall be deducted from PITC's payable to SELLER.
3. Default of all or any provision of the Contract due to war, blockade, hostilities, insurrection, mobilization, strikes, lockouts, civil commotion, riots, plague, or other epidemics, destruction by fire, flood or other acts of nature or other causes beyond the control of the SELLER or PITC shall operate and cancel contract to the extent of such default.
4. Should there be any violation of the terms and conditions of this contract which are not covered by the preceding paragraph by the SELLER or PITC, totally or partially, the other party not in default may, after giving formal notice by letter or facsimile declare the other party in default, and shall be automatically entitled to a penalty sum equivalent to 30% of the monetary value of the Contract, as liquidated damages.
- The provision of this Article may be invoked in addition to the rights and obligations stipulated in the Performance Bond.
5. PITC reserves the right to terminate the contract due to Philippine government intervention or restrictions on the importation or procurement of this commodity, which government intervention or restriction exist prior to signing of this Contract

## **XX. ARBITRATION**

In the event any dispute arises between the parties in regard to their rights and obligation thereunder and which cannot be settled amicably cannot be resolved within 10 working days, such dispute shall be settled in Singapore, by arbitration, through the two (2) arbitrators, one of whom shall be appointed by PITC and one by SELLER. Should the arbitrators fail to reach an agreement, then the dispute shall be referred to an Umpire, nominated and agreed by the arbitrators. The decision of the Umpire shall be final, conclusive and binding on both parties. The arbitrators or Umpire, as the case may be, shall also stipulate the party/ies who shall bear the cost of arbitration and the proportion to be shouldered by such party/ies. The International Chamber of Commerce (ICC) Rules on Arbitration shall govern.

**XXI. MISCELLANEOUS**

In the event of any dispute/s arising between / among / and/or the SELLER / CHARTERER / DISPONENT OWNER and the head owner such as non-settlement of freight charges, and other relative costs/expenses/charges and under any inevitable circumstances, these shall not in any way affect the commencement or continuous discharging operations. Any delay in the commencement of discharge and/or disruption of unloading operations which may cause undue delay in the delivery of rice to its designated warehouse, shall be for SELLER's account/expense

The submission of the sealed offer and the **Terms or Reference, all Amendatory Bulletins, Notice of Award and Notice to Proceed** shall form an integral part of this Contract.

SIGNED ON \_\_\_\_\_ day of \_\_\_\_\_ 2020, at \_\_\_\_\_, Philippines.

**USEC. DAVE M. ALMARINEZ**

*President and CEO*

PHILIPPINE INTERNATIONAL TRADING CORPORATION

\_\_\_\_\_

**WITNESSES:**

\_\_\_\_\_

\_\_\_\_\_

PHILIPPINE INTERNATIONAL TRADING CORPORATION

**CERTIFIED FUNDS AVAILABLE:**

\_\_\_\_\_

Accounting Division

REPUBLIC OF THE PHILIPPINES)  
\_\_\_\_\_ ) S.S.

**ACKNOWLEDGMENT**

Republic of the Philippines }  
\_\_\_\_\_ }

BEFORE ME, Notary Public, for and in \_\_\_\_\_ City, this  
\_\_\_\_\_ 2020 personally appeared the following:

<i>NAME</i>	<i>ID No.</i>	<i>Date of Issue or Expiry</i>	<i>Place of Issue</i>
<b>DAVE M. ALMARINEZ</b>	_____	_____	_____
	_____	_____	_____

They are all known to me to be the same persons who signed the foregoing document and acknowledged to me that their signatures prove their free acts and the entities they represent.

**SIGNED** and **SEALED** on \_\_\_\_\_ 2020 in \_\_\_\_\_.

**NOTARY PUBLIC**

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of 2020.