



Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
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February 16, 2016

CIRCULAR LETTER NO. 16
Series of 2015-2016

SUBJECT: GUIDELINES ON THE "B" SUGAR REPLACEMENT PROGRAM UNDER SECTION 8 OF SUGAR ORDER NO. 4, SERIES OF 2015-16

Pursuant to Sugar Order No. 4 (SO No. 4), Series of 2015-2016, dated 08 December 2015, on the abovementioned subject, hereunder are the Guidelines on the "B" Sugar Replacement Program, to wit:

1. Issuance of Clearance for the Release of Imported Sugar for Imported Replacement Sugar

- a. Only exporters that exported "B" sugar to the U.S. Sugar Quota under SO No. 4, Series of 2015-16 shall be issued Clearance for the Release of Imported Sugar for their imported replacement sugar.
 - a.1. The Clearance for the Release of Imported Sugar shall be issued upon application and submission of the requirements by the exporter with SRA Regulation Department, Quezon City. SRA shall not accept any application for issuance of Clearance for the Release of Imported Sugar with incomplete requirements. The requirements for issuance of the Clearance for the Release of Imported Sugar are enumerated in paragraph 6(a)(i) of this Circular
 - a.2. The Clearance for the Release of the Imported Sugar shall indicate the classification of the imported replacement sugar as "C" or Reserved sugar.
- b. The issuance of Clearance for the Release of Imported Sugar shall be subject to the applicable fees, liens or charges of SRA.
- c. Imported replacement sugar may either be in raw form or raw basis (refined sugar), subject to the replacement ratio in paragraph 5(b) of this Circular.

2. Arrival of the Replacement Sugar

- a. The replacement sugar must arrive after the actual export/shipment of "B" sugar to the U.S. but before the end of Crop Year 2015-2016. Provided, that, replacement sugar imported before the actual export/shipment of the "B" sugar to the U.S. shall be subject to the penalty that the Sugar Board shall impose. As used in this Circular, **actual export/shipment** shall mean departure of the vessel from the last load port in the Philippines evidenced by the Outward Foreign Manifest issued by the Bureau of Customs.



- b. The Sugar Board may direct the arrival of the replacement sugar at any time in Crop Year 2015-16 when the domestic sugar supply situation requires it. Provided that, the "B" sugar export of that replacement has departed the last load port in the Philippines as provided in paragraph 2(a) of this Circular.
- c. Replacement sugar arriving after Crop Year 2015-16 shall no longer be part of this Program.

3. Warehousing and Monitoring of "C" or Reserved Sugar

- a. The imported replacement sugar classified as "C" sugar shall be stored in an SRA registered warehouse prior to its re-classification and release as "B" or Domestic market sugar.
 - a.1. The "C" sugar may be stored in the same SRA registered warehouse where domestically-produced sugar are stored. Provided, if the "C" sugar is refined sugar and stored in the same warehouse with domestically produced sugar, the "C" sugar shall be segregated as a separate pile from domestically produced sugar for monitoring of SRA. Provided, further, if the "C" sugar is raw sugar for domestic tolling it may be co-mingled with domestically-produced sugar. Provided, finally, "C" sugar that is raw sugar for consumption may be stored in the same warehouse as domestically-produced sugar but shall be segregated as a separate pile.
 - a.2. "C" sugar either raw sugar or refined sugar reclassified as "B" sugar may be warehoused or stored accordingly.
 - a.3. Replacement sugar imported in excess of the allowable replacement as determined by SRA must be stored in a separate warehouse from where the "C" sugar and domestically produced sugar are stored.
- b. All SRA registered warehouses storing "C" sugar including those storing excess replacement sugar shall each maintain a separate ledger recording/showing, among others, the volume of "C" sugar stored therein, date of delivery of the "C" sugar to the warehouse, volume of "C" sugar withdrawn, date of withdrawal of the "C" sugar, volume of "C" sugar tolled (if applicable), date of tolling, etc. Transfer of "C" sugar or any volume thereof to another SRA registered warehouse shall be upon the discretion of the SRA Board.
- c. The SRA registered warehouse where the "C" sugar is stored including those storing excess replacement sugar and their respective ledgers must be open for inspection and inventory by SRA at any given time during the working day without prior notice. In addition, SRA shall be allowed to conduct and take random samples of the "C" sugar to determine if it is safe for human consumption, complies with the

Philippine National Standard (PNS) for raw sugar and refined sugar, and for monitoring purposes.

- d. Any exporter whose import replacement sugar exceeds his allowable replacement volume by more than twenty-five (25) metric tons (or equivalent in Lkg bags) shall have his entire excess volume classified as "C" sugar indefinitely. Provided, that, if the excess volume is 25 metric tons or less (or equivalent in Lkg bags), the exporter may be allowed upon request to assign the excess to another exporter that can accommodate the excess volume without himself exceeding his own allowable replacement volume. The request for assignment shall be submitted to SRA Regulation Department, Quezon City, together with the Deed of Assignment, signed by both parties, and attached to the application for Clearance for the Release of the Imported Sugar. Unassigned excess replacement sugar of 25 metric tons or less (or equivalent in Lkg bags) shall be classified as "C" sugar indefinitely.

d.1. The eligibility of the exporter under Section 11 of SO No. 4, Series of 2015-16 and its registration as international trader shall be revoked in the event the excess replacement or any volume thereof classified indefinitely as "C" sugar is withdrawn without reclassification and clearance by SRA. These penalties are without prejudice to any liability under the Tariff and Customs Code of the Philippines and other applicable laws.

d.2 In the event the exporter imported in excess of his allowable replacement, the Regulation Department, Quezon City, shall issue two (2) Clearances for the Release of Imported Sugar. One clearance shall cover the allowable replacement and the other clearance shall cover the excess replacement sugar.

- e. An exporter shall file with the SRA Regulation Department, Quezon City, a request for advance refining of its "C" sugar prior to tolling indicating, among others, the volume to be tolled and the refinery. Requests for advance refining shall be subject to the applicable sugar orders and circulars of SRA.

4. Reclassification of imported replacement sugar from "C" sugar to "B" sugar

- a. The Sugar Board shall reclassify the imported replacement sugar from "C" to "B" upon request of exporter. The request for reclassification shall indicate, among others, the volume to be reclassified, the address of the warehouse where the "C" sugar is stored, etc. Provided, that, even in the absence of request from the exporter, the Sugar Board shall reclassify the imported replacement sugar from "C" to "B", either the entire volume or apportioned to all exporters according to their volume of replacement sugar, at any time

exporters according to their volume of replacement sugar, at any time within Crop Year 2015-16 when it determines that the market needs the "B" sugar.

- b. No imported replacement sugar classified as "C" sugar shall be withdrawn from any SRA registered warehouse without an approved reclassification and clearance for release by the Sugar Board.

5. Replacement Ratio

- a. The SRA Regulation Department, Quezon City, shall determine the allowable imported replacement sugar for each exporter based on its volume of "B" exports under SO #4, Series of 2015-16, subject to the replacement ratio in the succeeding paragraph.
- b. The replacement ratio for every Lkg¹ bag (or equivalent in metric tons) of "B" sugar exported to the U.S. shall be 1 : 1.25 raw sugar. However, if refined sugar is imported, the replacement ratio for refined sugar shall be computed using a conversion factor of 0.93. For example, an Lkg bag of exported "B" sugar shall be equivalent to 0.93×1.25 or 1.1625 bags of refined sugar as replacement.

6. Functional Responsibilities

a. Exporter

- i. Shall apply with the SRA for Clearance for Release of Imported Sugar attached thereto the following requirements, to wit:
 - 1. Application Letter
 - 2. Request for Assignment with Deed of Assignment (if applicable)
 - 3. Bill of Lading
 - 4. Commercial Invoice
 - 5. Packing List
 - 6. Specific address of the warehouse/s where the "C" sugar shall be stored.
 - 7. Applicable clearance fees of SRA
- ii. Shall submit a Notice to Withdraw to the SRA upon issuance of the Clearance for Release of Imported Sugar.
- iii. Shall not exceed the allowable replacement volume of imported sugar approved by the SRA.

¹ 50-kilograms

- iv. Shall allow the SRA Monitoring Team to open and inspect the designated warehouse/s where the imported sugar are stored at any given time during the working day without prior notice.
- v. Shall submit to SRA Regulation, Quezon City, a weekly report on "C" sugar stored per warehouse including excess replacement sugar classified as "C" sugar;
- vi. Shall comply with the warehousing requirements for "C" sugar;
- vii. Shall request for the reclassification of "C" sugar to "B" sugar prior to its release in the domestic market.
- viii. Shall comply with the provisions of SO No. 4, Series of 2015-16 in the importation of sugar.

b. SRA

- i. Shall determine the allowable replacement volume of imported sugar based on the actual volume of exported "B" sugar to the U.S. Sugar Quota by the exporter.
- ii. Shall determine and approve the application for the issuance of Clearance for Release of Imported Sugar with a "C" sugar classification.
- iii. Shall classify "C" sugar as "B" sugar before June 1, 2016.
- iv. Shall reclassify the imported sugar from "C" to "B" at any time before June 1, 2016, even in the absence of request from the exporter, when it determines that the market needs the "B" sugar.
- v. Shall inventory the sugar in and inspect the SRA registered warehouse/s and its ledger storing the "C" sugar at any given time during the working day without prior notice.
- vi. Shall conduct and take random samples of the "C" sugar for safety and monitoring purposes
- vii. Shall classify the excess of the allowable replacement as "C" sugar indefinitely, and revoke the eligibility of the exporter under Section 11 of SO No. 4, Series of 2015-16 and his registration as international trader in the event the "C" sugar is withdrawn without reclassification and clearance by SRA.
- viii. Shall not issue Clearance for Release of the Imported Sugar to imports outside of the U.S. Sugar Quota and Replacement Program of SO No. 4. Series of 2015-16.

- ix. Shall implement the provisions of SO No. 4, Series of 2015-16, its corresponding circulars and applicable laws and SRA orders, rules and regulations.

7. Other provisions

- a. Any natural or juridical person that imports sugar but did not export "B" sugar under the U.S. Sugar Quota and Replacement Program of SO No. 4, Series of 2015-16 shall not be issued Clearance for Release of the Imported Sugar, without prejudice to additional penalties that the SRA Board may impose or to any liability under the Tariff and Customs Code of the Philippines and other applicable laws.

This Circular Letter shall take effect immediately.



MA. REGINA BAUTISTA-MARTIN
Administrator