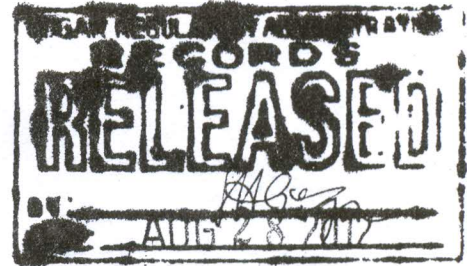




Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
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MEMORANDUM CIRCULAR NO. 5
Series of CY 2011-12

TO : ALL INTEGRATED MILL-REFINERIES

FROM : *MA. REGINA BAUTISTA-MARTIN*
MA. REGINA BAUTISTA-MARTIN
Administrator

DATE : August 17, 2012

SUBJECT : Assessment and Collection of Advance Refining Fee

A. Rationale

SRA has deferred the implementation of Sugar Order No. 5, Series of 2011-2012 (Reiteration of Advance Refining Policy), in recognition of the refiner's position that their compliance therewith will adversely affect their refining operations and giving due course to the consensus that the said Sugar Order be implemented at the end of the Crop Year. Hence, the issuance of this Circular.

B. Terms of Reference

SRA sets forth the following:

1. Sugar mills with integrated refineries shall regularly submit their advance refining reports of A and D sugars, if any, throughout the refining period, for SRA's information and control purposes.
2. SRA shall only start collecting the assessed advance refining fee, if any, at the end of the crop year which is officially set on the 31st of August of the current year. No license to operate for the incoming CY shall be issued by the SRA to the refinery, unless the assessed advance refining fee is fully settled.



3. However, the determination of the volume of the advance refined sugar (A and D), is set at the close of the refining date of respective refinery, as reported in the SMS checked, verified and reported by the resident Regulation Officer (RO) assigned.
4. Despite a written notice from the SRA to the concerned refinery of the volume of advance refined sugar after the cut-off period, the refinery may present its own figures, comments, for reconciliation purposes with the SRA findings.
5. The reported advance refined sugar would have been qualified and authorized, per SRA regulatory rules, if such were covered by appropriate/approved swapping or replenishment documents only within the inclusive periods during refining operations.
6. The final volume of advance refined sugars (A and D) subject of advance refining fees shall be based on the SRA findings.
7. For CY 2011-2012, SRA shall assess P3.00/Lkg of A and D sugars subject of advance refining.

C. Mechanics of Implementation

1. Cut-off period for Assessment and Determination of Advance Refined Sugars
 - 1.1. SRA has set forth the end of the refining period, as reported in the SMS as start of assessment and determination of the volume of advance refined A and D sugars.
 - 1.2. SRA justifies the cut-off period as fair enough for the refineries to qualify their advance refined A and D sugars through appropriate/approved swapping and replenishment covers
2. Determination of the Initial Volume of Advanced Refined Sugar
 - 2.1. The Regulation Departments of SRA, through their respective Sugar Regulation Enforcement Divisions (SRED), shall prepare and submit to the Administrator a report on the initial volume of advance

refined sugars after the cut-off date, reckoned from the SMS reports as follows:

- 2.1.1. The volume of advance refining shall be the negative (-) difference between the physical raw stock balance (Item 8 of SMS Form 1) and the book balance of A and D sugars (Item 4 of SMS Form 1), both parameters are taken from the SMS of the last week of refining period. The negative difference does not only imply but confirm that advance refining of A and D sugars has taken place, since the sugar mill with integrated refinery has exceeded the per cent allocation of B- sugar naturally allowed for refining.
 - 2.1.2. The post milling/refining inventory report shall be further made as a reference so that the determined volume is not purely documentary with only the SMS as the basis.
3. Determination of the Final Volume of Advanced Refined A and D sugars
 - 3.1. The final volume of advance refined A and D sugar, subject of advanced refining fee of P 3.00/Lkg shall be the difference between the determined initial volume (Item 2.1.1) and the volumes of A and D sugars that have qualified for advance refining by virtue of swapping (A and D to B) and replenishment (A and D to B) documents, per quedan reconciliation by the sugar transaction units.
 - 3.2. These quedans must bear the appropriate marking/stamps of the approval of each sugar transaction and must be surrendered before August 31, 2012, to qualify as authorized advance refined sugars.
 - 3.3. Based on the final volume, the concerned refineries shall be assessed with the advance refining fee of P3.00/lkg.

D. Consistency

All previous issuances contrary to the Circular are hereby revoked and repealed.

E. Effectivity

This Circular shall take effect immediately.