



REPUBLIC OF THE PHILIPPINES
SUGAR REGULATORY ADMINISTRATION
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SUGAR REGULATORY ADMINISTRATION	
RECORDS	
RELEASED	
BY: <i>[Signature]</i>	
DATE: SEP 01 2009	

August 28, 2009

Sugar Order No. 1
Series of 2009 - 2010

SUBJECT: SUGAR POLICY FOR CROP YEAR 2009-2010

WHEREAS, Executive Order No.18, dated 28 May 1986, vests the Sugar Regulatory Administration with the power to establish and maintain a balanced relationship between sugar production and the requirements of the market, and to maintain such marketing conditions as will ensure stabilized prices at levels reasonably profitable to producers and fair to consumers;

WHEREAS, the country's ending inventory of domestic sugar is now down to a seasonably normal level, and sugar production for Crop Year 2009-2010 is estimated to increase to only 2.16 million metric tons due to the industry's slow recovery from low sugar prices, unfavorable weather and high input costs;

WHEREAS, most of the carry-over "A" sugar allocated for the U.S. Market will be shipped early and the remainder is not enough to fully cover the country's 2009-2010 US quota allocation as well as the requirements for "A" sugar replenishment to "B" (Domestic Sugar) as authorized under Sugar Order No. 7, Series of 2008-2009;

WHEREAS, depleted world market supply and production drops among the world's biggest sugar producing countries have led to high world market prices and similar price spikes in the US market, calling for the creation of a "C-1" strategic reserve classification to take advantage of possible export opportunities for Philippine sugar if local supply/demand conditions allow for the export of any excess;

WHEREAS, it is also necessary to allocate an adequate volume of "D" sugar for qualified food processor-exporters/CBWs, in order to promote the growth of this vital sector of the Philippine economy, and to serve the requirements for "D" Sugar replenishment to "B" (Domestic Sugar) under Sugar Order No. 7, Series of 2008-2009, to the extent possible that will not prejudice the availability of domestic sugar for the local market;

WHEREAS, in order to ensure adequate domestic sugar supply while maintaining a strategic balance conducive to a stable and viable market environment, it is necessary to provide adequate allocations for each market classification to enable the timely and effective merchandising of Philippine sugar;

[Signature]

NOW THEREFORE, under and by virtue of the authority vested in the Sugar Regulatory Administration (SRA), the following is hereby ordered:

Section 1. Production and Classes of Sugar. Sugar production for Crop Year 2009-2010 (Week ending September 8, 2009 to August 31, 2010) shall be quedanned by the mill companies, as implementors of this Sugar Order, in the following percentages:

"A" or U.S. Quota Sugar	- 4%
"B" or Domestic Sugar	- 90%
"C-1" or Strategic Reserve Sugar	- 4%
"D" or World Market Sugar	- 2%
Total	100%

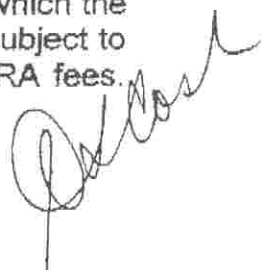
Section 2. Issuance of quedan-permits/molasses certificates.

- (a) As a general rule, except as herein provided, sugar mill companies shall issue weekly sugar quedan-permits/molasses certificates in the name of the individual planter or mill companies for their corresponding shares of sugar and molasses production for the crop year 2009-2010.
- (b) In cases of "C-1" and "D" sugar, however, each mill company shall issue blocked (consolidated) weekly sugar quedan-permits under the name of the concerned association/cooperative with an attached listing of the member-planters and their corresponding production covered by said sugar quedan-permits, subject to the provisions of Section 3 hereof.

Section 3. Block Quedanning of "C-1" and "D" Sugar. Block (consolidated) quedans for "C-1" and "D" sugar shall be issued under the name of the planters' association/cooperative to which the individual planter belongs, or of the sugar mill in cases of non-affiliated sugar planters. Planters who choose to have their "C-1" and "D" sugar quedans issued individually shall write the concerned mill, which shall automatically implement the issuance of the individual quedans starting the week-ending after receipt of such letter, copy furnished the SRA.

Section 4. Nature of "C-1" Sugar and Conversion Guidelines. "C-1" sugar as referred to in this Order is **Strategic Reserve Sugar** that is convertible, in part or in whole, to either "A", "B" or "D" sugar subject to the following guidelines:

1. Sugar producers or, in the case of affiliated sugar planters, their duly authorized representative of the planters' association/cooperative to which the individual planter belongs, may apply for conversion of "C-1" to "D" subject to the approval of the Sugar Board and the payment of appropriate SRA fees.



Non-affiliated sugar planters whose "C-1" sugar is consolidated with that of the Sugar Mill's shall expressly designate the Sugar Mill as their duly authorized representative in making such application for conversion of "C-1" to "D". This "producer's elective conversion" will be "one way", meaning that "C-1" converted to "D" may not be returned to "C-1" nor further converted to any other class. "C-1" converted to "D", under this provision, may be sold to qualified food processor-exporters/CBWs or replenished to "B" sugar or exported to the world market.

2. "C-1" sugar quedans that are converted to "A" or "D" sugar shall be covered by specific withdrawal/shipping deadlines determined by the Sugar Board at the time of conversion.
3. The conversion of "C-1" quedans to "A" (in the event an additional allocation is required to meet a U.S. quota increase), to "B" (if needed to meet domestic demand) or to "D" (if market conditions favor the export of excess Philippine sugar) shall be authorized solely by the Sugar Board upon assessment of prevailing market conditions and in line with its responsibility of ensuring the adequacy of domestic sugar supply. Sugar producers are therefore urged not to prematurely sell their "C-1" sugar prior to conversion but rather seek quedan financing if necessary. Such conversion/s shall be covered by the appropriate Sugar Order/s.

Section 5. Periodic Assessments and Percentage Adjustment. The SRA shall undertake periodic assessment of the 2009-2010 sugar production and consumption trend, and on the basis of such assessment, may adjust from time to time the percentage distribution of the different classes of sugar and/or take the necessary action to address the situation.

Section 6. Non-revalidation of Unused Quedan Permit Forms. Pursuant to Section 6, Sugar Order No. 1, Series of 1995-1996, dated 01 September 1995, it is hereby reiterated that this Crop Year 2009-2010, and thereafter, all sugar quedan-permit forms of the previous crop year shall no longer be allowed for revalidation.

Section 7. Repealing Clause. Provisions of Sugar Orders, Circular Letters, rules and regulations contrary to or inconsistent with or contrary to this Sugar Order is hereby amended, modified or revoked accordingly.

BY AUTHORITY OF THE SUGAR BOARD


RAFAEL L. COSCOLLUELA
Administrator