



Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
Philippines 1101
TIN 000-784-336

May 13, 2016

MEMO-ADM-2016-May-035

SUGAR ORDER NO. 4-A

Series 2015-16



**SUBJECT: AMENDING SUGAR ORDER NO. 4, SERIES OF 2015-16
BY INCREASING THE REPLACEMENT RATIO AND
PROVIDING ADDITIONAL PROVISIONS THERETO**

WHEREAS, Section 10 of Sugar Order No. 4, Series 2015-16 ("SO #4") allowed qualified international sugar traders that exported sugar to the U.S. Sugar Quota using "B" Domestic sugar to import sugar as replacement of the volume they exported with an additional volume of about 34,000 metric tons under a Replacement Ratio of 1 : 1.25;

WHEREAS, despite the importation of 34,000 metric tons sugar as part of the Replacement Ratio under SO #4 and sufficiency of supply in the domestic market brought about by a carry-over volume from the previous crop year and drop in sugar withdrawals in current crop year, domestic sugar prices has been high for the most part of the crop year;

WHEREAS, reports have reached the Sugar Regulatory Administration ("SRA") that certain industrial consumers of sugar are contemplating of shifting to alternative sweeteners and/or bringing in sugar containing finished products unless competitive priced sugar are made readily available to them;

WHEREAS, SRA has consulted the Departments of Agriculture and Trade and Industry and both Departments have identical overall recommendation which is SRA should immediately address the current situation of high sugar prices;

WHEREAS, Section 14 of SO #4 states *the SRA Board may amend or modify this Sugar Order when it determines the situation so requires*;

WHEREAS, Executive Order#18, dated May 28, 1986 mandates SRA to *establish and maintain such balanced relation between production and requirement of sugar and such marketing conditions as will insure stabilized prices at a level reasonably profitable to the producers and fair to consumers*;

NOW, THEREFORE, by virtue of the authority vested in the Sugar Regulatory Administration, the following is hereby ordered:

Section 1. Increase of Replacement Ratio. Section 10, Sugar Order No. 4, Series of 2015-16 is hereby amended to read: "The replacement ratio for every 50-kilogram bag exported to the U.S. quota shall be **1 : 1.988.**"



- 1.1 It is emphasized that this Sugar Order shall cover only the increase of 0.738 in Replacement Ratio which shall be no more than 100,000 metric tons (mt) sugar.
- 1.2 The sugar imported under this Sugar Order shall either be in raw form or raw basis (refined sugar), provided that the total importation does not exceed 100,000 metric tons.
- 1.3 As used in this Order, an LKg (50 kilogram) bag of refined sugar shall be equivalent to 1.08 LKg bag of raw sugar and vice-verse.

Section 2. Eligible Importers. Pursuant to Section 11 of SO #4, exporters/traders that participated in filling up the regular U.S. Sugar Quota are eligible to participate or import under this Sugar Order. Provided, the participation of eligible traders are voluntary.

- 2.1 Eligibility to participate under this Sugar Order does not mean that the eligible exporters/traders have the right to be issued an SRA Clearance for Release of Imported Sugar ("SRA Clearance") or have their imported "C" Sugar reclassified as "B" Sugar. Compliance with the requirements for SRA Clearance or reclassification of "C" Sugar to "B" Sugar, as provided under this Sugar Order, are required.

Section 3. Requirements for Issuance of SRA Clearance. SRA Clearance may be issued to eligible traders only after their written application and submission of complete requirements with the SRA Regulation Department, Quezon City. Provided, that the SRA Clearance shall correspond to the volume of imported sugar allocated to that trader under this Sugar Order as determined by SRA Regulation Department, Quezon City.

- 3.1 Together with the application letter, the exporter/importer shall submit the following:
 - a) Request for assignment of allocation with copy of the Deed of Assignment (if applicable),
 - b) Notarized Undertaking to Reclassify, which shall state its commitment to follow the procedure for reclassification as provided in Section 7 of this Sugar Order,
 - c) Bill of Lading,
 - d) Commercial Invoice,
 - e) Packing List,
 - f) Certificate/s of Analysis (from country of origin),
 - g) Specific address of warehouses where the "C" sugar shall be stored, and
 - h) Proof of payment of applicable SRA fees.
- 3.2 The SRA Clearance shall indicate a classification of "C" Sugar for the sugar imported under this Sugar Order. Sugar imported in excess of 100,000 mt shall be classified as "C" sugar indefinitely. Furthermore, any trader that withdraws the imported sugar without the prerequisite SRA Clearance shall have its registration as international sugar trader revoked without prejudice to other penalties the SRA Board may impose.

Section 4. Allocation per Exporter/Trader. The volume that each eligible exporter/trader may import under this Sugar Order shall be based on his percentage share of the total volume of "B" sugar actually exported to the United States under SO #4 as of March 31, 2016. With this basis, SRA Regulation Department, Quezon City shall compute or determine the allocation for each eligible exporter/trader under this Sugar Order.

- 4.1 The SRA Board, upon written request by an eligible exporter/trader, may allow the transfer or assignment of its allocation or portion thereof, to another eligible exporter/trader or exporters/traders. Provided, that the allocation of the transferor/assignor or the total volume of importation shall not increase as a result of the transfer or assignment.
- 4.2 Any trader that imports sugar in excess of its allocation as determined by SRA Regulation Department shall have the excess volume classified as "C" Sugar indefinitely without prejudice to the additional penalties the SRA Board may impose.

Section 5. Arrival and Classification of Imported Sugar. Sugar imported pursuant to this Sugar Order must arrive in the Philippines on or before August 31, 2016. Provided, that the SRA Board may direct the arrival of the sugar at any time before August 31, 2016. Imported sugar that arrives after August 31, 2016 shall no longer be part of this Sugar Order and shall be disposed at the discretion of the SRA Board.

Section 6. Reclassification Certificates. Sugarcane planters and millers shall be issued Reclassification Certificates which indicate their respective reclassification coefficient, which is computed by dividing their share of "B" production for Crop Year 2014-15 by the total "B" production for same crop year. For this purpose, total "B" production for Crop Year 2014-15 is 2,118,124 metric tons. Reclassification certificates for planters and millers in Luzon and Mindanao shall be issued by SRA Quezon City office, while for those in Visayas by SRA Bacolod City office.

- 6.1 Reclassification certificates can be assigned or consolidated. **Importantly**, reclassification certificates must be submitted by the exporter/trader to SRA for use to reclassify their imported "C" Sugar to "B" Sugar on or before July 15, 2016. Unsubmitted reclassification certificates to SRA by July 16, 2016 shall no longer be valid for reclassification of imported "C" Sugar to "B" Sugar under this Sugar Order.
- 6.2 Reclassification certificates shall be used only to reclassify the "C" Sugar imported under the increase of Replacement Ratio of 0.738 which shall be no more than 100,000 metric tons (mt) sugar as provided under Section 1.1 of this Sugar Order.

Section 7. Procedure for Reclassification. The SRA Board shall reclassify the imported "C" Sugar to "B" Sugar upon written request of the exporter/trader and submission of (i)

Reclassification Certificates covering the corresponding volume of reclassification coefficients and (ii) Sugar Waybill with corresponding Sugar Release Order (SRO) as proof of withdrawal of domestic sugar from the mill/refinery equivalent to the volume of imported "C" sugar to be reclassified as "B" sugar. Provided, that the date of the Sugar Waybill shall be within fifteen (15) calendar days from date of receipt of the written request for reclassification by SRA.

- 7.1 The written request for reclassification together with Reclassification certificates and proof of withdrawal of domestic sugar shall be filed with the Regulation Department, Quezon City. The request for reclassification shall state, among others, the volume to be reclassified, the address of the warehouse where the "C" sugar subject of the request is stored, etc.
- 7.2 "B" sugar from the conversion of "D" sugar and "A" sugar under Sugar Orders NO. 7 and 11 Series of 2014-15, respectively, shall NOT be considered as domestic sugar for compliance with the reclassification requirements. Furthermore, refined sugar from tolling of imported raw sugar shall also not be considered as domestic sugar for compliance with the reclassification requirements.
- 7.3 The SRA shall accept applications for reclassification of imported "C" Sugar to "B" Sugar up to 50,000 metric tons from July 1-31, 2016. Reclassification applications for the balance volume shall be taken up by the SRA from August 1-31, 2016. Any imported sugar with incomplete requirements shall not be classified as "B" Sugar and shall remain as "C" Sugar indefinitely.
- 7.4 No imported "C" Sugar shall be withdrawn from any SRA registered warehouse without an approved reclassification to "B" Sugar. Any exporter/trader that withdraws imported "C" sugar without an approved reclassification to "B" sugar shall have its registration as international sugar trader revoked without prejudice to any additional penalty that the SRA Board may impose.

Section 8. Warehousing and Monitoring of Imported "C" Sugar. Sugar imported under this Order and classified as "C" Sugar shall be stored in an SRA registered warehouse prior to its reclassification and release as "B" Sugar.

- 8.1 The "C" Sugar may be stored in the same SRA registered warehouse where domestically produced sugar are stored. Provided, that if the "C" Sugar is refined, it shall be segregated as a separate pile for monitoring of SRA. Provided, further, if the "C" Sugar is raw sugar for domestic tolling, it may be comingled with domestically produced sugar. Provided, finally, if the "C" Sugar is raw sugar for consumption, it shall be segregated as a separate pile from domestically produced sugar.
- 8.2 "C" Sugar either raw sugar or refined sugar reclassified as "B" Sugar may be warehoused or stored accordingly.

8.3 All SRA registered warehouses storing imported "C" Sugar shall each maintain a ledger recording/showing, among others, date/s of delivery of the "C" sugar, updated volume of "C" Sugar stored, date/s of withdrawal of "C" sugar, date/s and volume of "C" sugar tolled (if applicable), etc. No transfer of "C" Sugar from one SRA registered warehouse to another SRA registered warehouse shall be allowed without a prior written request and SRA Board approval.

8.4. Written requests for advance refining of "C" Sugar shall be filed with Regulation Department, Quezon City, stating the volume to be tolled and refinery. Requests advance refining shall be subject to the applicable orders and circulars of SRA. Requests for advance refining must be filed before tolling.

Section 9. Other provisions. Any natural or juridical person that imports sugar but is not eligible under Section 2 hereof shall not be issued an SRA Clearance, without prejudice to additional penalties that the SRA Board may impose or to any liability under the Tariff and Customs Code of the Philippines, as amended, or other applicable laws.

Section 10. Provisions of Sugar Order No. 4, Series of 2015-16, other sugar orders, circular letters, and/or rules and regulations contrary to or inconsistent with this Order are hereby amended, modified, or revoked accordingly.

Section 11. A copy of this Order shall be filed with the Office of the National Registrar, U.P. Law Center, Diliman, Quezon City.

Section 12. This Order shall take effect immediately upon issuance.

BY AUTHORITY OF THE SUGAR BOARD


MA. REGINA BAUTISTA-MARTIN
Administrator