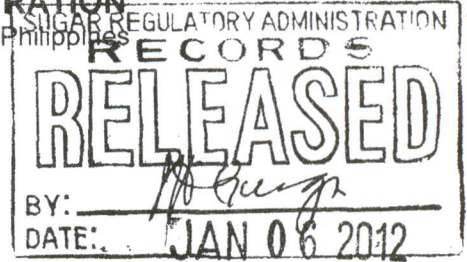




REPUBLIC OF THE PHILIPPINES
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
North Avenue, Diliman, Quezon City, 1101 Philippines



December 21, 2011

SUGAR ORDER NO. 5
Series of Crop Year 2011-2012

SUBJECT : Reiteration of SRA Policies on Advance Refining

WHEREAS, advance refining of raw sugar is practised by integrated mill-refinery operators for purposes of hedging on some operational advantages of simultaneous operations, such as achieving full refinery capacity utilization, availing of mill-provided amenities (steam, power and water) and timely provision for market demand of refined sugar.

WHEREAS, by virtue of sugar classification, not all raw sugar produced by integrated operators are outrightly refinable in their original quedan, hence the need to first qualify these excepted sugar classes (A, C, and D) for advance refining in accordance with SRA regulatory rules.

WHEREAS, for CY 2011-2012, the volume of excepted sugar is 28% (20% D and 8% A) of the projected production and with so much volume to reckon with, SRA must enforce its policies to ensure that these sugars are physically available when their specific market so demands.

NOW THEREFORE, under and by virtue of the powers vested upon the Sugar Regulatory Administration, the following are hereby ordered:

Section I. Definition of Terms. Authorized and Unauthorized Advance Refining

1. Advanced refining is authorized when there is appropriate application and approval to refine non-B sugar (in original quedan form) which have prescribed market classifications (A, C, D) or those with maturity before conversion/reclassification to B sugar.

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2. It is unauthorized when integrated mill-refinery continually pass on the refinery the raw sugar produced by the mill in disregard of authority/approval/clearance/maturity to refine excepted sugar classes (A, C, D), and in violation of existing SRA policies on raw sugar withdrawals.

Section II. Existing Fees and Penalties Thereon

1. An Advance Refining Fee Php 5.00 per Lkg for authorized/approved advance refining application.
2. An Advanced Refining Penalty of

1st Offense : Fine of Php 100.00/Lkg

2nd Offense: Fine of Php 150.00/Lkg

3rd Offense: Fine of Php 200.00/Lkg and/or suspension of or cancellation of license”

for verified unauthorized advance refining, per SRA Book of Penalties.

Section III. Enforcement of Advance Refining Policies

1. Application for Approval of Request for Advance Refining

- 1.1 Requesting refineries must submit a letter – request for the advance refining of A and D sugars or both for SRA’s approval. All approvals shall be further subject to the following terms and conditions:

- 1.1.1 A letter of application for advance refining shall be filed with the SRA, Diliman, Quezon City attached thereto the physical “A” and “D” quedans with listing, sorted chronologically by mill and date of production and affidavit of ownership of the above-mentioned quedans, duly notarized.

- 1.1.2 Only (1) Refined Sugar Quedan (RSQ) per Trader shall be issued to cover the equivalent refined sugar indicating therein the date of

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production/week ending and the date of issuance of RSQ.

- 1.1.3 Advance Refining Fee of Php 5.00 per Lkg-bag.
- 1.1.4 The "A" and "D" quedan-permits subject of advance refining shall be stamped "AUTHORIZED FOR ADVANCE REFINING" by the Regulation Department.
- 1.1.5 The advance refined "A" and "D" sugar quedans cannot be withdrawn unless its RSQ has been swapped into "B" quedan-permits.
- 1.1.6 The mills shall prepare Weekly Production and Withdrawal Reports on their refined "A" and "D" sugar and submit the same verified and certified by the SRA's SPRO assigned thereat, to the RD, SRA Quezon City for control purposes.

2. Compliance Monitoring by Regulation Officers

- 2.1 SRA, through the Regulation Officer assigned thereat, shall monitor the refining activities of refineries which do not apply for advance refining of their A and D sugars.
- 2.2 With a positive report of unauthorized advance refining, SRA shall establish/determine/validate the volume of sugar subject of unauthorized advance refining based on:

2.2.1 The volume of unauthorized advance refined sugar is the volume of A, D or A and D raw sugars in the original quedan form and which said sugar volume have already been refined without prior application for advance refining as evidenced by lack of regulation stamp "AUTHORIZED FOR ADVANCE REFINING" on the quedan and requiring the issuance of Refined Sugar Quedan (RSQ) to be swapped to "B" sugar, to enable the withdrawal of the refined sugar.

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2.3 SRA, in consideration of the first offense shall notify the concerned refinery of the violation and require the compliance with the application-approval requirements of authorized advance refining enumerated in Section III (1.1) of the implementing guidelines, or outrightly impose the penalty provision of Section 4.4 of the Book of Penalty, as the case may be.

3) Issuance of Refined Sugar Quedans

3.1 SRA, in no instance, shall issue the corresponding Refined Sugar Quedans (RSQs) for violated sugar until full compliance with application/approval requirements of advance refining and/ or payment of penalties.

Section IV. Consistency

All previous issuances inconsistent with this, are hereby revoked and or amended accordingly.

Section V. This Sugar Order takes effect immediately.

BY THE AUTHORITY OF THE SUGAR BOARD



MA. REGINA BAUTISTA-MARTIN
Administrator