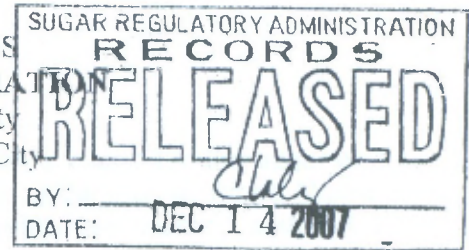




REPUBLIC OF THE PHILIPPINES
SUGAR REGULATORY ADMINISTRATION
North Avenue, Diliman, Quezon City
P.O. Box 70, U.P. Diliman, Quezon City
TIN 000-784-336-000



14 December 2007

SUGAR ORDER NO. 1- B
Series of 2007-2008

SUBJECT : REVISED SUGAR POLICY ON THE PERCENTAGE ALLOCATION FOR CY 2007-2008; PROVIDING FOR "C" OR RESERVE SUGAR AND REDUCING THE ALLOCATION FOR "D" SUGAR

WHEREAS, Section 5 of Sugar Order No. 1, Series of 2007-2008 provides that "The SRA shall undertake periodic assessment of the crop year 2007-2008 sugar production and on the basis of such assessment, it 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";

WHEREAS, the rate of production starting week ending December 2, 2007 already exceeds current demand causing sugar stock inventory to build up;

WHEREAS, the milling operations in all sugar mill districts have begun and sugar production is expected to begin peaking, adding to excess inventory;

WHEREAS, Section 2 (B) of Executive Order (EO) No. 18, Series of 1986, mandates the SRA to establish and maintain such balanced relation between production and requirement of sugar and such marketing conditions as will ensure stabilized prices at levels reasonably profitable to the producers and fair to consumers;

WHEREAS, consultations have been done with sugar leaders and other stakeholders who have recommended to establish a reserve program in times of peak production in order to stabilize prices;

WHEREAS, it is of national interest to place those engaged in the sugar industry in an environment of economic viability by providing a certain portion of the raw sugar produced during the peak production months as reserve ("C" sugar) at the appropriate time in order to stabilize the prices of sugar at levels reasonably profitable to producers and fair to consumers; and that a 15% Reserve or "C" sugar is appropriate at this time;

WHEREAS, revised production estimates further indicate that Crop Year 2007-2008 production will reach 2.28 Million Metric Tons (MMT) while demand may reach 2.05 MMT, leaving 129,000 MT for the U.S. quota requirements and 101,000 MT surplus (4.4% of estimated production) for allocation to "D" sugar;

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WHEREAS, as the government and the sugar industry's support to the exporters, particularly sugar-based food exporters/manufacturers, local sugar ("D" or World Market Sugar) should be made available to them whenever circumstances permit; and that a 4% "D" or World Market Sugar allocation beginning the production week ending December 16, 2007 is enough to meet their requirements;

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

Section 1. Revised Percentage Allocation of Classes of Sugar

- a) The classification and percentage allocation of sugar production under the SRA Sugar Order No. 1-A, Series of 2007-2008 are hereby revised as herein provided;
- b) All sugar produced beginning week-ending 16 December 2007 shall be quedanned by the mill companies, as implementers of this Sugar Order, in the following classification and percentage allocation:

"A" or U.S. Quota Sugar	-	6.00%
"B" or Domestic Sugar	-	75.00%
"C" or Reserve Sugar	-	15.00%
"D" or World Market Sugar	-	<u>4.00%</u>
Total	-	100.00%

SECTION 2. Consistency. Other provisions of Sugar Order No. 1 and 1 - A, Series of 2007-2008 not contrary hereto shall remain in full force and effect.

Section 3. Separability Clause. Provisions of Sugar Orders, Circular Letters, rules and regulations contrary to or inconsistent with this Sugar Order are hereby revised, modified or revoked accordingly.

SECTION 4. Effectivity. This Sugar Order shall take effect immediately.

BY AUTHORITY OF THE SUGAR BOARD:


RAHAEL L. COSCOLLUELA
Administrator