

Annual
Report

2009

SUGAR REGULATORY ADMINISTRATION



2009 ADMINISTRATOR'S CORNER

This year's Annual Report underscores SRA's rôles and capabilities in its unrelenting pursuit of policies and programs geared towards the development and sustainability of the sugarcane industry. As the SRA and the private sector worked hand in hand, the industry was able to sustain and maintain self-sufficiency as well as meet the demands of the US and world markets.

In our effort to strengthen the regulatory and enforcement roles of SRA, a Central Regulation Office (CRO) was created which is directly under the Office of the Administrator and composed of Task Groups that focused on specific areas of concerns such as policy, licensing, sugar transactions, mill regulation, sugar monitoring, CBW/Food Processors/D-sugar review and monitoring, information and communications, and sugar anti-smuggling. Prior to the creation of CRO, an SRA Sugar Monitoring and Anti-Smuggling Task Force (SMAS-TF) was formed composed of SRA and private sector operatives who worked closely with PASG and BOC.

The industry experienced intermittent leaps and bounds. Household, institutional and industrial consumers reacted to the increase in the price of sugar late this year which is likely to continue in 2010. On the other hand, the situation gave a sigh of relief to the country's sugarcane farmers and producers after years of economic downturns. The SRA exerted efforts to defend the price increase, monitored the price situation and painstakingly explained the issue to the media, our partners in government and industry stakeholders. Global market developments greatly influenced the domestic market which disrupted the normal trend of sugar supply and demand.

The aftermath of typhoons Ondoy and Pepeng left the country with pictures of water-sunk areas, homeless families and hunger-stricken communities. Nonetheless, the calamities spared the sugarcane areas resulting in minimal crop losses. The sugar industry again manifested its benevolence and high sense of

social responsibility by giving out sugar and cash donations to typhoon victims. A total of 900 bags of sugar were donated by nine (9) sugar mills to DSWD and P700,000 cash donation were given by CONFED – Negros / Panay Chapter and Lopez sugar mill through the Office of the President and ABS-CBN, respectively.

The bioethanol industry, fed by sugarcane and molasses as major feedstocks, kicked-off when the 5% minimum mandated bioethanol-gasoline blend finally took effect in February 2009. As we embrace the spirit of the law and go for greener fuel, SRA has already registered four (4) ethanol producers. Around seventeen (17) more bioethanol investments are lined-up and these will provide opportunities for countryside development and an alternative market for our sugarcane farmers.

In anticipation of my retirement in 2010, I would like to believe that the industry is poised to move forward with a clear vision and a roadmap – the Sugar Master Plan – that will make it more productive, more efficient and more diversified. This will require the commitment and cooperation of all stakeholders, and an industry leadership that is united in purpose, and dedicated to the growth and welfare of the Philippine sugarcane industry.

I thank the Sugar Board members for their unstinting support, the leaders of the industry for their trust in our administration, and all the stakeholders, including the SRA family, for making our stint in SRA productive and rewarding.

Maraming salamat sa inyong lahat!



RAFAEL L. COSCOLLUELA

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Sugar Order No. (2008-2009)	Date Issued	Subject
1	04 September 2008	Sugar Policy for Crop Year 2008-2009
1-A	19 September 2008	Addendum to Sugar Order No. 1 Series of 2008-2009, Ordering Block Quedanning of "C" (Reserve) Sugar and Establishing the Quedan Forms to be Used for Both "C" & "D" Sugar
1-B	24 November 2008	Amendment to Sugar Order No. 1 Series of 2008-2009, Splitting the "D" Sugar Percentage into World Market Sugar and for Sugar-Based Food Exporters
1-C	05 February 2009	Amending Sugar Order No. 1-B Series of 2008-2009, Terminating the "Dx" Sugar Allocation and, in lieu thereof, Allocating 4.5% for "Dr" or World Market Reserve Sugar
1-D	05 March 2009	Amending Sugar Order No. 1-C, Series of 2008-2009, Terminating the "Dr" Sugar Allocation and, in lieu thereof, Allocating 4.5% for "Dx" or World Export Sugar
2	03 October 2008	Filling up the U.S. Quota for Quota Year 2008-2009 and Verification and Shipment Schedules
3	06 October 2008	Guidelines for the Disposition of "D" World Market Sugar for Export or for Consumption of Sugar-Based Food Exporters
4	06 October 2008	Suspension of Verification of "A" and Advance Swapping of "B" to "A"; Allowing Advance Swapping of New "B" (CY 2008-2009) to "D"
4-A	3 April 2009	Lifting the Suspension of the Verification of "A" Sugar Quedans
5	24 November 2008	Allowing the Classification/Conversation of "D" (World Market) Quedans to "F" (Fermentable) Quedans for the Production of Ethanol
6	24 November 2008	Exempting "A" (U.S. Quota) and "D" (World Market) Sugar Intended for Export from the Provisions of Sugar Order No. 5, Series of 2006-2007 Re: Providing for Amendment of the Certificate of Exchange Authority (CEA) Due to Change of Ownership
7	24 November 2008	Guidelines for the Replenishment of "B" Sugar Advance-Swapped to "A" or "D"
7-A	11 March 2009	Amendment to Section 2. of Sugar Order No. 7, Series of 2008-2009
7-B	11 August 2009	Addendum to Section 1 of Sugar Order No. 7, Series of 2008-2009
8	05 February 2009	Moratorium on the Payment of Penalties for Homeless "D" and "Dx" Sugar, Removing "D" to "E" Conversion Deadlines for "De" Sugar, and Providing for their Timely Disposition and/or Export
8-A	05 March 2009	Amendment to Section 2. Reinstatement Fee Table of Sugar Order No. 8, Series of 2008-2009
9	16 March 2009	Amending Sugar Order No. 6, Series of 2004-2005 Regarding the Registration of Sugar, Molasses and Muscovado Traders
10	13 May 2009	Conversion of "C" Sugar Produced During Crop Year 2008-2009 to "B" Sugar

Sugar Order No. (2008-2009)	Date Issued	Subject
11	13 May 2009	Moratorium on the Payment of Penalties for Homeless "D", "Dx" and "De" Sugar
12	02 July 2009	Extension of the Moratorium on the Payment of Penalties for Homeless "D", "Dx" and "De" Sugar
13	02 July 2009	Amendment to Section 2 of Sugar Order No. 4-A, Series of 2008-2009, and Prescribing the Reinstatement Fee for "A" Sugar Quedans issued in Prior Crop Years to the Present
14	01 July 2009	Policies on the Production of Bioethanol
15	24 July 2009	Advance Swapping of "A" to "Dx" and "D/Dx" to "A"

The Sugar Board



Hon. ARTHUR C. YAP
Secretary, Department of Agriculture &
Chairman, Sugar Board



RAFAEL L. COSCOLLUELA
SRA Administrator &
Co-Chair, Sugar Board



ARCHIMEDES B. AMARRA
Member, Millers' Sector



JOSE LUIS TONGOY
Member, Planters' Sector

SRA Executive Officers

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Deputy Administrator II

DOMINADOR T. VILLANUEVA, JR., CEO VI

Assistant Administrator, Visayas

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Manager III, Regulation Department — Visayas

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OIC, Regulation Department—Luzon & Mindanao

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Manager III, Research, Development & Extension Department
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LUIS M. MARAJAS, CEO VI

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Atty. RAUL M. LABAY

Attorney VI, Legal Department

ROSEMARIE S. GUMERA, CEO VI

Manager III, Planning and Policy Department

JOSEPHINO M. AGOSTO, CEO VI

Manager III, Administrative and Finance Department

Philippine Sugarcane Industry

CY 2008-2009

Highlights

FARM SECTOR

Table 1. Area Harvested, in Hectares

Region	2008-09	2007-08
Luzon	65,557	66,283
Visayas	241,684	242,589
Mindanao	85,326	90,000
Total	392,567	398,872

Area

Sugarcane plantation area declined in CY 2008-09 to 392,567 hectares, a reduction of around 1.6% from the previous crop year. Low sugar prices and high cost of inputs such as fertilizers and fuel drag down the farmers' motivation to plant and expand cane plantation.

Table 2. Number of Farms and Planters

Region	CY 2008-09		CY 2007-08	
	No. of Farms	No. of Planters	No. of Farms	No. of Planters
Luzon	15,063	13,552	15,029	13,561
Visayas	29,401	29,087	28,505	28,109
Mindanao	18,536	17,462	19,164	17,961
Total	63,000	60,101	62,698	59,631

Planters and Farms

Total number of farms and planters in CY 2008-09 increased by 1.28% and 0.80%, respectively. CARP implementation give way to an increased number of planters specifically in the Visayas.

Table 3. Comparative Sugarcane Yield, By Region, In Metric Tons

Region	2008-09	2007-08
Luzon	3,328,701	4,178,099
Visayas	13,881,689	17,564,726
Mindanao	4,400,678	5,092,753
Total	21,611,068	26,835,578

Cane Production

Harvested cane was down to 21,611,068 metric tons, lower by 19.50% compared to the previous crop year. The prospect of increased cane production was adversely affected by the high cost of fertilizer in 2008, the reduction of area planted, high prices of fuel for tractor services further exacerbate the difficult financing situation of the farmers whereby skipping farm mechanization was an option. Abnormal rain

patterns were also experienced in Negros provinces which hamper the growth of cane.

Productivity

Average farm productivity is measured by the quantity of cane output per unit area (TC/Ha.). It reflects the farming technologies and practices adopted by the farmers, the extent at which the farm operates in an economic scale, extent and type of mechanization employed, efficiency of other inputs, i.e. fertilizer, seeds, irrigation, etc. combined, and weather conditions.

Table 4. Productivity Levels in Mill Districts

Crop Year	CY 2008-09			CY 2007-08		
	TC/Ha.	LKG/Ha.	LKG/TC	TC/Ha.	LKG/Ha.	LKG/TC
PHILIPPINES	55.71	107.22	1.92	66.49	123.47	1.86
LUZON	50.78	91.13	1.79	60.58	103.88	1.71
Carsumco	33.00	65.71	1.99	37.00	70.74	1.91
Pampanga	41.74	69.71	1.67	47.36	76.95	1.62
Tarlac	43.35	78.67	1.81	54.31	93.30	1.81
Batangas	68.83	126.49	1.84	82.07	141.02	1.72
Don Pedro	55.40	103.52	1.87	69.85	120.45	1.72
Pensumil	41.61	51.84	1.25	45.01	60.79	1.35
VISAYAS	58.52	112.47	1.93	71.40	131.17	1.84
Haw-Phils	76.88	161.16	2.10	90.35	177.99	1.97
Bacolod Murcia	68.89	136.11	1.98	73.98	145.00	1.96
Binalbagan	60.94	120.49	1.98	83.04	142.00	1.71
Dacongogon	45.00	90.00	2.00	61.06	101.65	1.66
Sagay/Danao	69.06	137.45	1.99	66.86	115.00	1.72
La Carlota	64.39	121.70	1.89	79.27	155.28	1.96
Lopez	60.00	118.00	1.97	76.72	145.00	1.89
Ma-ao	62.00	111.60	1.80	69.82	136.00	1.95
San Carlos	57.21	108.83	1.90	70.05	138.00	1.97
Sonedco	65.14	117.12	1.80	73.52	129.39	1.76
Victorias	66.64	135.30	2.03	73.89	150.00	2.03
Bais-Ursumco	51.55	93.13	1.81	66.03	111.59	1.69
Tolong	52.04	92.17	1.77	63.35	102.00	1.61
Capiz	49.25	84.73	1.72	62.06	106.74	1.72
Monomer	33.31	56.29	1.69	58.00	93.00	1.60
Passi	38.99	72.40	1.86	64.09	113.33	1.77
Santos-Lopez	43.46	78.80	1.81	65.00	112.46	1.73
Bogo-Medellin	42.17	74.64	1.77	57.36	98.08	1.71
Durano	43.56	70.12	1.61	54.03	86.98	1.61
Ormoc-Hideco	44.23	87.59	1.98	60.65	120.95	1.99
MINDANAO	51.57	104.73	2.03	57.59	117.15	2.03
Bukidnon	} 54.08	} 111.24	} 2.06	} 59.22	} 122.58	} 2.07
Crystal						
Davao	48.67	93.52	1.92	53.00	99.42	1.88
Cotabato	40.00	78.71	1.97	54.00	107.71	1.99

For the crop year, average farm productivity was 55.71 tons cane per hectare (55.71 TC/ha).

Farms in Hawaiian-Phil mill district in Negros Occidental outperformed the rest of the mill districts nationwide at 76.88 TC/Ha. farm productivity level.

Average sugar yield per ton cane (LKG/TC) was 1.92. LKG/TC is influenced by cane quality and mill efficiency. The highest sugar yield was achieved in Hawaiian-Phil mill district at 2.10 LKG/TC.

PRODUCTION

Table 5. Ten Year Production of Sugar

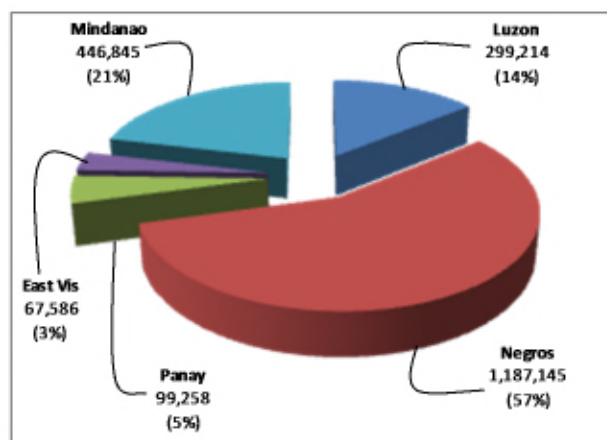
Crop Year	Production	
	Raw (in MT)	Refined (in LKG)
2008-09	2,100,048	18,977,539
2007-08	2,455,027	21,843,627
2006-07	2,233,453	21,645,089
2005-06	2,138,075	20,036,314
2004-05	2,150,746	21,127,485
2003-04	2,338,574	24,258,195
2002-03	2,161,525	23,251,535
2001-02	1,898,501	20,938,696
2000-01	1,805,203	19,326,208
1999-00	1,619,613	19,771,840

Raw Sugar

Sugar Order No. 1, Series of 2008-09 projected Philippine sugar output to reach 2.26 million metric tons (MMT). This is 8 percent lower than the previous crop year's bumper crop of 2.45 million metric tons mainly due to the drop in area planted to sugarcane. Farmers' motivation to plant sugarcane were diminished due to low sugar prices which were triggered by the successive crop years of surpluses.

Actual raw sugar produced is 2,100,048 metric tons, a decline of 14%, which is the lowest in 7 years.

Figure 1. Raw Sugar Production % Contribution, By Region, CY 2008-09



Negros Island remains the largest raw sugar producer in the country which accounted for 57% of the total sugar production. Panay produced 5% while Luzon and Mindanao, contributed 14 percent and 21 percent, respectively to gross production. Eastern Visayas has 3% contribution.

Refined Sugar

Production hit 18,977,539 LKG, the lowest in 11 years. A 13.12% decline from the previous crop year's record production which also followed the declining trend of raw sugar production.

CONSUMPTION

Raw Sugar

Total demand for sugar dipped at 1.886 million metric tons compared with the robust demand growth experienced the previous year. The decrease maybe attributed to weak demand from the industrial sector due to the inroads of artificial sweeteners which replaced sugar and the possible entry of illegal sugar.

Based on the 2009 population estimates of 92 million, per capita consumption of sugar in 2009 was 26.26 kilograms. Total demand, on the other hand is a combination of domestic use and exports to the United States and world market. Domestic users consists of household, industrial (food processors) and institutional (restaurants, hotels, hospitals, bakershops). Distribution of domestic demand for sugar, based on 2008 survey conducted by ARO in coordination with University of Asia and the Pacific (UA&P):

Industrial users	-	50%
Household users	-	32%
Institutional users	-	18%

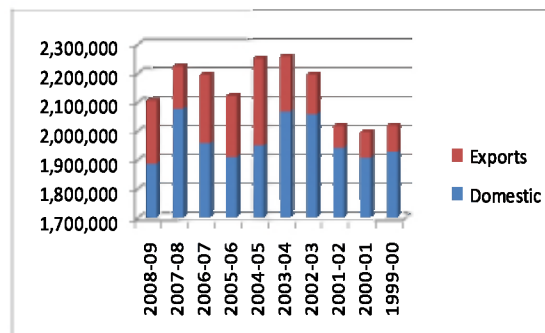
Refined Sugar

Total domestic withdrawals of refined sugar remained strong this crop year at 21,312,437 LKG, up by 7.22% compared to total withdrawals last crop year. Average monthly consumption was 1,776,036 LKG bags. Withdrawal was highest during the summer months.

Table 6. Ten-year Sugar Demand Data

Crop Year	Demand (MT)		Total
	Domestic	Exports	
2008-09	1,886,466	219,132	2,093,598
2007-08	2,078,468	145,982	2,224,450
2006-07	1,958,643	237,037	2,195,680
2005-06	1,909,846	213,317	2,123,163
2004-05	1,950,585	300,955	2,251,540
2003-04	2,068,109	190,600	2,258,709
2002-03	2,059,388	137,353	2,196,741
2001-02	1,942,993	75,401	2,018,394
2000-01	1,908,148	89,317	1,997,465
1999-00	1,928,335	91,250	2,019,585

Figure 2. Ten (10) Year Comparative Graph on Sugar Demand



TRADE PERFORMANCE

Exports

Sugar Order (SO) No. 1, Series of 2008-09 allocated 10% of the national production to "A" sugar or US export sugar and 7% as "D" or world market sugar. For quota year 2008-09, the US has allocated a quota of 137,353 metric tons commercial weight to the Philippines. A total of 137,343.10 was shipped with a total value of US\$ 48,443,462.43.

Sugar Order No. 1-B was then issued amending SO # 1 to provide distinction between sugar for export to the world market and for allocation to food processors/exporters:

D _x or World Export	- 4.5%
D _e or Sugar-Based Food Exporter-	2.5%

A total of 69,785.91 metric tons was shipped to the world market with a value of US\$18,971,284.11.

Table 7. Sugar Exports, CY 2008-09

Destination	Volume In MT	Value In US\$
US	137,343.00	48,443,462.43
Japan	46,000.00	11,199,000.00
Hongkong	1,635.00	760,344.81
Indonesia	13,040.00	3,605,518.74
Vietnam	2,000.00	630,000.00
Dubai	600.00	175,750.00
UAE	2,636.62	1,265,579.28
Taiwan	3,873.69	1,335,091.28
TOTAL	207,128.91	67,414,746.54

US Quota

The US is the biggest market for the country's sugar exports and has been a stable market especially when production was in surplus and domestic prices were at very low levels. This is the main reason why the country maintained its US quota inspite of cyclical price hikes in the domestic market.

The country shared around 12.72% of US imports under its tariff-rate quota (TRQ) and ranked as the third highest allocation next to Dominican Republic and Brazil.

Table 8. Volume and Value of Imports, CY 2008-09

Origin	Refined Sugar		Other (Specialty) Sugar	
	Volume (Kgs.)	Value (US\$)	Volume (Kgs.)	Value (US\$)
Argentina	220,000.00	106,920.00	48,000.00	18,000.00
Australia	588,750.00	304,216.25	-	-
Belgium	-	-	8,640.00	5,140.00
Brazil	-	-	150,000.00	108,000.00
Indonesia	-	-	225.94	3,870.00
Korea	1,868,400.00	847,153.09	716,870.00	382,824.98
Malaysia	3,155,000.00	1,492,735.00	-	-
Paraguay	103,000.00	77,250.00	50,000.00	37500.00
Singapore	2,727,000.00	1,261,401.80	879,240.00	476,168.36
Thailand	46,575,500.00	19,331,041.80	-	-
USA	2,045.45	3,825.00	7,158.00	5,737.50
United King.	-	-	20,332.00	18,103.60
TOTAL	55,239,695.45	23,424,542.94	1,880,465.94	1,055,344.44

Imports

The country has enough supply of sugar including buffer stock for the next cropping season, hence, no need for sugar importation.

Nevertheless, importation of refined sugar and specialty sugar was allowed only to food processors /exporters or Customs Bonded Warehouse (CBW) Operators at zero tariff provided that all manufactured sugar-based products are for exports.

PRICES

Millsite Price. Average composite price of sugar spiked by 12% following a decline in production for the crop year (Table 9 & 10).

Metro Manila. Prevailing wholesale and retail prices of sugar remained stable throughout the crop year. Please see Table 11.

Table 9. Millsite Prices in P/LKG, CY 2008-09

MONTH	"A" Export	"B" Domestic	"C" Reserve	"D" World Market	"Dx" World Export	"Dr" World Export Reserve	"De" Sugar-Based	Composite Price
September 2008	819.43	1044.63	-	656.25	-	-	-	-
October	820.47	996.50	650.00	616.25	-	-	-	900.30
November	831.08	981.40	867.88	629.20	-	-	-	924.69
December	835.64	934.41	852.68	-	568.81	-	607.63	887.65
January 2009	863.67	1011.50	914.95	-	573.55	-	602.21	952.29
February	885.64	1026.30	935.92	-	559.26	577.95	605.77	967.99
March	879.60	1006.84	918.41	-	593.83	579.18	602.20	952.15
April	880.39	1015.24	926.04	-	624.51	-	634.67	961.28
May	884.40	1036.79	908.62	-	629.20	-	630.00	973.81
June	878.44	1053.22	950.00	-	580.00	-	580.00	987.13
July	870.00	1030.00	-	-	-	-	-	-
August	1159.17	1276.79	-	1066.67	-	-	-	-
Average	883.99	1034.47	880.50	742.09	589.57	578.57	608.93	945.25

Table 10. Millsite Price, P/LKG, CY 2007-08

MONTH	"A" Export	"B" Domestic	"C" Reserve	"D" World Market	Composite Price
September	701.38	1117.58	-	-	-
October	614.64	1173.97	-	500.00	1106.71
November	579.53	1078.50	-	495.10	1019.39
December	558.54	1031.88	950.23	498.83	969.91
January	577.90	1025.34	959.90	541.18	969.31
February	600.64	1051.49	1008.95	582.53	999.30
March	611.41	1101.38	1043.34	622.75	1044.13
April	610.91	1187.89	1142.42	-	1144.63
May	584.30	1168.79	1118.23	-	1124.11
June	580.82	1179.73	1130.74	-	1134.49
July	588.17	1091.38	1078.75	-	1058.79
August	-	1100.00	-	-	-
Average	600.79	1108.99	1054.07	540.07	1057.08

Table 11. Prevailing Wholesale (Binondo & Divisoria) and Retail Prices (Groceries) in Metro Manila

MONTH/YEAR	CROP YEAR 2008-09						CROP YEAR 2007-08					
	WHOLESALE PRICE (P/LKG)			RETAIL PRICE (P/Kg)			WHOLESALE PRICE (P/LKG)			RETAIL PRICE (P/Kg)		
	Raw	Washed	Refined	Raw	Washed	Refined	Raw	Washed	Refined	Raw	Washed	Refined
September 2008	1170.00	1400.00	1650.00	30.00	34.00	38.00	1190.00	1350.00	1540.00	30.00	32.00	34.00
October	1170.00	1340.00	1550.00	30.00	33.00	38.00	1250.00	1550.00	1760.00	32.00	36.00	39.00
November	1140.00	1300.00	1500.00	30.00	34.00	38.00	1200.00	1500.00	1600.00	32.00	36.00	39.50
December	1000.00	1280.00	1480.00	30.00	33.00	37.50	1200.00	1450.00	1600.00	32.00	34.00	38.00
January 2009	1150.00	1350.00	1580.00	30.00	34.25	37.95	1150.00	1400.00	1550.00	32.25	34.00	37.00
February	1130.00	1350.00	1550.00	30.00	34.25	37.95	1100.00	1370.00	1540.00	30.00	34.00	38.00
March	1130.00	1350.00	1550.00	29.95	34.25	38.00	1190.00	1450.00	1630.00	30.00	34.00	37.00
April	1100.00	1330.00	1540.00	28.00	32.00	38.00	1290.00	1450.00	1710.00	32.25	34.00	38.00
May	1140.00	1340.00	1550.00	30.00	32.00	37.75	1260.00	1500.00	1740.00	32.00	34.00	38.00
June	1180.00	1400.00	1650.00	30.00	32.00	36.50	1280.00	1500.00	1750.00	32.00	34.00	38.00
July	1220.00	1380.00	1360.00	30.00	32.00	36.50	1230.00	1450.00	1750.00	30.00	34.00	38.00
August	1350.00	1400.00	1740.00	30.00	32.00	37.75	1250.00	1400.00	1700.00	30.00	34.00	38.00

MILLING AND REFINING SECTOR

Table 12. Mill Performance, Comparative

	CY 2008-09	CY 2007-08
No. of Operating Sugar Mills	31	30
% Pol Extraction	93.57	93.37
% Boiling House Recovery	87.39	86.52
% Overall Recovery	81.77	80.78
% Capacity Utilization	59.40	59.81
% Mechanical Time Efficiency	89.98	86.96
% Total Time Efficiency	61.56	62.96
% Delay Due Factory	8.28	9.29
% Delay Due Cane	24.63	17.92
Average Milling Days	175.61	211.87

For the crop year, 31 sugar mills were operational with an average grinding capacity of 6,680 MT/day. Total cane milled was 21,611,068 metric tons which yielded 2,100,048 metric tons of raw sugar. Victorias Milling Corporation (VMC) was the top performer which milled 2,742,338 tons cane equivalent to 288,785 metric tons of raw sugar.

Overall mill performance improved compared with the previous crop year. However, a significant improvement of 3.5% was observed in mechanical time efficiency directly

credited to the decrease in delays due factory.

Average refining capacity of 9,696 LKG/day was achieved by 12 sugar refineries. Top sugar refiner was VMC which produced 5,257,429 LKG of refined sugar.

BIOFUELS

Sugarcane as Bioethanol Feedstock

The National Biofuel Program recognizes the vital role of the sugarcane industry as the major supplier of feedstock for the production of bioethanol. Cane provides the highest yield of ethanol per hectare compared to other crops.

A glimpse from the country's sugar production versus total demand beginning CY 2002-2003, the country is producing surplus sugar that could very well supply a good portion of the country's initial needs for bioethanol. The Biofuels Act of 2007 (RA 9367) mandates that 2 years from the effectivity of the law, all bioethanol-blended gasoline shall contain a minimum of 5% bioethanol by volume.

SRA Policies on Bioethanol Production

Upon consultation with stakeholders, SRA promulgated the following policies on bioethanol production in 2009:

- Certification of existing sugarcane plantations as feedstock areas and plant site for bioethanol production
- Registration of bioethanol producers/manufacturers
- Registration of bioethanol feedstock traders/brokers
- Assignment of SRA Regulation Officers (SRO) in Bioethanol Production Facilities
- Collection of monitoring fees and bioethanol research, development and extension (BRDE) lien

The policies and Implementing Rules and Regulations (IRR) on the production of bioethanol are covered by Sugar Order No. 14, Series of 2008-09 and Circular Letter No. 30, Series of 2008-09, both issued on July 1, 2009.

Bioethanol Situationer

1. SRA registered four (4) bioethanol producer for Crop Year 2008-09, namely:

- San Carlos Bioenergy, Inc. — plant site at La Carlota City, Negros Occidental using sugarcane as feedstock.
- Leyte Agri Corporation — located in Ormoc, Leyte using molasses as feedstock.
- Roxol Bioenergy Corporation — plant site at La Carlota City, Negros Occidental using molasses as feedstock.
- Cavite Biofuel Producers, Inc. — plant site at Magallanes, Cavite using sugarcane as feedstock.

2. For Crop year 2008-09, SRA issued certification for utilization of existing sugarcane plantations as feedstock production areas for bioethanol production to three (3) bioethanol producers:
 - Cavite Biofuel Producers, Inc. — sugarcane plantations located in the municipalities of Maragondon and Magallanes in Cavite with a total area of 2,580 hectares.
 - San Carlos Bioenergy, Inc. — sugarcane plantations located in municipalities of San Carlos, Calatrava, Vallehermoso and Canlaon province in Negros Occidental with a total area of **2,409.57 hectares**.
 - Fuel, Inc. — certificate of eligibility for conversion of agricultural land into plant site located in Brgy. Marina, Binalbagan, Negros Occidental with a total area of 29.00 hectares.

3. Two bioethanol distilleries are already operational:
 - San Carlos Bioenergy Corp. (SCBI) — located in San Carlos City, Negros Occidental, SCBI started operation on March 2009 with annual production capacity of 30 million liters. It uses sugarcane as feedstock and currently utilizing a total of **3,225 hectares** feedstock production areas.
 - Leyte Agri Corporation — located in Ormoc, Leyte, it has 9 million liters annual production capacity. It started operational on July 2008 and use molasses as feedstock.

Other Initiatives

1. SRA Administrator Coscolluela, in his capacity as Vice-Chairman of the National Biofuels Board has initiated public consultations on the following issues concerning the bioethanol program:
 - Implementing Rules and Regulations of the Social Amelioration and Welfare Program in the biofuel industry utilizing sugarcane, molasses and coconut as feedstocks.
 - Information, Education and Communication (IEC) plans/strategies for public acceptance of biofuels
 - Petition of the ethanol producers to amend EO 449, “Providing for a Reduced Tariff of 1% on Bioethanol Fuel” issued on July 2005 on the reversion of tariff back to 10% under the WTO and 5% under the AFTA-CEPT and the creation of separate tariff line for bioethanol.

2. Represented the sugarcane industry on the following international fora/conferences:
 - Bioenergy Conference, Singapore
 - Biomass Seminar, Indonesia
 - 2009 Ethanol Summit, Brazil
 - Biomass Energy Workshop, Japan

Research, Development and Extension (RDE)

The two research stations of the Sugar Regulatory Administration (SRA) namely LGAREC and LAREC conduct researches through multidisciplinary approaches to develop high yielding and high sucrose sugarcane varieties suitable for sugar-producing regions. The research stations also conduct field trials in sugarcane growing belts to determine the agronomic characteristics and requirements of the new sugarcane varieties and experiment on the production technologies for recommended and promising cane varieties.

Completed researches of the two stations were focused on variety improvement. Other on-going projects were related to cultural practices on sugarcane farming and soil fertility management.

Table 13. Number of Researches Conducted

RESEARCH PROJECTS	LAREC		LGAREC	
	On-going	Completed	On-going	Completed
Variety improvement	5	3	12	12
Improved cultural practices	1	-	0	1
Soil fertility management	1	-	12	0

ABSTRACT OF COMPLETED RESEARCH PROJECTS

A. LA GRANJA AGRICULTURAL RESEARCH AND EXTENSION CENTER (LGAREC)

Variety Improvement and Pest Management (VIPM)

1. **Pollination, Sowing and Seedling Care, Phil 2008 Series** – *R.T. Armones, I.S.*

Bombio

During the 2008 breeding season, flowering of parental clones and varieties was early and of long duration with full emergence evenly distributed throughout the pollination period.

A total of 357 arrows from 271 bi-parental cross combinations were pollinated using 92 female and 68 male selected parents and from which 357 arrows from 271 bi-parental crosses were harvested.

The sowing of fuzz in 271 seedboxes resulted in the germination of seedlings in 268 bi-parental crosses consisting of 353 arrows. Medium to very good germination was observed in 87 percent of the crosses. Overcrowded seedlings in 136 bi-parental crosses were pricked in 490 seedboxes.

Seedlings in 736 seedboxes were given proper care and management like regular watering, fertilization, spraying of insecticides and fungicides, trimming of leaves, weeding and cultivation prior to transplanting in the field.

2. **Single Seedling Plot Test, Phil 2007 Series** – *R.T. Armones, I.S. Bombio*

The Phil 2007 Series hybridization work which produced a total of 117,179 seedlings from 272 bi-parental crosses was transplanted from June 3 to July 3, 2008. From these seedlings, 82,109 survived in the field or a survival rate of 70.07 percent.

Selection in April 2009 using Phil 56-226 as control variety gave 1,291 promising clones from 221 bi-parental crosses. This result showed a selection percentage of 1.57 percent for seedlings and 81.25 percent for the crosses.

3. **Row Test, Phil 2006 Series** – *L.E. Aloro, M.L.C. Almodiente, I.S. Bombio*

One thousand three hundred sixty four promising clones from the Phil 2006 Series Single Seedling Plot Test were planted in the Row Test on April 4, 2008. From these, 328 promising clones from 142 crosses were selected and forwarded to the next stage, the Multiplication and Disease Screening Stage.

4. **Multiplication and Disease Screening, Phil 2005 Series** – *L.E. Aloro, J.C. Velasco, M.L.C. Almodiente*

One hundred six promising clones from 70 crosses of Phil 2005 Series and 9 clones from 8 crosses of Phil 2004 Series which were re-entered in the Row Test were passed to the Multiplication and Disease Screening Stage. Multiplication I was conducted from December 21, 2007 to June 30, 2008 at the same time that disease screening for smut was done. Clones with ratings 1-4 for smut were passed to the next stage of multiplication.

Eighty three promising clones from 58 crosses of Phil 2005 Series and 3 clones from 3 crosses of Phil 2004 Series were passed to Multiplication II Stage and at the same time screened for downy mildew. Thirty smut and downy mildew resistant clones were considered as entries to the next stage, the Preliminary Yield Test and at the same time tested further for disease resistance. Continuing propagation of the selected clones was done to ensure adequate planting materials for the Ecologic Test.

5. **Smut Resistance Test** – *N.S. Meneses, G.A. Gayotin*

• **Phil 2004 Series (PYT Stage, Plant Cane & Ratoon)**

Thirty Phil 2004 Series clonal entries to the Preliminary Yield Test were tested against sugarcane smut. In the plant cane, 17 clones were rated very highly resistant, 2 highly resistant, 1 resistant, 6 intermediate resistant, 1 intermediate average, 2 susceptible, and 1 highly susceptible. In the ratoon, 24 clones were rated very highly resistant, 4 highly resistant, 1 resistant and 1 intermediate average. Clones with ratings 1-4 in the plant cane were recommended for further testing in the next stage.

• **Phil 2006 Series at Row Test**

Three hundred thirty five Phil 2006 Series clones selected from the Row Test were

screened for smut. Results showed that 236 clones were very highly resistant, 8 highly resistant, 20 resistant, 32 intermediate resistant, 8 intermediate average, 5 intermediate susceptible, 10 susceptible, 6 highly susceptible and 10 very highly susceptible. Clones with ratings 1-4 were recommended for further testing in the next stage of the breeding program.

6. Downy Mildew Resistance Test, Phil 2005 Series and Phil 2004 Series (Plant & Ratoon) - R.G. Entima, G.A. Gayotin

Eighty three Phil 2005 Series and 3 Phil 2004 Series clones were tested against downy mildew of sugarcane. In the plant cane of Phil 2005 Series clones, 48 were rated very highly resistant, 18 highly resistant, 11 resistant, 4 intermediate resistant and 2 intermediate susceptible to the disease. In the ratoon crop, 42 clones were very highly resistant, 12 highly resistant, 16 resistant, 6 intermediate resistant, 3 intermediate average, 2 intermediate susceptible, 1 susceptible and 1 very highly susceptible. With Phil 2004 Series plant cane, 1 clone was rated very highly resistant, 1 highly resistant and 1 resistant. In the ratoon crop, 2 clones were highly resistant and 1 resistant to the disease. Clones with ratings 1 to 4 in the plant cane were recommended for further testing in the next stage.

7. Yellow Spot Resistance Test, Phil 2004 Series - N.S. Meneses, G.A. Gayotin

Thirty Phil 2004 Series clones were rated for resistance to yellow spot disease. Two clones were highly resistant, 12 resistant, 6 intermediate resistant, 8 intermediate average and 2 clones were intermediate susceptible.

8. Leaf Scorch Resistance Test, Phil 2004 Series - R.G. Entima, G.A. Gayotin

Thirty clones of the Phil 2004 Series were rated for resistance to leaf scorch of sugarcane. Seven were found highly resistant, 18 were resistant, 4 were intermediate resistant and 1 was intermediate average to the disease.

9. Preliminary Yield Test, Phil 2004 Series - L.E. Aloro, N.S. Meneses, I.S. Bombio

The study was laid out in February 2008 to June 2009 to determine the agronomic and yield performance of Phil 2004 Series clones. The 30 clonal entries were selections from Phil 2004 Series Multiplication II which were also simultaneously screened for reaction to the four major diseases and further propagated in preparation for the Ecologic Test. Tables 14 & 15 present the yield data, agronomic characteristics and disease reactions of the test clones.

Twenty eight clones gave comparable TC/Ha as the two control varieties; two clones were of lower tonnage. Tonnage yield ranged from 54.53 to 105.11 tons cane per hectare.

Twenty-five clones were comparable in LKg/TC while 11 clones were comparable in LKg/Ha to Phil 8013 and VMC 86-550. The rest have significantly lower LKg/TC and LKg/Ha than the two control varieties.

After considering agronomic characteristics and disease reactions, the top ten clones were

selected as entries to the Ecologic Test. These clones now referred to as varieties were: Phil 04-0017, Phil 04-0703, Phil 04-0827, Phil 04-0845, Phil 04-0917, Phil 04-1011, Phil 04-1195, Phil 04-1719, Phil 04-1981 and Phil 04-2991.

10. **Performance of Selected Phil 2000- and Phil 2002 Series Sugarcane Varieties in Three Negros Mill Districts** —

The performance of four Phil 2000- and six Phil 2002 Series sugarcane varieties planted in three mill districts of Negros Island from December 2007 to January 2009 was evaluated.

Phil 00-0791 and Phil 02-0359 are recommended for commercial propagation and release. The two are high sucrose, high tonnage, and very sparse flowering sugarcane varieties. Phil 00-0791 is resistant to smut, downy mildew, and leaf scorch but susceptible to yellow spot. Phil 02-0359 is similarly resistant to smut and downy mildew but intermediate in reaction to yellow spot and leaf scorch.

11. **Synchronized Disease Screening for Resistance to Downy Mildew, Leaf Scorch, Smut and Yellow Spot, Phil 2004 Series** — *N.S. Meneses, R.G. Entima*

The response of Phil 2004 Series clones to downy mildew was similar in synchronized and separate screenings. For smut and yellow spot, the response was similar in resistant and intermediate clones but not in susceptible clones. For leaf scorch, response of resistant clones was comparable in both synchronized and individual screenings but differed significantly in clones with intermediate reactions. The results were consistent in three consecutive years of testing.

12. **Germplasm Collection, Characterization and Maintenance** — *R.T. Armones, I.S. Bombio*

There are one thousand two hundred seventy five sugarcane varieties planted in the Germplasm Collection from November 2008 to October 2009. Sixteen new accessions came from the new Crossing Block (1) and PHILSURIN (15). Eight hundred twenty two clones/ varieties were partially characterized according to degree of trashiness, presence of wax ring, and eyebud prominence.

Production Technology and Crop Management (PTCM)

1. **Effect of fresh start organic blend fertilizer on the growth & yield of sugarcane** — *R.M. Bombio, T.B. Bañas, J.C. Nierves, R.E. Tapay*

The experiment was laid out at SRA, La Granja, La Carlota City from January 2008 to January 2009, to determine the efficacy of Fresh Start Organic Blend fertilizer on growth and yield of sugarcane.

Stalk length of Phil 97-3501 improved (4.3 cm) with the application of 2 tons/ha organic fertilizer. Recommended rate (RR) + 2 tons/ha organic fertilizer gave an improvement of 18.0 cm in stalk length.

When $\frac{1}{2}$ RR + 2 tons/ha organic fertilizer was applied, no improvement in stalk length was observed.

Diameter of Phil 97-3501 was not influenced by the application of 2 tons/ha organic fertilizer.

Millable stalks increased with the application of 2 tons/ha organic fertilizer. When combined with RR slight improvement was observed. When combined with $\frac{1}{2}$ RR, no improvement was observed.

Compared with the unfertilized control (T1), application of 2 tons/ha organic fertilizer alone (T5), slightly improved the tonnage of Phil 97-3501. Compared to RR alone (T2), application of 2 tons/ha organic fertilizer + RR (T6) likewise improved the tonnage slightly.

Compared with $\frac{1}{2}$ RR (T3), application of 2 tons/ha organic fertilizer + $\frac{1}{2}$ RR (T4) decreased the tonnage of Phil 97-3501.

LKg/TC of Phil 97-3501 decreased when applied with 2 tons/ha organic fertilizer, (T4, T5 and T6).

B. LUZON AGRICULTURAL RESEARCH AND EXTENSION CENTER

1. Preliminary Yield Test of 2004 Series – A. Casupanan, N. Guiyab, P. Macamos, V. Serrano, M. Guevarra

Based on sugar yield and disease resistance, ten clones were found to be significantly higher or comparable to both or either check varieties, Phil 8013 and Phil 7544, and resistant to smut and downy mildew.

The clones which are recommended to undergo ecological testing are Phil 04-0081, Phil 04-0691, Phil 04-0827, Phil 04-0917, Phil 04-1533, Phil 04-1719, Phil 04-1889, Phil 04-1981, Phil 04-2249 and Phil 04-2319.

2. Yield Performance of Selected Phil and PSR Varieties (NCT3) - M.V. Serrano, N. Guiyab, P. Macamos, L. Santiago, T. Caballero, A. Casupanan, M. Guevarra

Fourteen test varieties selected by SRA and PHILSURIN were laid out in RCBD to determine their performance at LAREC.

Phil 97-2041 and Phil 97-3501 were found to be comparable in sugar yield to Phil 80-13 and Phil 75-44 in both plant and ratoon canes.

Varieties significantly higher in sugar yield than Phil 80-13 in the ratoon cane and comparable to Phil 75-44 in both plant and ratoon cane are Phil 98-0255, PSR 00-34, PSR 00-71, PSR 00-343 and PSR 00-161.

None of the test entries gave significantly higher sugar yield than Phil 75-44 in either plant and ratoon cane.

3. Screening of Phil 2003 Series for Resistance to Smut. — A. Casupanan, N. Guiyab, P. Macamos, M.V. Serrano, M. Guevarra

Forty clones of the 2004 series from LGAREC were planted and rationed and screened for their reaction to sugarcane smut.

Among the forty clones, ten clones were rated very highly resistant. These clones are 03-1989, 03-2109, 03-2305, 03-0371, 03-0613, 03-0627, 03-0645, 03-1389, 03-2125 and 03-2177. Six are highly resistant, 03-1925, 03-1727, 03-0217, 03-2063, 03-0617 and 03-1471. Thirteen are resistant, 03-0919, 03-0905, 03-0021, 03-0669, 03-0939, 03-1565, 03-1577, 03-1599, 03-1619, 03-1689, 03-1755, 03-1503 and 03-2279. Six are intermediate resistant, 03-0933, 03-2091, 03-0077, 03-0167, 03-1481 and 03-2229 and one intermediate average which is clone 03-1341. The remaining clones were rated intermediate susceptible to very highly susceptible.

Germplasm Collection and Variety Garden

Germplasm bank in LGAREC hold collections of the genetic resources of sugarcane plants to support research and for access by plant breeders. Table No. 14 show the germplasm inventory at the research center from 2008 to 2009.

There are high yielding varieties (HYV) of sugarcane being maintained in research centers. These varieties have been ecologically tested for cane production in different sugarcane areas. There are varieties which are either extinct or rare but are preserved in research centers' variety garden because of their peculiar characteristics. Sugar planters look for cane varieties that produce more per hectare, resistant to pest and diseases, yield more sugar per ton of cane and are good performers in their respective areas. The research centers supply HYV canepoints for propagation.

Table 14. Inventory of Germplasm Collection, LGAREC

SPECIES/TYPE	INVENTORY 2009
A. <i>Saccharum Officinarium</i>	
1. Original Nobles	6
2. Noble Selections	4
B. <i>Saccharum spontaneum</i>	
1. Foreign varieties	17
2. Local varieties	12
3. Hybrid and segregants	4
4. IBPGR collections	218
C. <i>Saccharum senense</i>	2
D. <i>Saccharum</i> sp. (Historical & comm'l hybrids)	
1. Foreign varieties	378
2. Phil varieties	538
3. Non-Phil varieties	96
TOTAL	1,275

Insect and Pest Management

Technologies in maintaining healthy crops do not confine on selecting the varieties best for local growing conditions, proper land preparation, rate of fertilization and cultivation. Insects are more of a problem especially to monoculture crop like sugarcane. Sugarcane planters have used a variety of means to get rid of plantations pests and have relied heavily on chemical pesticides to control pests.

As health and environment advocates increasingly oppose the use of chemical pesticides, the SRA research centers continue to conduct researches on biological processes that can hold pest populations in control and reduce crop damage. The focus of biological control is to promote beneficial insects that destroys pests. Since its inception, the planters are encourage

Table 15. SRA and VMC Varieties Maintained in LAREC In Research Centers

LAREC		
1. Phil 56-226	18. Phil 87-27	35. VMC 71-39
2. Phil 62-120	19. Phil 88-29	36. VMC 84-524
3. Phil 65-53	20. Phil 88-35	37. VMC 86-550
4. Phil 66-07	21. Phil 88-39	38. VMC 87-559
5. Phil 67-23	22. Phil 89-43	39. Phil 97-0693
6. Phil 72-28	23. Phil 90-0345	40. Phil 97-1123
7. Phil 72-70	24. Phil 90-1237	41. Phil 97-2041
8. Phil 74-64	25. Phil 91-1091	42. Phil 97-3501
9. Phil 75-44	26. Phil 92-0051	43. Phil 97-3933
10. Phil 77-79	27. Phil 92-0577	44. Phil 98-0255
11. Phil 78-1440	28. Phil 92-0751	45. Phil 99-0925
12. Phil 80-13	29. Phil 93-1601	46. Phil 99-1793
13. Phil 80-93	30. Phil 93-2349	47. Phil 99-2641
14. Phil 83-61	31. Phil 93-3155	48. Phil 99-1427
15. Phil 84-77	32. Phil 93-3727	49. PS 862 Indonesia
16. Phil 85-33	33. Phil 93-3849	50. PRC (China)
17. Phil 87-15	34. Phil 94-0913	
LGAREC		
1. Phil 93-2349	7. Phil 97-2041	13. Phil 99-1427
2. Phil 93-3155	8. Phil 97-3501	14. Phil 99-0925
3. Phil 93-3727	9. Phil 97-3933	15. Phil 99-2641
4. Phil 93-3849	10. Phil 98-0255	16. Phil 2000-2569
5. Phil 93-1601	11. Phil 99-1793	17. Phil HYVSs Demo 1 & 3
6. Phil 94-0913	12. Phil 99-1427	

to use this alternative method, which is less costly, to control the spread of insect pests in sugarcane plantations.

In LGAREC, *Trichogramma* strips are commercially produced for distribution to sugarcane planters. *Trichogramma* are tiny wasps that kill the eggs of sugarcane pests like stemborer. The center produces several species suitable to different agricultural crops. Of all the species, *T. chilonis* is the most popular to sugarcane planters. In 2009 a total of 14,771 strips were distributed to sugarcane planters.

In LAREC, the center maintained insect pests and its natural enemies for research purposes.

Table 1.6. Insect Pests & Natural Enemies Maintained in LAREC

INSECTS. NATURAL ENEMIES	NO. OF SPECIMENTS
A. INSECT PESTS	
<i>Order Coleoptera</i>	
1. Scarabaedae	
Leucopholis irrorata — Adult	165
Grub	50
Holotrichia vidua — Adult	50
Grub	10
Anomala anogutata — Adult	23
Grub	5
2. Elateridae	
Melanotus sp.— Adult	5
Lucanidae	4
Chrysomellidae	4
Dynastidae	5
Coccinellidae	6
Curculionidae	2
Pachyrhynchidae	2
<i>Order Lepidoptera</i>	
1. Crambidae — Adult	
Larva	13
	5
2. Schoenobiidae — Adult	
Larva	3
	2
3. Noctuidae — Adult	
Larva	18
	3
4. Pieridae	
	13
TOTAL	388
B. NATURAL ENEMIES	
<i>Order Coleoptera</i>	
1. Coccinellidae	
Monchilus sexmaculatus	15
Micraspis crocea	2
Harmonia octomaculata	2
Aulacophora similis	4
2. Carabidae	
Carabus sp.	4
3. Lampyridae	
	2
4. Curculionidae	
Metapocyrtus sp.	4
TOTAL	33

HYV Planting Materials: Production and Distribution

HYV planting materials include canepoints and hardened micropropagated plantlets. Since the SRA program on HYV production and distribution began, it had an enormous effect on the productivity of the sugarcane industry and has necessitated huge effort in breeding, testing certification, seed production, propagation, and distribution.

SRA's HYV multiplication and distribution program is a continuing activity to increase sugar production through intensive use of good quality seeds of HYVs.

The research centers assume this responsibility to assure rapid propagation and timely supply of planting materials at reasonable price. For 2009, LAREC produced 107.96 lacs while LGAREC produced 675.56 lacs.

Clients were either MDDC nurseries, agrarian reform beneficiaries and other sugarcane planters.

**MICRO
PROPAGATION**
A RAPID MEANS OF
PROPAGATING NEW
HIGH YIELDING VA-
RIETIES OF SUGAR-
CANE THRU TISSUE
CULTURE

LGAREC also produced and distributed 186,131 pcs HYV micropropagated plantlets to sugarcane planters, OPSI participants, nursery cooperators and MDDCs.

Completed Development Projects

The Technical Services Section published the Annual Compendium of Philippines Refineries for 2007 and 2008. This is an annual publication which contains data and information pertaining to the production and performance records of all operating refineries.

Special Action Group for the Environment (SAGE): Milestones

The SAGE Teams (2 in Quezon City and 1 in Bacolod) were created in 2003 by Special Order No. 137 tasked as third party monitoring body of the Environmental Self Monitoring System for sugar mills and refineries. SAGE is a component of the project "Upgrading the Scientific Capability of SRA's IR&D" which is funded by the Sugar-ACEF. Part of their job is to conduct environmental monitoring compliance of all sugar mills nationwide. The Teams collect air and wastewater samples for analysis to determine total suspended solids, dissolved oxygen, pH and oil/grease contents.

Since its creation, the SAGE Teams labored on the requirements for accreditation and recognition of SRA Laboratories as Third Party Environmental Self-Monitoring Body by the DENR-EMB.

In 2008, the two teams from Quezon City were accredited as Third Party Source Emission Testing Firm with the Department of Environmental and Natural Resources-Environmental Management Bureau (DENR-EMB) after passing the four stages of accreditation such as: 1) written examination, 2) oral examination, 3) facility examination, and 4) proficiency testing on actual source sampling.

- **SAGE Team 3 (SRA Bacolod Group) Received Certificate of Accreditation**

In March 2009, the SAGE Team from Bacolod City headed by Ms. Irene V. Cruz as QA/QC Manager and Lucia C. Sanchez as Team Leader, received a certificate of accreditation as Source

SAGE Team from
Bacolod City re-
ceived Certificate
of Accreditation
from the DENR-
EMB as Source
Emission Testing
Firm

Emission Testing Firm from DENR-EMB after passing all the requirements prescribed therein.

- **SRA Environmental Laboratories Received Certificates of Recognition**

Local. In March 2009, a Certificate of Recognition No. 055/2009 and No. 054/2009 was awarded to Environmental Laboratories in Quezon City and Bacolod City, respectively, by the DENR after a series of assessment and compliance with documentation, analytical performance and other technical requirements of the recognition process embodied in the DENR-Administrative Order No. 63, Series of 1998, better known as Guidelines for the Designation of DENR Recognized Environmental Laboratories.

International. The Environmental Laboratories in Quezon City and Bacolod were granted a Certificate of Excellence by the Environmental Resources Associates (ERA), a proficiency testing organization in Arvada, Colorado, USA.

Participated in by more than 700 environmental laboratories worldwide, mailed test samples were analyzed and test results as well as the methodology used were submitted online. Based on the submissions, ERA evaluated the laboratory performance according to the standard formula which is prescribed under US EPA National Standards criteria.

The Certificates given read as follows:

"In recognition of the Quality of your Laboratory in Proficiency Testing for April 2009 WP ERA WP-171 Sugar Regulatory Administration (NO26) is issued this Certificate of Achievement by ERA.

This Laboratory of Excellence was granted for achieving 100% acceptable data and a demonstration of the superior quality of the laboratory in terms of evaluation of the analysts like BOD, oil and grease (gravimetric) and COD."

In 2009, environmental samples (wastewater and air emission) from mills and refineries collected by Envilab in Quezon City and Bacolod totaled to 119 and 1,944, respectively, for analysis.

Analytical Services of SRA Laboratories

Quality is SRA's commitment to the public. SRA's sugar reference laboratories provides analysis of sugar and agro-based samples to ensure public safety. Sugar millers, refiners, food processors and other clients submit samples for impurity characterization. The laboratories issue test certificates to samples which pass its reference standards. For 2009, SRA's laboratories in Quezon City and in Bacolod analyzed 452 and 772 sugar and agro-based samples.

Study on the Determination of Stability of Refined Sugar in Storage

This is an ongoing experimental study and is in its second year since it started in August 2008. The purpose of which is to determine the stability of quality of refined sugar in storage

for a two-year period in different warehousing conditions. This is undertaken by the convergent effort of SRA, PSMA and participating refineries such as Victorias, Don Pedro and Busco. Samples of refined sugar from the experimental group are analyzed quarterly in terms of polarization, moisture, color, odor on acidification, taste, pH, turbidity, ash, invert sugar, SO₂, floc and microbiological analyses (mesophilic bacteria, yeast, mold and total thermophilic bacteria). There were 62 quarterly samples analyzed in 2009. Results of the study will be evaluated at the end of the two-year period.

Review of Existing Quality Standards: PNS 1097:1993 for Raw Sugar and PNS 1098:1993 for Refined Sugar

A Technical Working Group composed of representatives from the SRA, Bureau of Agricultural and Fisheries Products Standards (BAFPS) and other stakeholders of the industry review the current quality standards of raw and refined sugar to evaluate the appropriateness of the existing quality standards in consideration of the provisions coming from the Codex Standards for Sugar (CODEX STAN 212-1999), International Commission for Uniform Methods of Sugar Analysis (ICUMSA), SRA analytical data, rules and regulations of Bureau of Food and Drugs and protocol of BAFPS. The TWG drafted a revised standards and conducted public consultations with sugar millers, refiners, traders and food processors in Bacolod City, Cebu City, Davao City and Quezon City for support positions and comments. Before the year ended, the TWG finalized the draft standards and was able to submit to the World Trade Organization (WTO) thru BAFPS for review.

Adopt a Community Program in Extension-Visayas

The SRA, thru its Extension Services in Visayas, and the Agricultural Training Institute (ATI) has launched the "Adopt a Sugarcane Community" program in response to the growing needs of sugarcane farmers for technical knowledge and skills in sugarcane growing. The said program was initiated because there is an increasing number of planters, the agrarian reform beneficiaries (ARBs), resulted from the implementation of CARP combined by the growing interests in the sugar industry because of product diversification such as muscovado, biofuels due to the passage of the Biofuels Act and cogeneration due to the passage of Renewable Energy Act. The main objective of the program is to improve the sugarcane farming methods and enhance productivity of the farmers.

The program involves selection (or adoption) of low sugar-producing communities in every mill district and the Agriculturist/s assigned would focus most of their extension activities on the adopted community/ies for 2 or 3 crop years or until the desired objective is achieved. The Office will employ an innovative approach to learning called Community-Based Participatory Extension Management (CPEM) as its tool. As the name suggests, the farmers would be trained through participative method and develop them as agent of change in their respective communities. The Agriculturist would also tap services of other offices and organizations in the district to support the said program for the farmers.

As an initial step, a seminar-workshop was conducted by ATI, participated by all Agriculturists in the Visayas and farmers-leaders in adopted communities. The workshop has produced a realistic community action plan in order to realize the objectives of the program.

Pests Outbreak in Sugarcane Plantations of Luzon and Visayas

Several sugarcane growing districts in the Visayas and Luzon have been alerted on the outbreak of pests. Five (5) districts in Negros Occidental (Hawaiian-Phil, First Farmers/Bacolod Murcia, Ma-ao, La Carlota and Biscom) were infested by white grubs, army worm, stem borer while sugarcane farms in Balayan, Batangas were infested by white grubs. Total area affected in Negros were accounted to 1,382.46 hectares. Extension officers took up intensive monitoring and effective plant protection measures to control the damage. Hereunder are the characteristics of such pests:

White grub — is the larvae of beetles and feeds on the root system of sugarcane plant. It causes cane leaves to wilt, stunt growth and plants eventually die. Farms infested were mostly cultivated by agrarian reform beneficiaries in HPCO, FFarmers/BacMurcia and Ma-ao mill districts in Negros. Reduction of yield can range from 5% to 50%. This was also the pests that attacked cane farms in Batangas.



Army worm — the pests feed on cane leaves. It covered cane fields in La Carlota and Biscom mill districts after a long dry spell. This pest causes defoliation among young plants and can reduce yield by 14%.



Stemborer — they are the larvae of several kinds of moths pests. They are worm-like that bore into the stems of tillers. They feed on the growing points and plants do not develop into a millable stalk. It makes the stem weak and easily blown over. The pests occurred in the farms of La Carlota mill district. At 25% infestation in cane fields, it can reduce yield by 1.9 TC/ha equivalent to 4.06 LKG/ha.

JICA Mission Team Visited Sugar Milling Districts

Under the Japan-Philippine Economic Partnership Agreement (JPEPA), the Japanese government has intended to provide technical assistance to the sugar industry, in addition to the volume of muscovado and molasses to be exported to Japan with preferential tariff rates. JPEPA is a bilateral trade treaty that seeks to promote investments and trade of goods and services between the two countries.

On May 2009, the Japanese government thru its Japan International Cooperative Agency (JICA) Office in the Philippines sent its mission team to conduct a preparatory study and gather vital information regarding the Philippine sugarcane industry. The Team proceeded to selected milling districts in Visayas and Luzon for field visits and hold consultative meetings with various industry associations and planters organizations. The industry assessment would provide a picture of industry's problems and needs and would be the yardstick of the technical assistance the Japanese government would grant.

OPSI

The Outreach Program for the Sugar Industry (OPSI) is the SRA's longest running training program for the sugarcane farmers. No other avenues could ever be more empowering than by training the farms' champions. OPSI brings to field the latest trends and innovations in cane growing and agricultural practices which is vital in achieving increased farm productivity and reduced production costs.

Tarlac — when the district suffered production loss during the previous crop year, the initial step was to train the mill's crop inspectors (CI) to regain the district's status in farm production. The training was envisioned to educate CIs with technical knowledge on sugarcane farming and efficient delivery of technology package to farmers. After the OPSI, the CIs were infused with commitment to transfer technology and disseminate the skills to farmers in the district.

Carsumco — nine (9) on-farm seminars were conducted to extend the delivery of technologies to sugarcane farmers. The farmers were given updates on the proper land preparation and cultural management of sugarcane growing. During the seminar, the farmers were offered with discounted rate on tractor services and accessibility to planting materials to ensure that idle sugarcane areas will be planted. They were called to cooperate with the mill's objective of increasing production in the district.

OPSI Batch 108 & 109 — LGAREC conducted 2 batches of 3-day live-in seminars on sugarcane farm management seminars. These were participated by farm owners, farm managers and *encargados*, farm keymen, crop inspectors/technician, mill employees and agrarian reform beneficiaries from mill districts in Negros, Panay and Leyte. The participants were urged to plant new high yielding varieties and apply all the techniques learned from the seminar to be able to produce more sugar.

Other OPSI on Wheels conducted were 4 batches of seminars held in Antique pertaining to muscovado production.

Muscovado Industry

Muscovado sugar production provides livelihood to rural communities. Coined as healthy sugar, the increasing demand among health enthusiasts for this traditional sugar served as catalyst for muscovado sugar to rise from backyard farming to commercial production. From recent years until this time there is a growing interests among sugarcane growers to venture in muscovado production to improve their socio-economic well being through livelihood opportunities generated therefrom.



RDE Department provided technical services to communities/cooperatives interested in muscovado production.

1. Training to muscovado producers in Polangui, Albay — technical personnel from RDE were invited as resource speakers in “Training on Organic-Based Sugarcane Production” held in Polangui, Albay, the largest muscovado-producing barangay in the entire municipality. The planters/muscovado producers were taught of latest technologies in sugarcane growing, muscovado processing and packaging. Organic growing was given emphasis to extract high quality cane juice for muscovado.
2. In SRA-GAD Gender Awareness and Livelihood Technology Training conducted in DA Compound, Pili, Camarines Sur, muscovado production was introduced to participants as an alternative source of livelihood in the area.

3. A Seminar in Sugarcane Culture and Farm Management in Antique cum planning workshop was conducted by technical personnel in Visayas through the initiative of Antique Federation of Cooperatives. Antique is the home of “traditional sugar industry” because it is a major producer of muscovado sugar. The workshop aims to help farmers generate the following information: a) production plan of the farmers per cropping cycle, b) inventory of total area planted and potential areas for sugarcane growing, c) production capacity per cropping season, d) marketing strategies, and e) production cost and income per hectare
4. SRA technical staff in Visayas participated in the workshop conducted by the Strategic Development Cooperation Asia, inc. (SDCAsia) - a non profit organization - who was conducting a study on the “Assessment of Local Market Development Opportunities of the Muscovado Industry in Negros Occidental”. The objectives were to validate the data gathered by the SDCAsia relative to muscovado production which are vital to the potential muscovado producers in the region.

Policy, Planning & Advocacy

Sugar Policy for Crop Year 2008-09

Sugar produced in the Philippines is subject to marketing allotments at the start of the crop year depending on production and demand estimates. The quantity for allotment (in %) is determined to guarantee enough supply for export and domestic requirements and stabilize sugar prices. Quantity allocation is divided into: 1) U.S. or export, 2) domestic, 3) reserve and 4) world market. During the course of the crop year, the Sugar Board is required to adjust periodically allotment quantities guided by the periodic assessment of supply and demand situation in the local and world market and other urgent concerns that needs of the industry.

Sugar production for CY 2008-09 was projected to reach 2.257 MT. Based on such projected production figure and stable rate of demand, the initial sugar policy for crop year 2008-2009 allocated sugar production into the following percentages:

“A” or US Quota Sugar	-	10%
“B” or Domestic Sugar	-	68%
“C” or Reserve Sugar	-	15%
“D” or World Market Sugar	-	7%
TOTAL	-	100%

Sugar Price Situation

The Department of Trade and Industry imposed a price ceiling of P38.00 per kilogram of refined sugar just before the country was declared under the state-of-calamity because of typhoon Ondoy. The price ceiling reflected the cost of raw sugar based on the average millgate price of P1,077.90 per 50-kg bag. However, millgate price was observed to shoot up starting week-ending September 13, 2009 until September 27, 2009 which could be translated in an average retail price of P41.00 per kilogram of

refined sugar. The situation posed urgent concerns among retailers and repackers in the wet markets and supermarkets.

SRA submitted its recommendation to the Department of Agriculture for endorsement to the Department of Trade and Industry for a price ceiling of P41.00 per kilogram until such time that the state of calamity is lifted. The recommendation was founded on the following reasons:

1. Unrealistic price ceiling could lead to supply problem in “price control areas”.
2. Rising prices of sugar occur during lean months of September and October (start of mill operation) by P2.00 to P3.00 per kilogram because of tight inventory
3. Domestic prices of sugar reacts to fluctuations in world market prices. World market prices have dramatically increased to 23.11 U.S. cents per pound, a peak level not experienced in 28 marketing years.
4. Cost of producing sugar has steadily increased over the years due to rising costs of inputs such as fuel and fertilizers but the retail price of sugar declines in real terms. Producers have been spending too much to produce cane but are receiving less from their sugar.

SMASTF

The anti-smuggling campaign of the sugar industry is enforced by the Sugar Monitoring and Anti Smuggling Task Force (SMATF) of SRA in close coordination with the Bureau of Customs and Presidential Anti-Smuggling Group. Intelligence agents are tapped to monitor the entrance of smuggled sugar and arrest sugar traders involved in such illegal practices. Sugar smuggling activities resulted to flooding of sugar in the market and compete with local production, thus hurting domestic prices. Lower producers prices drive sugar producers out of business and on a large scale, smuggling bleeds revenue generation of the government.

Among other functions, SMASTF highlighted the following as its major accomplishments in 2009:

1. Monitored the delivery of “E” sugar (food processors’ sugar) or “D” sugar (world market sugar) from milling companies/traders/suppliers to CBW or Food Processors/Exporters plants/warehouses. Forty (40) warehouses were monitored throughout the year.
2. Monitored transfer of “D” sugar from the Bureau of Customs (BOC) to Customs Bonded Warehouse (CBW) to traders/importers’ warehouses. Twelve (12) warehouses were inspected and visited during the year.

The above activities ensured that imported sugar intended for CBW operators or food processors were not diverted to local consumption.

Sugar Industry Reached for Ondoy Victims

Following tropical storm Ondoy which poured the heaviest rains in record after decades in Metro Manila and nearby provinces, thousands of families were left homeless, lives were lost and cost billions of damage to agricultural crops, properties and infrastructures. The government declared a large portion of Luzon under the state of calamity. Concerned offices and NGOs appealed and solicited relief assistance from all sectors not affected by the

typhoon to support the basic needs for food and non-food items of the victims.

The industry expressed sympathy to the victims and initiated its own relief drive for the typhoon victims. A total of 900 bags of sugar were donated by 9 sugar mills and SRA facilitated its transfer to Department of Social Welfare and Development for distribution to affected families. A cash donation of P700,000.00 from Lopez Sugar Mill and CONFED was coursed through the ABS-CBN Foundation and Office of the President, respectively.

On the other hand, Cagayan MDDCFI, in coordination with the LGU and local office of DOLE conducted medical and dental mission/assistance to sugar workers affected by Ondoy. More than 3,000 sugar workers within the Cagayan milling district were benefited by the program.

Sugar Master Plan

The planning workshop with all MDDCs in the Visayas was conducted by the Sugar Master plan Foundation on September and October with the theme "Agriculture/Farm Production". The workshop was basically a consultative meeting with stakeholders regarding the implementation of the Sugar Master Plan (SMP).

The SMP was crafted 10 years ago which provided the roadmap for the development of the sugar industry. The industry achieved growth and attained self-sufficiency in 2003. But with the advent of new developments in the local and world market, there is a felt need to revisit the SMI. The AFTA-CEPT in 2010 is a threat that will impact the local producers and millers once safety nets are not put in place. In this agreement, tariff of imported goods from ASEAN countries will be reduced to 0-5%. Entry of imported sugar with less or no protection will harm domestic producers because of our high production cost. They cannot compete with other sugar-producing countries like Thailand and Brazil. In WTO Agreement, government subsidies to agriculture sector will be removed to stabilize world market price of sugar. The Philippines is a loser either way. There is no way but up and compete.

The initial draft of the SMI was presented during the workshop. The general direction of the SMI includes the following:

1. Improved agricultural efficiencies and production
2. Maximized processing and value adding potentials
3. Clearly identified market and technologies
4. Cost competitiveness and sustainability
5. Effectively address the industry's identified threats
6. Move towards sugarcane-based agro industry

Administrator Coscolluella stressed the importance of MDDCs in the industry being the link between the government and the farmers in the promotion of development in all milling districts being the forefront in the implementation of projects. He encouraged them to be more aggressive on extension work and campaign for enhanced productivity and competitiveness.

Communities (ARCs) in the Visayas has created an impact on the lives of the farmers-participants and to the sugar industry as well, such as:

Sugar-ACEF

Funds

Out of the P600 M Sugar-ACEF, a total of P599,543,000.00 were released to SRA by the Department of Agriculture. The balance of the fund in the amount of P457,000.00 is still with the DBM subject to follow-up and submission of project for funding.

Fund Disbursements

The Sugar-ACEF was allocated to finance the development projects of SRA and the 29 MDDCs nationwide. As of December 2009, a total of P570,984,407 or 95.24%% (figure subject to audit of the Finance Department) of the total Sugar-ACEF funds has already been disbursed.

Projects

There are ninety one (91) MDDC projects and eight (8) SRA projects which were approved for implementation. These projects are practically the safety nets to improve the productivity and enhance the competitiveness of the industry. The major projects under Sugar-ACEF are as follows:

Propagation of HYVs	- P 46,696,685
Farm Mechanization	- P 249,608,946
Road rehab/heavy equipment	- P 57,690,086
Soil fertility	- P 39,691,780
Training/R&D	- P 145,545,174
Irrigation	- P 18,315,579
Post Harvest Facilities	- P <u>42,451,750</u>
Total	- P 600,000,000

Milestones

After nine years of implementation, the Sugar-ACEF program has achieved the following milestones:

1. Distributed 157 farm tractors and 421 implements.
2. Developed 500.5 hectares nursery farms in 16 mill districts.
3. Upgraded mill equipment in 3 sugar mills, namely: Lopez, Hawaiian-Philippine and Bogo-Medellin.
4. Upgrading of research and development facilities of SRA has given SRA national and international recognition such as:
 - SAGE Teams in Quezon City and Bacolod City earned accreditation from the Department of Environment and Natural Resources—Environmental Management Bureau (DENR-EMB) as Source Emission Testing Firm.
 - SRA laboratories in Quezon City and Bacolod City were awarded a certificate of recognition by the Department of Environment and Natural Resources after having been assessed and found compliance with the documentation, analytical performance and

other technical requirements of DENR.

- The Environmental Laboratories in Quezon City and Bacolod were also granted a Certificate of Excellence by the Environmental Resources Associates (ERA), a proficiency testing organization in Arvada, Colorado, USA.

5. Conduct of 35 Outreach Program in the Sugar Industry (OPSI) among the Agrarian Reform Communities (ARCs) in the Visayas has created an impact on the lives of the farmers-participants and to the sugar industry as well, such as:

- Before OPSI, the ARCs adopt only 36.1% of the SRA recommended technologies in sugarcane production. After attending series of OPSI, the figure went up to 58.20%.
- Improvement in cost, income and yield per hectare was also recorded (Figures based on the report "Impact of OPSI on Sugar Production and Income of ARCs, 2007")

In 2009, Sugar-ACEF major projects continue to benefit small sugarcane planters in all milling districts.

Table 18. Impact of OPSI in ARCs

Parameters	Before OPSI (P)	After OPSI (P)
Cost/Ha.	26,015	26,687
Income/Ha.	42,586	51,656
Net Profit/Ha.	16,571	24,966
LKG/TC	1.63	1.77
TC/Ha.	45.32	51.19
LKG/Ha.	74.38	90.48
ROI	67.42%	96.10%

Table 19: Sugar-ACE Projects: Accomplishments in 2009

Project	Service	Planters Served
Farm mechanization	19,819.49 has. mechanized	7,828
Propagation of HYVs	431.01 lacs prod/distributed	76
Road rehabilitation	697.58 kms. rehabilitated	2,666
Hauling equipment	15,027.28 tons cane hauled	714
Soils laboratory	1,356 soil samples analyzed	252
Soil fertility program	12,199 bags distributed	127

IAD Conducted Performance Evaluation

The Internal Audit Department has conducted performance audit of 2 MDDCFIs in the Visayas to evaluate the implementation of their approved projects, namely: Dacongogon and Binalbagan-Isabela MDDCFIs.

Dacongogon. The MDDC is cash-strapped hence no source of funds to allocate for repair and maintenance of Sugar-ACEF equipment such as tractor and hauling equipment. The uncertainty of the sugar mill to resume its operation will render road rehabilitation equipment idle. Safety of said equipment were not guaranteed.

The Audit Team recommended immediate pull-out of the Sugar-ACEF equipment for safekeeping at SRA-LGAREC. On June 2009, the said equipment were relocated to SRA-LGAREC compound in La Carlota City.

Binalbagan-Isabela. The MDDC fall short of fiscal management, internal control structure and procedures and accounting/reporting system, requirements for successful project implementation.

The Audit Team recommended the following:

1. Board of Directors to exercise project controllership and oversee the implementation of the projects.
2. Adoption of standard operating procedures or guidelines/protocol for each project.
3. Monthly reportorial requirements.
4. Pursue strategic deployment and positioning of farm mechanization equipment in coordination with the LGU.
5. Strengthen fiscal management, internal control systems and accounting/reporting systems.

Regulation

Regulatory Activities

Sugar policies are fashioned through consultation and close collaboration with the major stakeholders in the industry. This seeks to promote smooth relationship with the stakeholders and address immediate concerns.

Sugar business demands transactions with the SRA to regulate its production, withdrawals, trading and distribution. Said regulations of sugar does avoid emergence of disruptive activities, spur the growth of the industry and give protection to the interest of people engaged in the industry.

Table 19. Regulatory Documents Issued

Stakeholders	Regulatory Documents	No. of Documents Issued
Exporters	Certificate of Exchange Authority	1,230
	Export Clearance	
	Sugar	219
	Molasses	35
Importer	Muscovado	91
	Import Clearance	
	Sugar	279
Premix	522	
Food Processors	Certificate of Sugar Requirements	124
Traders	Registration Certificates	374
	Sugar	
	Molasses	
	Muscovado	
Shipper	Shipping permit	16,425
Mills/Refineries	License	
	Mills	26
	Refineries	29

Regulatory documents are implementation artifacts of sugar policies. In Table 19 the following regulatory documents were issued based on various transactions made with SRA.

Sugar Exports for Quota Year 2008-09 Filled-up

The United States, under the Tariff Rate Quota allocations for raw sugar, has allocated for the

Philippines an initial quota of 142,160 metric tons, raw value (MTRV) equivalent to 137,353 metric tons, commercial weight (MTCW). Sugar Order No. 2, Series of 2008-09 advised sugar exporters to apply with SRA for export allocations using “first-come-first-served” policy. Ten (10) exporters were given allocations and have completed shipment of 137,343.10 MTCW starting September 2008 until April 2009.

The Philippines also shipped a total of 36,915.47 metric tons of sugar to the world market particularly to Hongkong, United Arab Emirates, Japan, Taiwan, Vietnam, Indonesia and Dubai.

Creation of Central Regulatory Office (CRO)

As a regulatory office, SRA’s functions increasingly becomes multifaceted because of different stakeholders with diverse interests. In response to complexities involved in regulatory functions, SRA created the CRO under the Administrator’s Office headed by an Acting Chief Regulation Officer. The said Office would be responsible in promoting quality regulatory activities to ensure efficacy and transparency in service. As such, the Office will provide information to the Administrator and Sugar Board on regulatory issues.

As to composition, CRO is composed of task groups with specific areas of concerns and involve different purposes and powers on regulation such as:

1. Policy Management Group — review and improve existing policies and propose new policies
2. Licensing Group — official depository of all applications for licenses of mills, refineries, traders CBWs and food processors
3. Sugar Transactions Group — oversee transactions including quedan verification, swapping, reinstatement, reclassification and exports.
4. Mill Regulations Group — handle regulation of sugar mills
5. Sugar Monitoring Group — monitor movement of sugar necessary for the anti-smuggling campaign
6. CBW/Food Processors/D-Sugar Review and Monitoring Group — oversee the operations of CBW operators and food processors in terms of sugar usage.
7. Information and Communication Group — in-charge in maintaining accurate sugar statistics and available real-time data for policy makers.
8. Sugar Anti-Smuggling Office — established to work closely with the Sugar Monitoring and Anti-Smuggling Task Force (SMASTF) to ensure a well-coordinated activities necessary to curb sugar smuggling.

SRA Conducted Consultative Meeting with Food Processors

With the commitment to strengthen the business relationship with the food processors, SRA, through Administrator Coscolluela, organized a consultative meeting with the food processors intended to exchange information and benefit for the collective issues that would arise therein. Major concern was focused on rules and regulations on sugar allocation to processors. The Administrator highlighted the importance of articulating the links between sound business policy and addressing the current problems of sugar use diversion which is a national issue. The guiding principle is that SRA will help grow clean business.

The group agreed on possible activities that could support the goals and objectives of the meeting. These include: 1) transparency of visits from SRA team to food processors’ plants to

conduct inventory of sugar stocks and monitor actual usage of sugar allocated; 2) maintenance of ledger of sugar inventory; and 3) issuance of a Memorandum Circular outlining the procedures of monitoring sugar movements and shipment of “D” and “E” sugar.

ROs Held Conference

The 2nd National Conference of Regulation Officers (ROs) was held in SRA Social Hall on August 2009. The conference is a continuing knowledge-enrichment program for regulation officers to keep them abreast with the latest trends in the industry. ROs from Luzon, Mindanao and Visayas flocked to SRA Quezon City to attend the said



Regulation Officers from Visayas



Regulation Officers from Luzon/Mindanao

conference. Being one of the frontliners of SRA in regulatory functions, they are tasked to exercise full professionalism in the dispense of their duties and to demonstrate real value on their assigned posts through skills and competency. As a regulatory office, SRA seeks to consistently create alignment of the ROs with the nature of their jobs and the key source is updating the knowledge and ideas about the business environment.

Guidelines for Registration of Traders Amended

Sugar Order No. 9, series of 2008-2009 amended Sugar Order No. 6, series of 2004-2005 which established the new guidelines for the registration of sugar, molasses and muscovado traders. The said SO details the list of requirements to make ensure that licensees are legitimate business entities engaged in sugar, molasses and muscovado trading. In 2009, a total of 374 traders' registration certificates were issued based on the new guidelines.

Administrative & Finance

CLEEP Implemented

The Comprehensive Livelihood and Emergency Employment Program (CLEEP) was created under Memorandum Circular 168 issued by the Arroyo Administration to provide gainful employment to unemployed workers who were affected by the global financial crisis. To ensure the success of the program, PGMA issued Executive Order No. 782 to enjoin participation of government agencies by temporary filling up vacant positions.

CLEEP
Comprehensive
Livelihood and
Emergency
Employment

In support of CLEEP, at least 13 young workers landed jobs in SRA starting July 2009 until December 2009 and they were assigned to SRA units where support staff were deemed wanted. Position held ranged from carpentry to clerical works. By providing emergency employment to said workers, SRA, even in a brief period of time, has contributed to build the capacities of these workers and has offered them basic skills to compete in labor markets in the future.

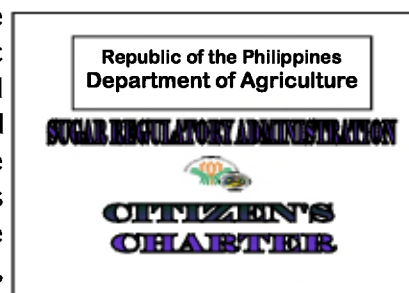
SRA's Grievance Machinery (GM) Approved by CSC

In a letter dated August 14, 2009, the Civil Service Commission informed SRA that the Grievance Machinery submitted to CSC was approved for implementation after its compliance to CSC Memorandum Circular No. 2, Series of 2001.

A grievance procedural machinery is a mechanism to redress disputes between and among officials and employees promptly, objectively and in a fair and just manner. In compliance, a grievance committee shall be established each for SRA Offices in Luzon/Mindanao and Visayas. Each shall be chaired by the highest official performing administrative functions or an authorized representative of the Administrator.

SRA Complied With the Anti-Red Tape Act (ARTA)

In support of RA Republic Act 9485, "An Act to Improve Efficiency in the Delivery of Government Service to the Public by Reducing Bureaucratic Red Tape, Preventing Graft and Corruption and Providing Penalties Therefore", or the Anti-Red Tape Act (ARTA), SRA has completed the Service Guide or the Citizens' Charter which contains information for clients SRA's procedure to obtain a particular service, the person responsible for each transaction, the time needed to complete the process, the documents to be submitted, the fees to be paid and the Details of GM policies was featured in a Memorandum issued by SRA on September 28, 2009 for the information and guidance of all officials and employees.



The Office has also set-up Public Assistance and Complaints Desks in the lobby of the main building.

SRA Implemented Executive Order No. 811

President Arroyo signed Executive Order No. 811 on June 2009 which prescribe the first tranche of the modified salary schedule of civilian personnel and base pay schedule of military and uniformed personnel in the government. In relation to this, the Department of Budget and Management (DBM) issued National Budget Circular No. 511 which prescribe the guidelines, rules and regulation to govern the implementation of the said law. The salary adjustments of employees took effect on July 2009.

PMS-OPES

Majority of employees in Quezon City and Visayas had undergone the workshop for PMS-OPES conducted by the Civil Service Commission (CSC). It stands for Performance Management System-Office Performance Evaluation System. Different from the existing Performance Report adopted by the office, the new system focuses on outputs and outcome and uses standard unit of measure to allow comparison of performance across offices or function. The new system is unique because it uses points system to measure the performance of employees within a unit or the collective performance of an office. Through OPES-PMS, CSC envisions to create new culture of quality performance and accountability in government offices.

SRA for compliance, issued Special Order #16 series of 2009 dated June 2, 2009, designating

personnel as PMS-OPES key players in the office. It is composed of the Champion, the Calibration Committee, Measurement Development Teams and Secretariat.

Gender and Development

Gender and Development (GAD)

SRA has embarked on Gender and Development activities since 1997 as a commitment to the CSC's priority programs to develop and explore more potentials of men and women in the civil service. GAD officers actively pursued GAD-related activities in the office giving equal opportunities to both sexes to participate.



Accomplishments

1. Conducted trainers' training. The activity was intended on grooming potential employees as GAD advocates who would facilitate and conduct seminars in the near future. The training introduced the concepts and principles, issues and concerns of GAD combined with the appropriate teaching method/training design created by the group.
2. Gender Sensitivity Trainings (GSTs) were conducted in Carsumco, Bukidnon and Pensumil mill districts. The concept is to reduce barriers to personal and economic development of men and women engaged in the industry.
3. Participated in the celebration of National Women's Month
4. Other activities conducted
 - Seminar on how to start small scale industry
 - Draft rules and guidelines on the creation of SRA Committee on Decorum and Investigation (CODI)
 - Strategic planning to discuss plans and programs, accomplishments and budgetary requirements
 - Briefing session on Bright Child "Proteksyon sa Bata: Pananagutan ng Bansa"
 - Creation of SRA sex disaggregated data bank
 - Health and wellness program

