



Republic of the Philippines  
SUGAR REGULATORY ADMINISTRATION  
Sugar Center, North Avenue, Diliman, Quezon City  
P.O. Box 70, U.P. Diliman, Quezon City  
TIN 000-784-336-000

SUGAR REGULATORY ADMINISTRATION	
RECORDS	
RELEASED	
BY:	<i>[Signature]</i>
DATE:	JUL 16 2008

14 July 2008

SUGAR ORDER NO. **12**  
Series of 2007-2008

**SUBJECT: (1) REINSTATEMENT OF SHUT-OUT/HOMELESS "A" QUEDANS OF CROP YEAR 2007-2008 AND VERIFICATION FOR QUOTA YEAR 2008-2009; (2) AUTHORIZING THE "ADVANCE SWAPPING" OF SHUT-OUT/HOMELESS "A" SUGAR PRODUCED DURING CROP YEAR 2007-2008 INTO "C" OR RESERVE SUGAR WITH A FIXED 90-DAY MATURITY; AND (3) AUTHORIZING THE ADVANCE REFINING OF "A" SUGAR THAT HAS BEEN ADVANCE SWAPPED TO "C" SUGAR**

**WHEREAS**, out of our U.S. Quota of 137,353 Metric Tons Commercial Weight (MTCW) for Quota Year 2007-2008, only 133,045.30 MTCW (125,200.30 Metric Tons of Crop Year 2007-2008) plus 7,845 MT advance shipment from Crop Year 2006-2007 have been shipped to the United States;

**WHEREAS**, on June 20, 2008, sugar exporter/traders informed the Sugar Regulatory Administration that it is already impractical for them to ship the remaining 4,307.7 MTCW of "A" sugar to the United States since one boat load needs at least 25,000 MT;

**WHEREAS**, the projected production of "A" sugar for crop year 2007-2008 is about 146,000 MT, leaving an estimated shut-out volume of at least 20,799 MT;

**WHEREAS**, it is iniquitous to sanction for reasons of non-verification and non-shipment the remaining CY 07-08 "A" quedans since the loadable volume for shipment to the U.S. had already been filled up as of June 20, 2008, effectively "shutting out" this remaining "A" sugar;

**WHEREAS**, allowing the reinstatement and verification of shutout/homeless CY 07-08 "A" quedans for eligibility for U.S. Quota Year 2008-2009 will ensure not only proper accounting but also early shipment of the said sugar to the United States;

**WHEREAS**, it is also imperative for the Philippines to ensure that good quality raw sugar is exported to the U.S., it being noted that U.S. exports in raw form are susceptible to deterioration and could be subject to penalties; and that in order to prevent the deterioration of shut-out "A" sugar, it is deemed advisable to allow advance swapping and refining of "A" sugar subject to appropriate safeguards;

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

**I. REINSTATEMENT AND VERIFICATION OF SHUTOUT and/or HOMELESS "A" QUEDANS OF CROP YEAR 2007-2008**

**Section 1. REINSTATEMENT AND VERIFICATION.** Shut-out and/or homeless "A" quedans of Crop Year 2007-2008 shall be reinstated and verified as eligible for export to the United States for U.S. Quota Year 2008-2009, subject to the requirements stated herein and the payment of penalties where applicable per Sugar Orders No. 10 and 10-A, Series of 2007-2008 as follows:

<u>"A" sugar category</u>	<u>Reinstatement Fee / Penalty</u>	<u>Verification</u>
1.1 Homeless "A" of CY 2007-2008	P10/Lkg + P1/Lkg/day from the date it became homeless until June 20, 2008, or the date when quedans were submitted to SRA for reinstatement, whichever is earlier.	Verification required
1.2 Shut-out, Not "Homeless" But Not Yet Verified	-none-	Verification required
1.3 Shut-out, Not "Homeless" But Already Verified	-none-	Re-verification required

**Section 2. DEFINITION OF TERMS.** The following terms/phrases used in this Sugar Order shall mean as follows:

- 1.1 Homeless 07-08 "A" quedan refers to "A" quedans of crop year 2007-2008 which failed to meet the deadline for verification or shipping schedule as provided for in Sugar Order No. 10-B, Series of 2007-2008.
- 1.2 Shut-out, unverified "A" quedan refers to "A" quedans which were in excess of the loadable quantity of the last shipment for the '07-'08 U.S. quota and the same has not been submitted to the SRA for verification.
- 1.3 Shut-out, verified "A" quedan refers to verified "A" quedans which were in excess of the loadable quantity of the last shipment for the '07-'08 U.S. quota but has been verified by SRA.

**Section 3. DEADLINE FOR REINSTATEMENT AND VERIFICATION.** Deadline for reinstatement and verification of shut-out/homeless "A" quedans of Crop Year 2007-2008 shall be **August 15, 2008**. "A" quedans of the said crop year not reinstated and verified by August 15, 2008 shall remain homeless (expired) and non-negotiable/non-marketable, and the same cannot be withdrawn from the mill.

**Section 4. FIRST PRIORITY OF VERIFIED "A" QUEDANS OF CY 2007-2008.** "A" quedans verified for U.S. Quota Year 2008-2009 under this sugar order shall have first priority for shipment to the United States for Quota year 2008-2009.

**Section 5.** All homeless (expired) "A" quedans subject of verification shall be stamped at the back hereof as "A" homeless sugar reinstated into "A" or U.S. Quota sugar per S.O. No. 12, Series of 2007-2008.

**Section 6.** The Sugar Order regarding guidelines on the filling up of the U.S. Quota for 2008-2009 shall be issued before the start of Crop Year 2008-2009.

**II. ADVANCE SWAPPING OF "A" TO "C"**

**Section 7.** All outstanding "A" quedan-permits issued during Crop Year 2007-2008 which are duly reinstated and verified under this Sugar Order are hereby allowed/eligible for advance swapping into "C" or Reserve Sugar, which shall have a maturity period of ninety days from date of the swap before being reclassified to "B" or domestic sugar, subject to the conditions provided for in Section 8 herein;

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**Section 8.** The "A" quedan-permits subject of advance swapping shall be charged with an Advance Swapping Fee of **P2.50/LKg-Bag** pursuant to General Administrative Order No. 1 Series of 2002-2003. In addition, a bond of Five Hundred Pesos (P500.00) per Lkg-Bag either in cash or company check with accompanying bank guarantee (please see attached form) referring to the check number thereof shall be paid to/issued in the name of the Sugar Regulatory Administration (SRA), dated **31 August 2008**, upon submission of the "A" quedan-permits for advance swapping. Said bond shall be forfeited in favor of the SRA if the applicant fails to replenish the "A" sugar approved for advance swapping with the corresponding CY '08-'09 "B" sugar not later than **31 December 2008** of Crop Year 2008-2009.

However, upon replenishment of the total volume of "A" sugar with the corresponding "B" sugar, the SRA shall return to the applicant the said bond in the amount of **Five Hundred Pesos (P500.00) per LKg-Bag**. In the case of advance-refined "A" sugar, the volume of "B" raw sugar to replenish it shall be the same volume of "A" raw sugar that was advance-refined.

**Section 9. DEADLINE FOR ADVANCE SWAPPING.** The deadline for the filing of applications for Advance Swapping under this Sugar Order shall be **31 August 2008** of the current Crop Year 2007-2008. Application for Advance Swapping of "A" quedans shall not be accepted thereafter.

**Section 10.** The requirements for regular swapping application per Circular Letter No. 31, Series of 1997-1998, shall apply to herein advance swapping.

**Section 11.** The "A" quedans subject of advance swapping shall be stamped **"SURCHARGED ADVANCE SWAP TO "C" (RESERVE SUGAR) WITH A 90-DAY MATURITY PER SUGAR ORDER NO. 12, SERIES OF 2007-2008, DATED 14 JULY 2008"**.

**III. ADVANCE REFINING OF "A"**

**Section 12.** The "A" or U.S. Quota sugar of crop year 2007-2008 advance swapped to "C" are hereby allowed for Advance Refining.

**Section 13.** The "A" quedan-permits when submitted to the SRA for advance refining shall be charged with an Advance Refining Fee of **Php 3.00 per Lkg-Bag**.

**Section 14.** A Letter of Application for Advance Refining shall be filed with the SRA, Diliman, Quezon City attached thereto the following:

- a) Physical "A" quedans with listing, sorted chronologically by mill and date of production.
- b) Affidavit of Ownership of the above-mentioned quedans, duly notarized.
- c) Undertaking that the quedan-permits shall be surcharged/swapped into "C" quedans-permits.

**Section 15.** The "A" quedan-permits subject of Advance Refining shall be stamped **"AUTHORIZED FOR ADVANCE REFINING PER SUGAR ORDER NO. 12, DATED 14 JULY 2008, SERIES OF 2007 - 2008"**.

**Section 16.** A Letter of Authority, duly signed by the SRA Administrator, addressed to the concerned mill allowing/authorizing the withdrawal for Advance Refining of a particular volume of "A" sugar shall be issued by the SRA. The covering "A" quedan-permits shall be surrendered to the mill for the issuance of the corresponding Sugar Release Order (SRO) for refining. The trader upon tolling shall furnish the refinery with a copy of the SRO (refinery's copy) and the said Letter Authority so that the corresponding "A" Refined Sugar Quedan (RSQ) shall be issued to the trader.

In the case of "A" sugar withdrawn from the mill for Advance Refining to a refinery involving coastwise movement of the "A" sugar, the shipper shall attach the aforesaid Letter Authority as additional requirement in the application for a shipping permit.

**Section 17.** The advance refined "A" or U.S. Export sugar cannot be withdrawn for the domestic market unless its covering RSQ (Refined Sugar Quedan) has been swapped/surcharged (regular or advance) into "B" Domestic sugar or the advance-swapped "A" to "C" sugar has been reclassified (converted) to "B" Domestic sugar upon the expiration of its 90-day maturity period.

**Section 18.** Monitoring of the refined "A" or U.S. Quota sugar shall be implemented through the following:

- a) Refineries shall store the refined "A" sugar in a separate pile, apart and distinct from the refined "B" sugar for domestic market, duly covered by Refined Sugar Quedans (RSQs) issued by them.
- b) Refineries shall allow the withdrawal of the subject refined "A" sugar upon the surrender of RSQs which have been swapped/surcharged and/or subsequently reclassified (converted) into "B" Domestic sugar and only upon submission of Letter Authority to withdraw therefrom.
- c) The mills shall prepare Weekly Production and Withdrawal Reports on their refined "A" sugar and submit the same, verified and certified by the SRA SPROs assigned thereat, to the Regulation Department, SRA, Quezon City for control purposes.

#### **IV. GENERAL PROVISIONS**

**Section 19. WHERE TO FILE APPLICATIONS.** The applications for reinstatement, verification, advance swapping and advance refining as stated in this sugar order shall be filed with the SRA Regulation Departments (Quezon City or Bacolod City), attached thereto the "A" quedans listed according to mill, date issued and the corresponding quedan numbers.

**Section 20. Consistency.** Other provisions of Sugar Order Nos. 10 and 10-A, Series of 2007-2008 not contrary hereto shall remain in full force and effect.

**Section 21. Separability Clause.** Provisions of Sugar Orders, Circular Letters, rules and regulations contrary to or inconsistent with this Sugar Order is hereby revised, modified or revoked accordingly.

**Section 22. Effectivity.** This Sugar Order shall take effect immediately.

BY AUTHORITY OF THE SUGAR BOARD:

  
RAFAEL L. COSCOLLUELA  
Administrator

\_\_\_\_\_ Date

**THE SUGAR REGULATORY ADMINISTRATION**  
Philippine Sugar Center Building  
North Avenue, Diliman  
Quezon City

**ATTENTION : MR. RAFAEL L. COSCOLLUELA**  
Administrator

**LETTER GUARANTEE**

Dear Sirs:

In compliance with SRA Sugar Order No. \_\_\_\_\_, Series of \_\_\_\_\_, dated \_\_\_\_\_, we hereby guarantee that \_\_\_\_\_  
(Name of Bank)

Check No. \_\_\_\_\_ issued by \_\_\_\_\_  
(Name of Producer/Trader)

to the to the Sugar Regulatory Administration (SRA) in the total amount of \_\_\_\_\_  
(amount in words)

(P. \_\_\_\_\_), copy hereto attached, shall be honored and fully funded by this bank on the date indicated therein, which is \_\_\_\_\_, when  
(date of check)

negotiated by SRA.

Very truly yours,

\_\_\_\_\_  
Name and Signature  
of Authorized Bank Personnel

\_\_\_\_\_  
Position Title/Designation

Encl : as stated