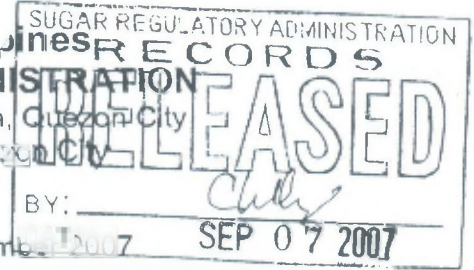


Republic of the Philippines
SUGAR REGULATORY ADMINISTRATION
Sugar Center, North Avenue, Diliman, Quezon City
P.O. Box 70, U.P. Diliman, Quezon City
TIN 000-784-336-000



SUGAR ORDER NO. 1
Series of 2007-2008

SUBJECT: SUGAR POLICY FOR CROP YEAR 2007-2008

WHEREAS, Executive Order No. 18, dated 28 May 1986, vested the Sugar Regulatory Administration with the power to establish and maintain a balanced relationship between sugar production and the requirements of sugar and to maintain such marketing conditions as will ensure stabilized prices at levels reasonably profitable to the producers and fair to consumers;

WHEREAS, domestic demand is estimated to be 1.90 Million Metric Tons this Crop Year 2007-2008;

WHEREAS, the Philippines' allocation for U.S. Quota Year 2007-2008 is 142,160 MTRV (137,353 MTCW);

WHEREAS, in order to promote the effective merchandising of sugar in the domestic, U.S. and World markets, it will be necessary to allocate the Crop Year 2007-2008 sugar production to such proportions as to place those engaged in the sugar industry on a basis of economic viability;

WHEREAS, there is also a need to prepare for a possible surplus generated from a higher domestic production, and such preparation calls for setting aside an allocation which will absorb the said projected surplus, which if not disposed of to market/s other than the domestic market, can adversely affect the viability of the sugar industry;

NOW, THEREFORE, pursuant to the powers vested in the Sugar Regulatory Administration (SRA), it is hereby ordered that:

Section 1. Production and Classes of Sugar – Sugar production for the Crop Year 2007-2008 (Week ending September 02, 2007 to August 31, 2008) is expected to be 2.3 Million Metric Tons and shall be quodanned by the mill companies, as implementors of this Sugar Order, in the following percentages:

"A" or U.S. Quota Sugar	-	7%
"B" or Domestic Sugar	-	80%
"C" or Reserve Sugar	-	5%
"D" or World Market	-	8%
Total		100%

Section 2. Issuance of quedan-permits/molasses certificates.

- (a) As a general rule, except as hereinafter provided, sugar mill companies shall issue weekly sugar quedan-permits/molasses storage certificates in the name of the individual planters or mill companies for their corresponding sugar and molasses production for the crop year 2007-2008.
- (b) In cases of "A" and "B" sugar, however, where a planter has expressly authorized the mill company in writing or has executed a production/marketing agreement in favor of his association/cooperative, which agreement provides for the consolidation of his weekly sugar/molasses production in the name of the association/cooperative, the mill company concerned shall issue consolidated weekly sugar quedan-permits/molasses storage certificates in the name of the association/cooperative with an attached listing of the planters and their corresponding production covered by said sugar quedan-permits/molasses storage certificates.

Section 3. "C" or Reserve sugar may be re-classified to "B" (Domestic) sugar or "D" (World market) sugar. The "C" or Reserve sugar herein allocated may be disposed of as "B" (Domestic) sugar or "D" (World market) sugar depending on prevailing production and consumption trends.

The Sugar Regulatory Administration (SRA) shall re-classify the "C" (Reserve) sugar into "D" (World market) sugar or "B" (Domestic) sugar at the most appropriate time not later than the end of first quarter of 2008;

Section 4. Quedanning of "C" (Reserve) and "D" (World Market) sugar. A Sugar Order shall be issued to further define the rules and regulations in the consolidated "blocked" quedanning of "C" (Reserve) and "D" (World Market) sugar.

Section 5. Periodic Assessments, Percentage Adjustment – The SRA shall undertake periodic assessment of the 2007-2008 sugar production and on the basis of such assessment, it may adjust from time to time the percentage distribution of the different classes of sugar and/or take the necessary action to address the situation.

Section 6. Non-revalidation of Unused Quedan Permit Forms – Pursuant to Section 6, Sugar Order No. 1, Series of 1995-96, dated 01 September 1995, it is hereby reiterated that beginning this Crop Year 2007-2008, and thereafter, all unused sugar quedan-permit forms of the previous crop year shall no longer be allowed for revalidation.

Section 7. Repealing Clause – All provisions of Sugar Orders, Circular Letters, rules and regulations inconsistent with or contrary to this Sugar Order are hereby amended, modified or revoked accordingly.

BY AUTHORITY OF THE SUGAR BOARD


RAFAEL L. COSCOLLUELA
Administrator