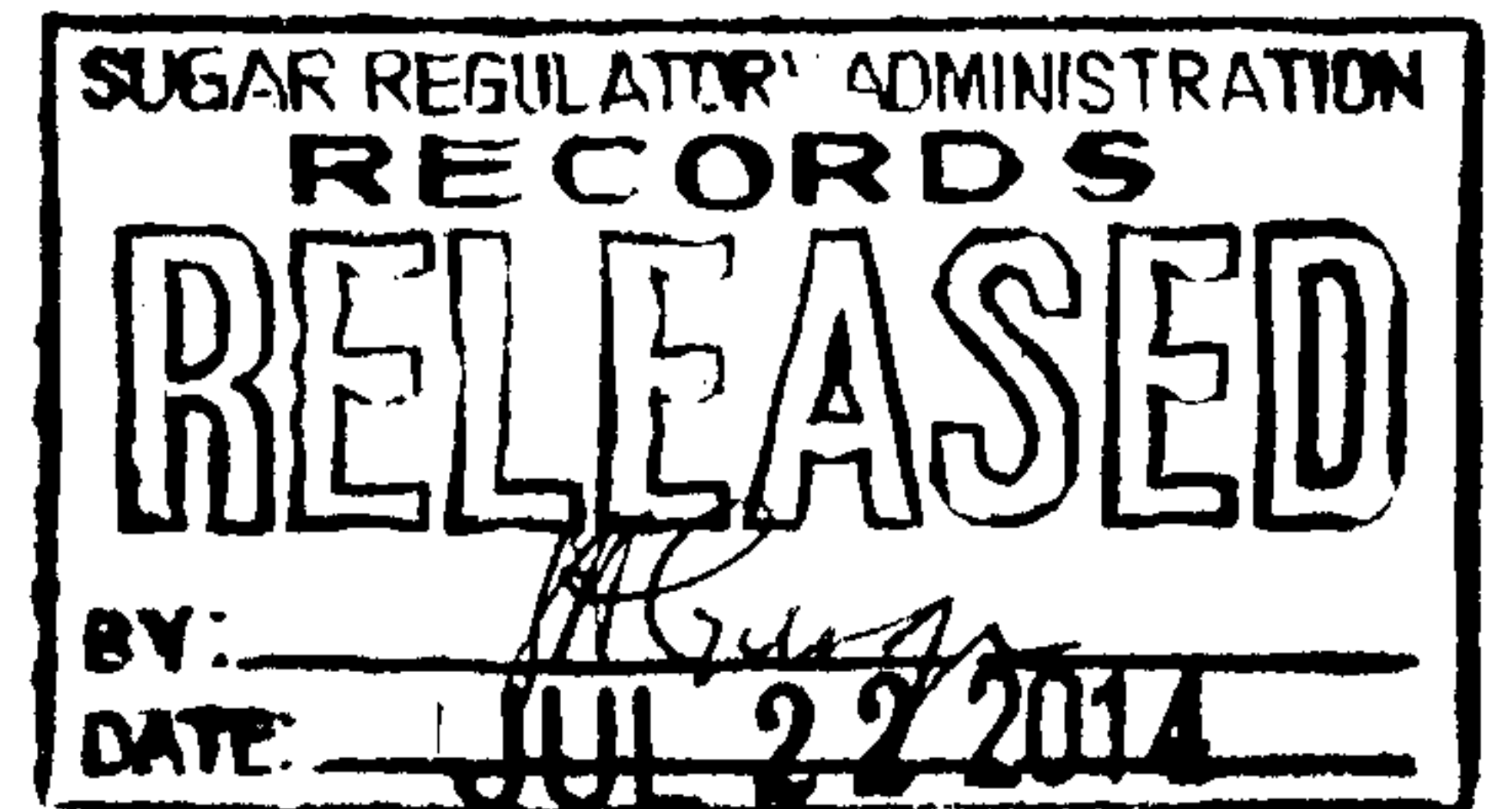




Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
Philippines 1101
TIN 000-784-336



July 17, 2014

CIRCULAR LETTER NO. 35
Series 2013-2014

**TO : SUGAR MILLS COMPANIES
SUGAR PLANTERS'
ASSOCIATIONS/COOPERATIVES**

**SUBJECT : IMPLEMENTING RULES AND REGULATIONS (IRR)
RE: COMPULSORY DISPOSITION OF THE RAW
SUGAR COVERED BY OUTSTANDING QUEDANS OF
CROP YEAR 2011-2012 AND PRIOR YEARS**

Pursuant to Sugar Order No. 12, Series of 2013-2014, on the above-mentioned subject, hereunder are its Implementing Rules and Regulations (IRR), to wit:

- A. **Coverage.** All raw sugar covered by outstanding quedans issued during Crop Year 2011-2012 and prior crop years shall be disposed of by the mills herein referred to as the warehouseman.
- B. **Manner of Compulsory Disposition of the Raw Sugar.** All raw sugar covered by this IRR shall be disposed of through an auction sale per Section 34 in relation to Section 33 of Republic Act No. 2137 on or before August 31, 2014.
- C. **Functional Responsibilities of Sugar Mill Companies:**
 - i. Shall submit to SRA the updated list of old crop outstanding quedans, CY 2011-2012 and prior years as of July 1, 2014.
 - ii. Shall submit an itemized statement of reasonable warehouseman's claims (Annex "A") against each bag of sugar batched by production week by crop year, counter-signed by the Planters Associations (PA) and SRA representatives.
 - iii. Shall dispose of the sugar subject of this Order in accordance with Section 33 and 34 of Act 2137 for sale for satisfaction of liens or sale on account of its perishable nature, a copy of which is hereto attached for your reference (Annex "B").




- iv. Shall observe the proper notices within their corresponding periods in accordance with Sections 33 or Section 34 of Act 2137 as maybe applicable.
- v. Shall submit to SRA an undertaking to honor and deliver any outstanding quedan within the list submitted after computing all reasonable warehouseman's costs/claims.
- vi. Shall request SRA issuance of a one (1) replacement quedan for each sugar class, the volume covered as the sum of each class for all crops covered.
- vii. The CY 2013-2014 "A" quedan form shall be used for classifications of "A," which shall remain as "A", while the CY 2013-2014 "B" quedan form shall be used for "B", "B1", "B2", "C", "C1", "D", "De", "Dr" and "Dx" which shall be reclassified as "B".
- viii. Shall submit proof of payment for all liens.
- ix. Upon compliance with all the requirements of SRA, it shall issue the replacement quedans, enter in the quedan registry the new quedans and write off all those previous crops outstanding quedans being replaced.
- x. Physical stocks corresponding to the replaced quedans, if any, shall only be withdrawn only after the crop year-end inventory.
- xi. Report in the appropriate SMS the compulsory disposition of quedans.

D. SRA (Regulation Department) shall:

- i. Verify the list of outstanding quedans and the statement of claims (Attached Form: Itemized Statement of Quedan Value, Liens and Other Warehouseman's Claims);
- ii. Approve the issuance of replacement quedans;
- iii. Supervise the replacement and correction of SMS.

This Circular Letter shall take effect immediately after the last publication of Sugar Order No. 12, Series of 2013-2014.


MA. REGINA BAUTISTA-MARTIN
Administrator

Attachment (CL No. 35)

ITEMIZED STATEMENT OF QUEDAN VALUE, LIENS AND REASONABLE WAREHOUSEMAN'S CLAIMS

CROP YEAR	Quedan Value(QV), Pesos									
	"A"	"B"	"B1"/"B2"	"C"	"C-1"	"D"	"De"	"Dr"	"Dx"	TOTAL
CY 2011-2012										
CY 2010-2011										
CY 2009-2010↓	•									
Total, QV										

CROP YEAR	Statutory and Warehouseman's Liens(SWL)									
	SRA Liens	SAF	SMDF	Doc. Stamp	Insurance	PHILSURIN	Storage	Etc.*		
CY 2011-2012										
CY 2010-2011										
CY 2009-2010↓										
Total, SWL										
Net Proceeds(QV - SWL)										

*Other Warehousing Charges

Prepared by:

Verified by:

MILL'S REPRESENTATIVE

PLANTER'S ASSN. REPRESENTATIVE

SRA REPRESENTATIVE

ANNEX "B"

Act 2137 "WAREHOUSE RECEIPTS LAW"

"Sec. 33. Satisfaction of lien by sale. — A warehouseman's lien for a claim which has become due may be satisfied as follows:

- (a) *An itemized statement of the warehouseman's claim, showing the sum due at the time of the notice and the date or dates when it becomes due,*
- (b) *A brief description of the goods against which the lien exists,*
- (c) *A demand that the amount of the claim as stated in the notice of such further claim as shall accrue, shall be paid on or before a day mentioned, not less than ten days from the delivery of the notice if it is personally delivered, or from the time when the notice shall reach its destination, according to the due course of post, if the notice is sent by mail,*
- (d) *A statement that unless the claim is paid within the time specified, the goods will be advertised for sale and sold by auction at a specified time and place.*

In accordance with the terms of a notice so given, a sale of the goods by auction may be had to satisfy any valid claim of the warehouseman for which he has a lien on the goods. The sale shall be had in the place where the lien was acquired, or, if such place is manifestly unsuitable for the purpose of the claim specified in the notice to the depositor has elapsed, and advertisement of the sale, describing the goods to be sold, and stating the name of the owner or person on whose account the goods are held, and the time and place of the sale, shall be published once a week for two consecutive weeks in a newspaper published in the place where such sale is to be held. The sale shall not be held less than fifteen days from the time of the first publication. If there is no newspaper published in such place, the advertisement shall be posted at least ten days before such sale in not less than six conspicuous places therein.

From the proceeds of such sale, the warehouseman shall satisfy his lien including the reasonable charges of notice, advertisement and sale. The balance, if any, of such proceeds shall be held by the warehouseman

and delivered on demand to the person to whom he would have been bound to deliver or justified in delivering goods.

At any time before the goods are so sold, any person claiming a right of property or possession therein may pay the warehouseman the amount necessary to satisfy his lien and to pay the reasonable expenses and liabilities incurred in serving notices and advertising and preparing for the sale up to the time of such payment. The warehouseman shall deliver the goods to the person making payment if he is a person entitled, under the provision of this Act, to the possession of the goods on payment of charges thereon. Otherwise, the warehouseman shall retain the possession of the goods according to the terms of the original contract of deposit.

Sec. 34. Perishable and hazardous goods. — *If goods are of a perishable nature, or by keeping will deteriorate greatly in value, or, by their order, leakage, inflammability, or explosive nature, will be liable to injure other property, the warehouseman may give such notice to the owner or to the person in whose names the goods are stored, as is reasonable and possible under the circumstances, to satisfy the lien upon such goods and to remove them from the warehouse and in the event of the failure of such person to satisfy the lien and to receive the goods within the time so specified, the warehouseman may sell the goods at public or private sale without advertising. If the warehouseman, after a reasonable effort, is unable to sell such goods, he may dispose of them in any lawful manner and shall incur no liability by reason thereof.*

The proceeds of any sale made under the terms of this section shall be disposed of in the same way as the proceeds of sales made under the terms of the preceding section."