

22 August 2006

**SUGAR ORDER NO. 1**  
Series of 2006-2007

**SUBJECT : SUGAR POLICY FOR  
CROP YEAR 2006 - 2007**

**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 below 2.00 Million Metric Tons this Crop Year 2006-2007;

**WHEREAS**, the Philippines' allocation for U.S. Quota Year 2006-2007 has been increased to 173,025 MTRV (167,174 MYCW) from last years' regular quota of 142,160.36 MTRV (137,353 MTCW) or an increase of 21.71%;

**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 2006-2007 sugar production to such quantities as to place those engaged in the sugar industry on a basis of economic viability;

**WHEREAS**, there is a need to prepare for the eventuality/contingency where there will be a significant surplus generated from a higher domestic production, and such preparation is to set 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 2006-2007 (September 01, 2006 to August 31, 2007) is expected to be **2.24 Million Metric Tons** and shall be quodanned by the mill companies, as implementors of this



**Section 6. Revalidation of Unused Quedan Permit Forms** – Pursuant to Section 6, Sugar Order No. 1, Series of 1995-1996, dated 01 September 1995, it is hereby reiterated, that, beginning this Crop Year 2006-2007, 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:**

  
**JAMES C. LEDESMA**  
Administrator

Sugar Order, in the following percentages:

"A" or U.S. Quota Sugar	-	9%
"B" or Domestic Sugar	-	85%
"C" or Reserve Sugar	-	6%
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Total	-	100%

**Section 2.** (a) As a general rule, except as hereinafter provided, sugar and molasses production for the Crop Year 2006-2007 shall be issued by mill companies weekly sugar quedan-permits/molasses storage certificates in the name of the individual planter or mill company.

(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, 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.** The "C" or Reserve sugar herein allocated can be disposed of as "D" World market sugar if initial production is indicative of at least 2.24 million metric tons or as "B" domestic sugar if said initial production is indicative of lower than 2.24 million metric tons;

The Sugar Regulatory Administration (SRA) shall re-classify the "C" or Reserve sugar into "D" World market sugar or "B" domestic sugar at the most appropriate time, expectedly by or around November, 2006;

**Section 4. Quedanning of "C" or reserve sugar.** A Sugar Order shall be issued to further define the rules and regulations in the consolidated "blocked" quedanning of "C" Reserve sugar;

**Section 5. Periodic Assessments, Percentage Adjustment** - The SRA shall undertake periodic assessment of the 2006-2007 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.

