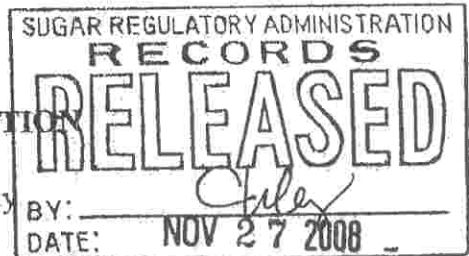


REPUBLIC OF THE PHILIPPINES  
**SUGAR REGULATORY ADMINISTRATION**  
North Avenue, Diliman, Quezon City  
P.O. Box 70, U.P. Diliman, Quezon City  
TIN 000-784-336-000



24 November 2008

**SUGAR ORDER No. 5**  
Series of 2008 – 2009

**SUBJECT: ALLOWING THE CLASSIFICATION/CONVERSION OF "D" (WORLD MARKET) QUEDANS TO "F" (FERMENTABLE) QUEDANS FOR THE PRODUCTION OF ETHANOL**

**WHEREAS**, SRA has received inquiries on the possible use of "D" sugar for the production of ethanol;

**WHEREAS**, allowing the use of "D" sugar for ethanol will open an alternative market for excess sugar production;

**WHEREAS**, while the said requests are currently acceptable considering the oversupply of sugar, SRA should still install regulatory measures to ensure that there will be enough safeguards to prevent abuse or inappropriate diversion of local sugar;

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

**Section 1.** The "D" (World Market) sugar may be made available to SRA accredited ethanol producers for their ethanol production provided the "D" sugar when availed of by the ethanol producers, shall first be classified/converted to "F" (Fermentable) sugar which sugar shall be used for the production of ethanol;

**Section 2. Requirements for reclassification to "F" sugar.** The following shall be the requirements for reclassification of "D" sugar to "F" sugar:

2.1 A letter-request by an SRA registered sugar trader or ethanol producer for SRA to reclassify "D" to "F" sugar stating therein:

2.1.A. The name of the ethanol producer who is the recipient of the "F" sugar;

2.1.B. The list of mills and the corresponding volume of the "D" sugar applied for reclassification;

2.2 Attachment of the quedans submitted for reclassification.

2.3 Payment of Reclassification Fee of P1.00/Lkg-bag.

2.4 A bond to ensure that the "F" sugar is used solely for ethanol production. The amount shall be the difference between the prevailing millgate price

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of the "B" sugar and "D" sugar, or as may be determined and/or established by the Sugar Board from time to time;

A **Letter-Authority for the Reclassification of the "D" or World Market Sugar into "F" or Fermentable Sugar** shall be issued by the SRA to the concerned trader for the account of (FAO) the ethanol producer with the quedan-permits properly surcharged and with notation **"Reclassified as "F" or Fermentable Sugar"**.

Furthermore, a Letter Addressed to the concerned mills allowing/authorizing the withdrawal of the "D" sugar as "F" shall be issued by the SRA.

**Section 3.** The application for reclassification of "D" or World Market sugar to "F" or Fermentable sugar shall be filed in any of the following SRA Offices:

- a. Regulation Department, SRA Quezon City
- b. Regulation Department, SRA Bacolod City

**Section 4. Obligations of the trader/ethanol producer relative to the withdrawal of "F" sugar.** The trader or ethanol producer shall comply with the following as part of the undertaking of their bond:

- 4.1 Furnish SRA a notice of withdrawal at least 2 working days prior to the day of withdrawal;
- 4.2 The "F" sugar shall be directly delivered to the warehouse of the ethanol producer;
- 4.3 The ethanol producer shall provide SRA with documentary proofs of the usage of said sugar, such as but not limited to their production reports, factory statements and the like.

**Section 5. Cancellation of Bond.** Upon SRA's receipt of a formal letter from the concerned ethanol producer and acceptance of sufficient proof that the ethanol producer has used (liquidated) its "F" sugar solely and completely for ethanol production, the SRA shall cancel/return the bond issued by the ethanol producer or trader.

**Section 6. Effectivity.** This Order shall take effect immediately.

**Section 7. Consistency.** Provisions of Sugar Orders, Circular Letters, and/or other rules and regulations contrary to or inconsistent with this Sugar Order, are hereby amended, modified or revoked accordingly.

BY THE AUTHORITY OF THE SUGAR BOARD

  
RAFAEL L. COSCOLLUELA  
Administrator