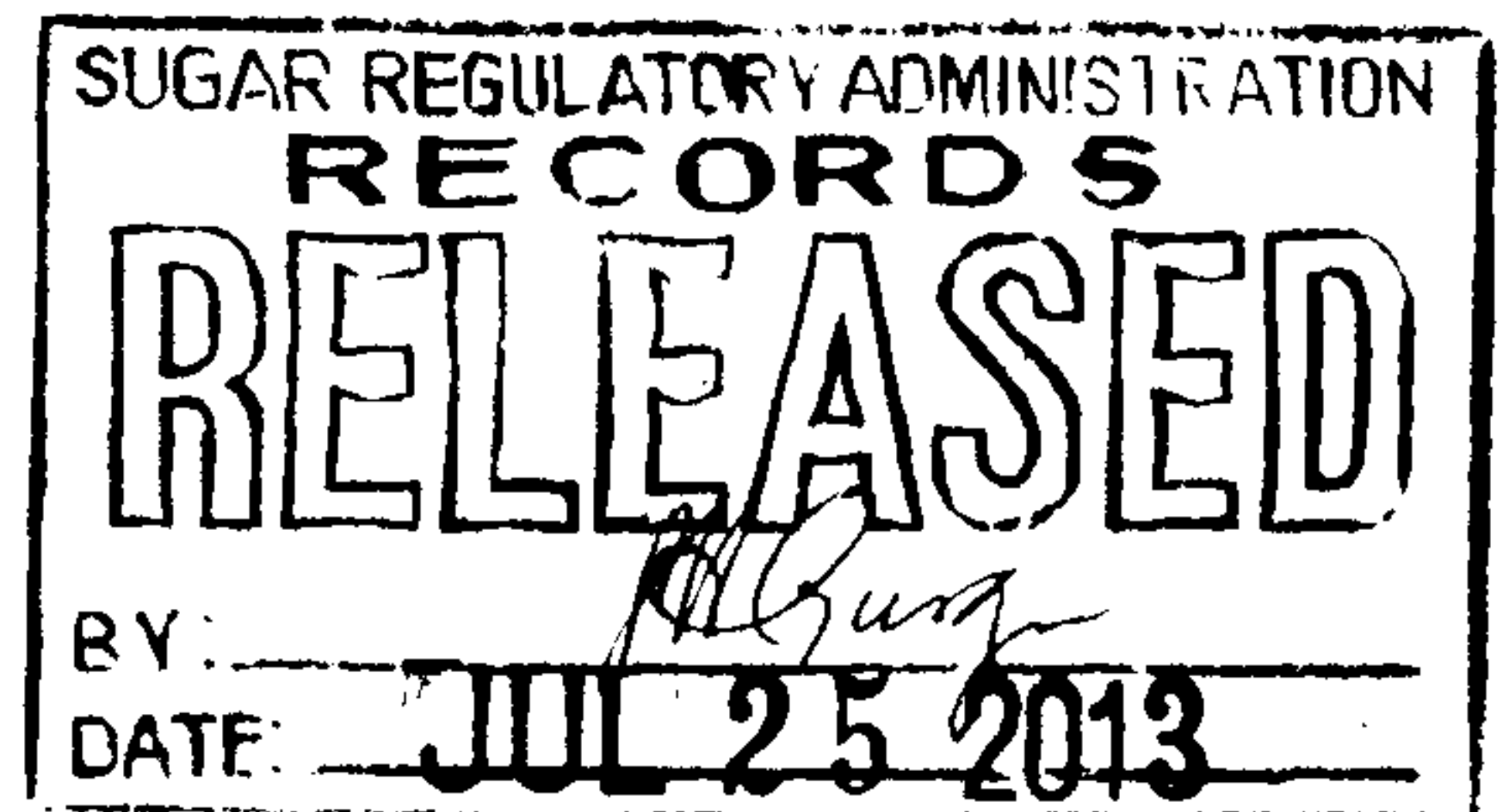




July 18, 2013

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



SUGAR ORDER NO. 8
Series of CY 2012-13

Harmonizing the Fees and Penalty Charges on Advance Refining

Whereas, while SRA recognizes the position of the integrated mills to practise advance refining for their operational advantages and market considerations, it must also enforce regulatory policies on advance refining to ensure that the market destination of all sugar classes, even in their refined form, are subscribed to.

Whereas, Sugar Order No. 5, Series of 2011-2012 has already provided for the policy guidelines on advance refining, with emphasis on the imposition of the penalty charges in accordance with SRA Book of Penalties, for verified violations.

Whereas, amidst advanced refining concerns, there is a need to harmonize SRA's policies on advance refining, the enforcement of penalty charges in particular:

Now, therefore, for and in consideration of the above premises and under and by virtue of the authority vested unto SRA, the following harmonized guidelines on advance refining shall be enforced:

Section I. Nature and Modes of Advance Refining

A. Authorized Advance Refining

A.1. Definition

1. Advance refining is authorized when there is appropriate application and approval by SRA to refine non-B sugars in original quedan form which have prescribed market classifications (A, C, D) or those with maturity before conversion/reclassification to B sugar.

A.2. Application for Approval of Request for Advance Refining

1. Requesting refineries must submit a letter-request for the advance refining of A and D sugars or both for SRA's approval. All approvals shall be further subject to the following terms and conditions:



- 1.1. A letter of application for advance refining shall be filed with the SRA, Diliman, Quezon City attached thereto the physical "A" and "D" quedans with listing, sorted chronologically by mill and date of production and affidavit of ownership of the above-mentioned quedans, duly notarized.
- 1.2. Advance Refining Fee of Php 5.00 per Lkg bag, consistent with A.O. No. 1.
- 1.3. The "A" and "D" quedan permits subject of advance refining shall be stamped "AUTHORIZED FOR ADVANCE REFINING" by the Regulation Department (RD)
- 1.4. The refined "A" shall be stored as a separate pile, apart and distinct from the refined sugar for domestic market covered by Refined Sugar Quedans.
- 1.5. Only (1) Refined Sugar Quedan (RSQ) per Trader shall be issued to cover the equivalent refined sugar indicating therein the date of production/week ending and the date of issuance of RSQ. The classification of the raw quedans supporting the approval of advance refining shall be rubber stamped at the upper left portion of the refined sugar quedan.
- 1.6. The advance refined "A" and "D" sugar quedans cannot be withdrawn unless its RSQ have been swapped into "B" quedans permits.
- 1.7. The mills shall prepare Weekly Production and Withdrawal Reports on their refined "A" and "D" sugar and submit the same verified and certified by the SRA's SPRO assigned thereat, to the RD, SRA, Quezon City for control purposes.

B. Unauthorized Advance Refining

B.1. Definition

It is unauthorized when integrated mill refinery continually passes unto the refinery the raw sugar produced by the mill in disregard of authority/approval/clearance/maturity to refine excepted sugar classes (A, C, D), and in violation of existing SRA policies on raw sugar withdrawals.

Section II. Determination/Verification of the Volume of Unauthorized Advance Refining

1. The volume of advance refining shall be the negative (-) difference between the physical raw stock balance (Item 8 of SMS Form 1) and the book balance of A and D sugars (Item 4 of SMS Form 1), both parameters are taken from the SMS of the last week of refining period. The negative difference confirms that unauthorized advance refining of A and D sugars has taken place, since the sugar mill with integrated refinery has exceeded the allowable allocation of B- sugar for refining.
2. The post milling/refining inventory report shall be further made as a reference so that the determined volume is not purely documentary with only the SMS as the basis. The mill shall be notified by this findings.
3. The final volume shall be established by SRA after verification with the Sugar Transactions that the refined sugar involved has no appropriate swapping/replenishment covers before the termination of the refining period. These quedans shall be surrendered for withdrawal before the end of the crop year, otherwise it shall not qualify as covers of advance refining.
4. The refined "A" shall be stored as a separate pile, apart and distinct from the refined sugar for domestic market covered by Refined Sugar Quedans.

Section III. Withdrawal of Refined Sugar Subject of Violation

1. Despite payment of all penalties assessed, the advanced refined "non-B" cannot be withdrawn for domestic market use unless its covering Refined Sugar Quedan (RSQs) have been swapped/surcharged into "B" or Domestic sugar.
2. The mills shall prepare Weekly Production and Withdrawal Reports on their refined "A" and "D" sugar and submit the same verified and certified by the SRA's SPRO assigned thereat, to the RD, SRA, Quezon City for control purposes.

Section IV. Penalty Provision

1. An Advance Refining Penalty of

1st Offense : Fine of Php 100/Lkg
2nd Offense : Fine of Php 150.00/Lkg
3^d Offense : Fine of Php 200.00/Lkg and/or suspension of or cancellation of license

shall be assessed/charged to the refineries for verified unauthorized advance refining per SRA Book of Penalties.

Section V. Consistency

All previous issuances contrary to the Sugar Order are hereby revoked and repealed.

Section VI. Effectivity

This Sugar Order shall take effect immediately.



MA. REGINA BAUTISTA-MARTIN
Administrator

Regina