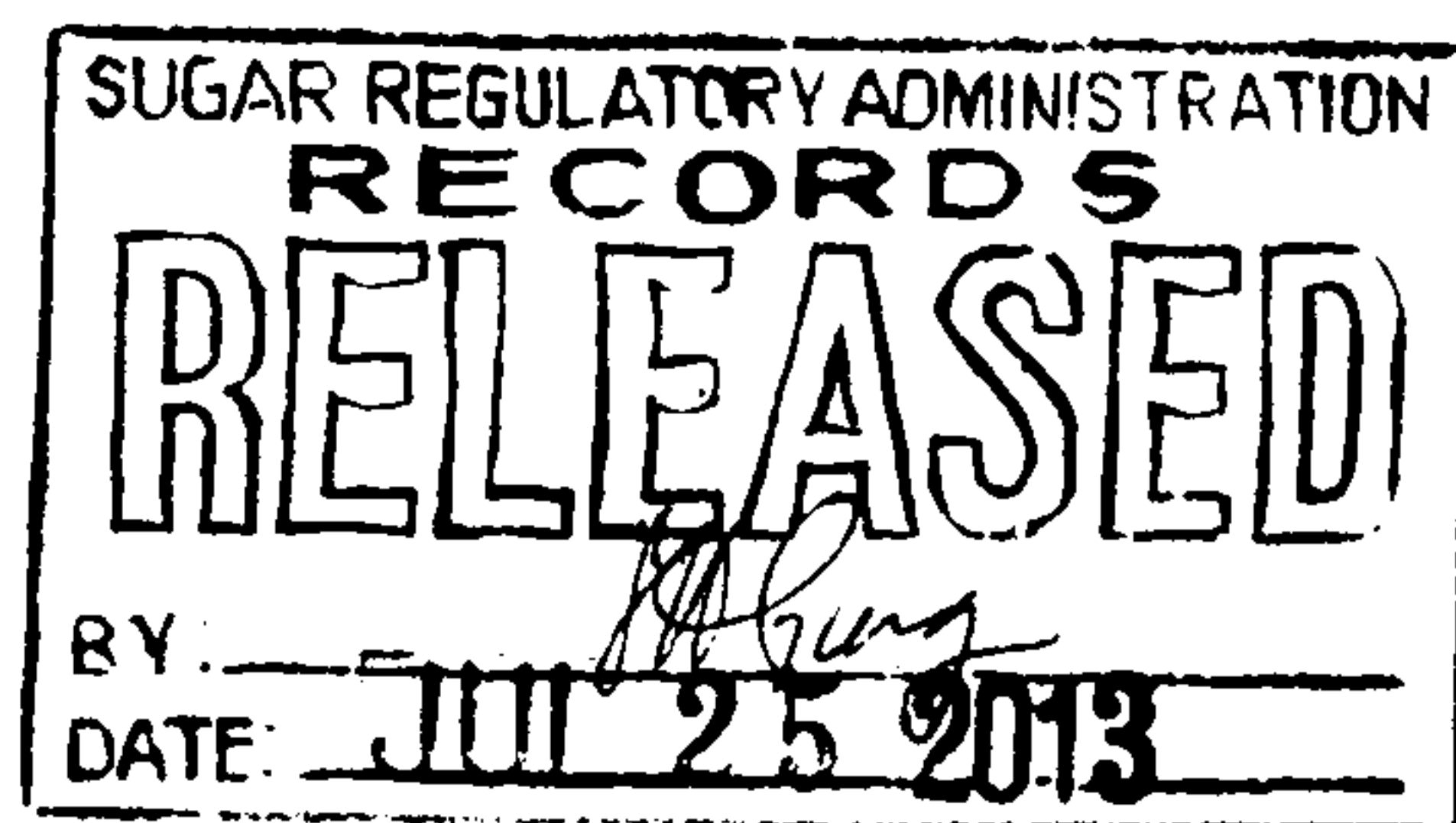




Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
Philippines 1101
TIN 000-784-336



25 July 2013

SUGAR ORDER No. 9
Series of 2012-2013

**SUBJECT : Advance Swapping of "A" or U.S. Quota Sugar
Produced In Crop Year 2012-2013 Into "D" or
World Market Sugar for Shipment or Export**

Whereas, for Crop Year 2012-2013 the United States is experiencing an oversupply of sugar which caused a drop in U.S. domestic sugar prices below forfeiture levels prompting the U.S. Department of Agriculture to declare that the Philippines shall not be penalized if it does not export the entirety of its regular sugar quota for this crop year;

Whereas, there is a significant carry-over volume of "A" or U.S. Quota Sugar which remains in local warehouses.

Whereas, various sugarcane farmers' federations and sugar millers association which collectively account for more than 80% of the sugar produced in the country have called upon the Sugar Regulatory Administration (SRA) to address the huge carry-over volume of "A" sugar before the start of Crop Year 2013-2014 through advance swapping into "D" or World market sugar;

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Whereas, in consultation meetings with SRA the farmers and millers federations and association justified their call for an advance swapping of "A" sugar to "D" sugar on the imperative need to ship out the carry-over "A" to decongest sugar warehouses for the coming Crop Year 2013-2014, which they anticipate to be another bumper year and prevent an overstocking of sugar.

Whereas, SRA has advised the Secretary of Agriculture on the proposed "A" to "D" advance swap and has been guided by his respective advice;

Whereas, Executive Order No. 18, Series of 1986 mandates SRA to maintain a balanced relation between production (supply) and requirement (demand) of sugar;

NOW, THEREFORE, under and by virtue of the powers vested in SRA, it is hereby ordered that:



Section 1: Advance Swapping Of "A" U.S. Quota Sugar Into "D" World Market Sugar.

- i. Holders of verified "A" sugar quedan-permits issued for Crop Year 2012-2013 are hereby allowed (eligible for) on a voluntary basis for advance swapping into "D" World market sugar for export shipment.
- ii. Application for advance swapping of "A" sugar to "D" sugar shall commence upon issuance of this sugar order, and the deadline for submission of application shall be on **August 22, 2013**. Applications for advance swapping shall not be accepted thereafter.
- iii. "A" quedan-permits applied for advance swapping shall be charged with an Advance Swapping fee of P5.00/Lkg-bag.
- iv. To ensure shipment and replenishment of the advance swapped "A" to "D" the applicant shall likewise post a replenishment/performance bond, in the amount of P30/Lkg-bag representing the price differential between the price of "D" and "A" sugar.
- v. The replenishment bond shall be either in cash or Manager's check paid to or issued in the name of the Sugar Regulatory Administration, as trustee of the beneficiaries of said bond in case of forfeiture, as stated in **Section 1(vi)**. It shall be posted by the applicant upon submission of "A" quedan-permits for processing. It shall be returned to the applicant upon compliance with shipment deadlines and replenishment rules provided in this Order.
- vi. Deadline for the application of replenishment of the advanced swapped "A" to "D" shall be no later than March 31, 2014. Failure to replenish the total volume of "A" advanced swapped to "D" by March 31, 2014 shall result in the forfeiture of the replenishment/performance bond in favor of the sugar producers/federations/associations/millers based on their share of sugar production for CY 2012/13.
- vii. Only "D" sugar quedan-permits issued during Crop Year 2013-2014 shall be allowed or eligible for replenishment.

Section 2: Undertaking To Ship

- i. All holders of verified advanced-swapped "A" to "D" are hereby required to submit a duly-notarized **Undertaking to Ship** their advanced-swapped "A" to "D" to the SRA. Said undertaking must be submitted to the SRA not later than **August 30, 2013**.
- ii. Failure to submit the Undertaking to Ship within the deadline shall result in the loss of replenishment right of the applicant, without prejudice to other sanctions the SRA Board may impose.

Section 3: Physical Shipment Of Advanced-Swapped "A" Into "D"

- i. "A" U.S. Quota sugar advance swapped into "D" World market sugar must be physically shipped out of the Philippines not later than **October 15, 2013**. Failure to comply with the October 15, 2013 shipping out deadline shall result in the forfeiture of the exporter's replenishment rights. However, the sugar remains as "D" and must be shipped out or physically exported not later than **December 15, 2013**.
- ii) Failure to meet the second shipment deadline of December 15, 2013 shall cause the advanced swapped "A" into "D" sugar quedans to be declared as **"HOMELESS" and its replenishment bond forfeited pursuant to Section 1(vi)**, without prejudice to other sanctions that the SRA Board may impose.

Section 4. The reinstatement of the "Homeless" advanced swapped "A" into "D" sugar quedans if reconsidered by the SRA Board shall be charged with a **Reinstatement Fee** of P100.00/Lkg-bag.

Section 5. Application for Advance Swapping shall be filed at the Regulation Department, SRA , Quezon City.

Section 6. The requirements of regular swapping application per Circular Letter No. 31, Series of 1997-1998 shall apply to herein advance swapping.

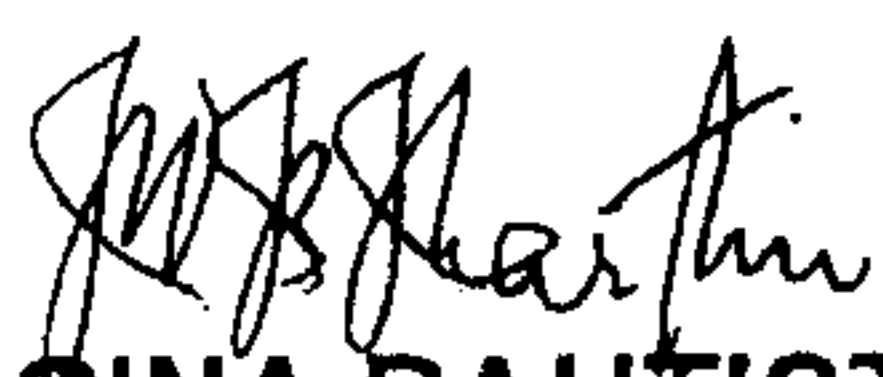
Section 7. The "A" quedan-permits subject of advance swapping shall be stamped 'SURCHARGED FOR WITHDRAWAL AS "D" OR WORLD MARKET SUGAR PER SUGAR ORDER NO. **9**, SERIES OF 2012-213, DATED **JUL 25 2013**

Section 8. A Letter Authority addressed to the concerned mills/refineries allowing/authorizing the withdrawal of the "A" sugar as "D" shall be issued by the SRA.

Section 9. This Order shall take effect immediately.

Section 10. Provisions of Sugar Orders, Circular Letter, rules and regulations contrary to or inconsistent with this Sugar Order are hereby revised, modified or revoked accordingly.

BY AUTHORITY OF THE SUGAR BOARD:


MA. REGINA BAUTISTA-MARTIN
Administrator