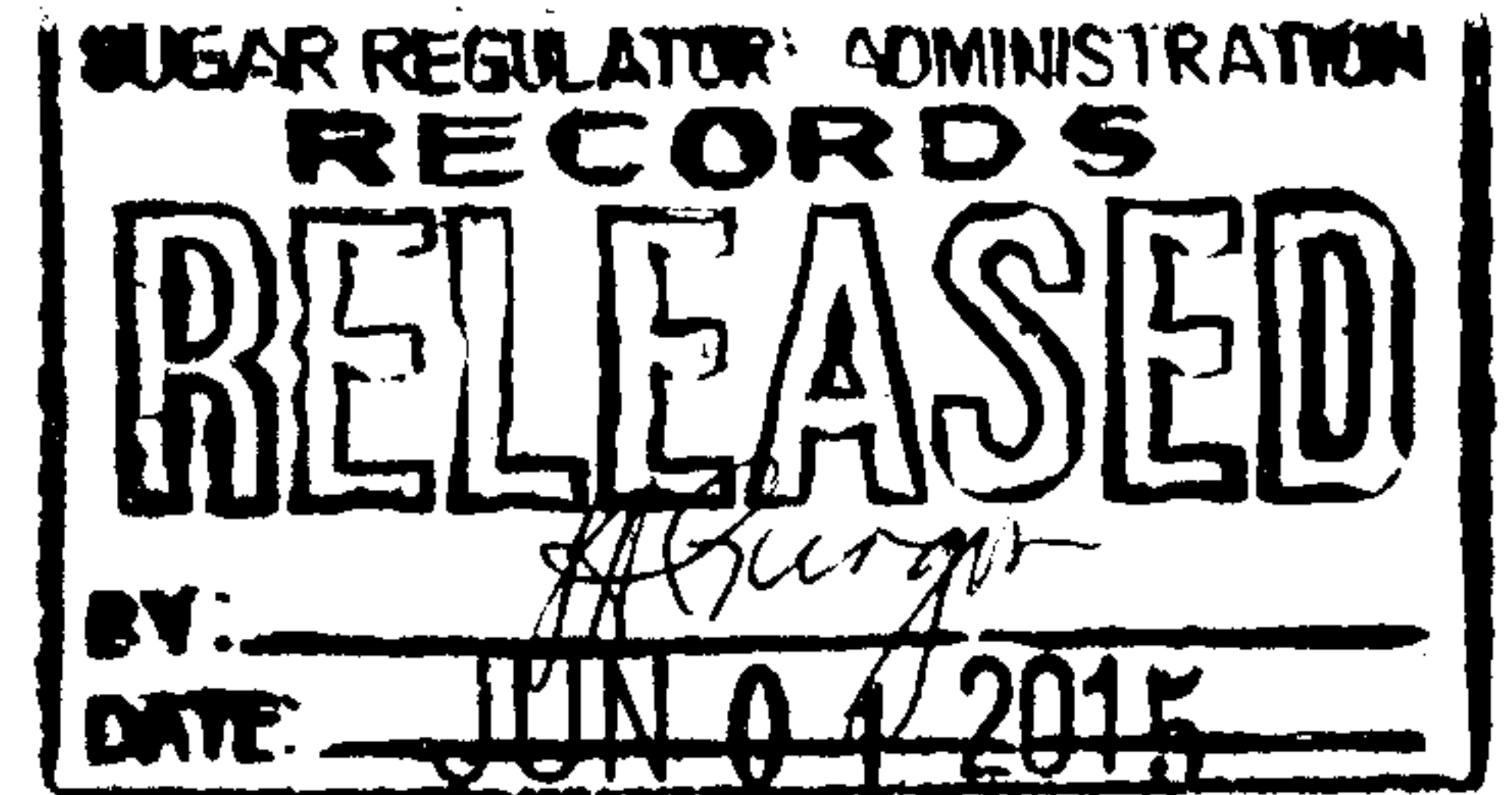




Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
Philippines 1101
TIN 000-784-336



MEMO-REG-OTM-2015-June-001

01 June 2015

SUGAR ORDER NO. 7
Series of 2014-2015

SUBJECT : RECLASSIFICATION (CONVERSION) OF "D" OR WORLD MARKET SUGAR INTO "B" OR DOMESTIC SUGAR UNDER CERTAIN CONDITIONS

WHEREAS, domestic sugar supply for the crop year remains sufficient and estimated to be higher than domestic demand;

WHEREAS, notwithstanding sufficiency of sugar supply, market forces are driving domestic prices of sugar up due to a drop in the estimated production for this crop year 2014-2015;

WHEREAS, SRA records show that significant volume of "D" or world market sugar for this current crop year and immediately preceding crop year have remained unshipped which can be used to further augment domestic sugar stocks;

WHEREAS, various national and local (planters/millers) federations/associations/organizations have requested SRA to consider the reclassification (conversion) of "D" or World market sugar into "B" or domestic sugar subject to certain conditions;

WHEREAS, it is in the national interest to institute measures that will bring about confidence and stability in "B" or Domestic sugar supply;

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

Section 1. CONVERSION RIGHTS OF PLANTERS AND MILLERS

i. By virtue of this Order, producers of "D" sugar for Crop Year 2014-2015 and Crop Year 2013-2014 are hereby granted Conversion Rights. As used in this Sugar Order, Conversion Right shall refer to the right to convert "D" sugar to "B" sugar. This right shall belong to sugar planters and millers who have produced "D" sugar in Crop Year 2014-2015 and Crop Year 2013-2014.

ii. Conversion Rights for Crop Year 2014-2015 and Crop Year 2013-2014 can be sold, assigned or consolidated. However, conversion rights for the crop years covered by this Order must be exercised no later than 10 July 2015. Conversion rights not exercised after said deadline shall no longer be valid for conversion.

Section 2. PROCEDURE FOR CONVERSION OF "D" SUGAR TO "B" SUGAR

iii. "D" sugar quedans of CY 2014-2015 and Crop Year 2013-2014 must be verified by

Page 1

Handwritten signature



22 May 2015 pursuant to Sugar Order No. 6, Series of 2014-2015. The volume of "D" sugar that can be converted to "B" under this Sugar Order shall be based on the volume of verified "D" sugar quedans. "D" sugar quedans that are unverified shall not be eligible/accepted for conversion to "B".

iv. The Conversion Coefficient of all individual producers per unit (Lkg-bag) shall be determined by dividing the convertible "D" volume as determined by SRA based on Sec. 2 (iii) with the total "D" sugar produced for that particular crop year. For Crop Year 2014-2015 "D" sugar production is **Ninety Thousand Three Hundred Thirty Eight (90,338)** Metric Tons and, for Crop year 2013-2014, "D" sugar production was **Two Hundred Seven Thousand Ninety One (207,091)** Metric Tons. Thereafter, the total Conversion Rights of a producer for the particular crop year covered by this Order shall be equal to his total number of Lkg-bags "D" sugar produced for Crop Year 2014-2015 and Crop Year 2013-2014, respectively, multiplied with the Conversion Coefficient for that year.

v. The conversion of "D" sugar to "B" sugar shall be voluntary to planters, millers and traders holding "D" raw sugar quedans issued in Crop Year 2014-2015 and Crop Year 2013-2014. The conversion of "D" to "B" for the crop years covered by this Order shall be at a 1:1 ratio.

vi. The SRA, in collaboration with the mills shall determine the Conversion Right of the individual planter, producer and manufacturer or miller per mill for Crop year 2014-15 and Crop Year 2013-14 and come up with a specified volume of "D" sugar eligible for conversion for that respective crop year as mill share and the individual planter member share both for associated planters as well as the unaffiliated planters as the case maybe, indicating further whether they are blocked or unblocked "D" sugar quedans.

To this effect, the SRA shall issue a Memorandum to all sugar mills and planter's associations indicating the volume of "D" sugar produced as mill share and individual planter's share for Crop Year 2014-15 and Crop Year 2013-14 for both associated and non-associated planters, the correctness of which shall be verified by the latter.

On the basis of the verified Memorandum stated above, the SRA Quezon City, for Luzon and Mindanao produced sugar and the SRA Bacolod City for the Visayas produced sugar shall issue a Conversion Rights Certificate to the respective miller and planter blocked and un-blocked, associated or otherwise covering Crop year 2014-15 and Crop year 2013-14.

The corresponding pre-printed conversion Rights Certificate with security features duly issued covering the volume of "D" sugar eligible for conversion shall be distributed as follows:

- a. Through the mill
 - for its mill share
 - for the unassociated planters
- b. Through the planters association, for its member-planters, with blocked or unblocked "D" quedans.

c. The Conversion Rights Certificate shall be issued in two (2) copies and distributed as follows:

- i) Original copy - To the mill, for its mill share and for unassociated planters
 - To the Planter Association, for its member-planters, blocked or unblocked
- ii) Second Copy - To SRA

d. The holder of the Conversion Rights Certificate ("COCR") for the particular crop year covered by this Order shall attach the COCR to his application for conversion of "D" to "B" sugar together with the "D" raw sugar quedans issued in the same crop year as his COCR for reclassification. It is emphasized that only Conversion Rights Certificates and "D" raw sugar quedans of the same crop year covered by this Order shall be accepted for conversion. For example, Conversion rights Certificate for Crop Year 2014-2015 and "D" raw sugar quedans of Crop year 2014-2015 shall be accepted for conversion.

Section 3. The "D" sugar quedans for Crop Years 2014-2015 and 2013-2014 that were advanced refined shall only be allowed conversion into "B" upon completion of swapping (regular) process as provided in Sugar Order 6, Series of 1994-1995.

Section 4. "D" sugar quedans applied for crop years covered by this Order which applied conversion to "B" sugar quedans shall be charged by SRA with a fee of **P20.00** per Lkg-bag.

Section 5. The "D" sugar quedans subject of reclassification shall be stamped "**RECLASSIFIED FOR WITHDRAWALS AS "B" OR DOMESTIC SUGAR**".


Section 6. A Letter of Authority addressed to the concerned mill/refinery allowing/authorizing the withdrawal of the "D" sugar as "B" sugar shall be issued by the SRA.

Section 7. This Sugar Order shall be valid for Crop Year 2014-2015 only. And it shall take effect immediately.

Section 8. A copy of this Order shall be filed with the Office of the National Administrative Registrar, U.P. law Center, Diliman, Quezon City and posted on the SRA website.

Section 9. Provisions of Sugar Order, Circular Letters, 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