



REPUBLIC OF THE PHILIPPINES
SUGAR REGULATORY ADMINISTRATION
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20 August 2002

MEMORANDUM CIRCULAR NO. 3
Series 2001-2002



TO : ALL CONCERNED

SUBJECT : RULES AND REGULATIONS ON THE IMPORTATION
OF SUGAR, DOMESTIC MOVEMENT OF SUGAR
SHIPMENT AND DISPOSITION OF FORFEITED SUGAR

In response to the call of Her Excellency, President Gloria Macapagal Arroyo, to curb if not eliminate the smuggling of sugar in the country, attached for your information and guidance is a copy of **JOINT MEMORANDUM ORDER NO. 4-2002**, issued by the Sugar Regulatory Administration (SRA) and the Bureau of Customs (BOC) dated 16 August 2002, regarding the abovementioned subject.


JAMES C. LEDESMA
Administrator

Encl : as stated

August 16, 2002

JOINT MEMORANDUM ORDER
NO. 4-2002

**RULES AND REGULATIONS ON THE IMPORTATION OF SUGAR,
DOMESTIC MOVEMENT OF SUGAR SHIPMENT AND
DISPOSITION OF FORFEITED SUGAR**

I. Objectives:



1. To facilitate the movement of legitimate sugar shipments while ensuring maximum revenue collection thereon for the government.
2. To curb, if not eliminate, the smuggling of sugar into the country and prevent the entry of smuggled sugar into the domestic market.

II. Scope:

This Order shall govern the importation of sugar, the transport of sugar, whether imported or locally produced, within Philippine territory, and the disposition of abandoned/forfeited sugar.

The term "Sugar" covers all those classified under HS 1701, including liquid sugar, colored or flavored sugar, gur and kandsari, muscovado, blanco directo, and sugar derived from various sources, such as cane, beet, sweet sorghum, etc.

III. General Provisions:

1. Pursuant to Sugar Order No. 8, s. 1994-95, dated May 17, 1995, as amended, issued pursuant to EO No. 18 dated May 28, 1986, all imported sugar, of whatever type/kind as above described, MAV or Out-MAV, shall be subject to Clearance duty issued by the Sugar Regulatory Authority (SRA) prior to its release from Customs. The SRA Clearance shall specify, among others, the market classification of the imported sugar either as "B" (Domestic Sugar), or "C" (Reserve Sugar), or "D" (World Market Sugar).
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2. No imported sugar shall be released to the importer/consignee without an SRA Clearance. Imported sugar not covered by SRA Clearance shall be turned over to SRA upon compliance by the importer/consignee with Customs rules and regulations, including the payment of taxes, duties and other charges. SRA shall identify the market classification of said sugar and cause its disposition in accordance with such classification pursuant to its rules and regulations.
3. Imported sugar declared as raw sugar or in any of its equivalent state shall be subject to examination, weighing, sampling, and laboratory analysis to determine its polarization. The SRA shall conduct the sampling and laboratory analysis. A third party surveyor may however be designated to collect samples and submit the same to SRA or its duly accredited laboratories for analysis. Any expense incurred related to weighing, sampling and laboratory analysis shall be charged to the account of the importer/ consignee.
4. Sugar sampling and analytical procedures shall conform with the internationally accepted methods and principles by employing ICUMSA (1978) and American Raw Sugar Contract Methods as adopted by the Philsutech Official Chemical Handbook for Philippine Sugarcane Industries. Sugar with a polarimetry reading of less than 99.5 degrees shall be classified as raw sugar; those at 99.5 degrees and above, as refined sugar. Imported sugar declared as raw sugar shall not be released from Customs unless covered by a Test Certificate indicating its polarimetry reading, in addition to the SRA Clearance.
5. Except as herein otherwise provided, the domestic movement of sugar, whether imported or locally produced, in bags or in bulk, on board domestic vessels, aircraft, trucks and vans shall be covered by a Shipping Permit duly issued by the SRA.
6. Abandoned/forfeited sugar shall only be disposed of through public auction that shall be open only to qualified bidders. No public auction shall be conducted without the abandoned/forfeited sugar being identified by the SRA as to its market classification, among other requirements. SRA shall also recommend to BoC the floor price of the auction lot.

IV Operational Provisions:

A. Sugar Importation in General:

1. As with other importations, the appropriate Customs entry must be filed within the reglamentary period, and shall be processed under the existing Customs clearance systems; the proper taxes, duties and other charges thereon paid, or secured to be paid, as may be appropriate, in accordance with applicable rules and regulations.
2. No imported sugar however shall be released from Customs custody until after submission of the SRA Clearance covering said shipment, among other requirements, except as provided in Section IV-A,6 hereof.
3. The SRA Clearance shall specify the following information:
 - a. Volume of sugar
 - b. Type and brand
 - c. Market classification (Domestic/Reserve/World Sugar)
 - d. Country source and supplier in that country
 - e. Importer/Consignee
 - f. Carrying vessel
 - g. Port of Discharge/Destination
4. To monitor compliance of the SRA Clearance, the District/Port Collector concerned shall forward the SRA clearance, together with the import, shipping and other supporting documents to the Office of the Commissioner for review/verification.
5. If in order, the Commissioner of Customs shall issue the Release Clearance for the release of the sugar shipment from Customs custody, in accordance with the following provisos:
 - If the sugar shipment concerned per SRA Clearance is classified as "B" Sugar (Domestic), the shipment shall be released directly to the importer/consignee upon payment of taxes, duties and other charges;
 - If classified as "C" Sugar (Reserve), the shipment upon payment of taxes, duties and charges, shall be turned over to the custody of the SRA which shall dispose the same in accordance with its rules and regulations;

- If classified as "D" Sugar (World Export), the shipment upon posting of the appropriate security shall be released to the importer/consignee but only in the presence of the SRA - designated representative who shall closely monitor its movements from Customs to the consignee's/importer's premises, and record the releases thereat to properly account the importation as against the requirements of the importer/consignee.
6. Imported sugar not covered by SRA Clearance shall be turned over to SRA only after compliance by the importer/consignee with Customs rules and regulations, including the payment of taxes, duties and other charges. Thereafter, SRA shall identify the market classification of said sugar and cause its disposition in accordance with such classification pursuant to its rules and regulations, provided prior notice informing on said classification and disposition shall be served the concerned importer/consignee.

B. Imported Sugar Declared as Raw Sugar:

1. The District Collector/responsible Customs Officer shall coordinate with the concerned SRA representative for the weighing, inspection, examination and drawing of representative samples of the sugar shipment declared as raw sugar or in any of its equivalent form/state. The SRA shall draw the samples in the presence of Customs examiners, importers/consignees or their representatives. If done by a third party surveyor, the drawing of samples shall also be made in the presence of all the parties aforementioned.
2. The samples shall be drawn and analyzed in such number and manner as provided for in the herein attached Implementing Guidelines Concerning Monitoring of Imported Sugar Pursuant to the Memorandum of Understanding Between the SRA and BoC, which form part hereof as Annex A, the salient features of which are as follows:
 - a. Samples shall be collected by means of an automatic continuous sampling devise. However, if the automatic continuous sampling devise will not extract a representative sample, BoC, SRA and the importer/consignee may agree to draw the samples manually such that would provide representative samples for polarization.



- b. Labels shall be attached to the sample containers indicating the serial number of the sample, quantity of sugar represented by the sample, names of importer/consignee, vessel, place and date of sampling, and names and signatures of the representatives. Each representative shall also affix his/her signature to the strips sealing the sample containers.
 - c. Each sealed and appropriately labeled samples shall be dispatched by express post/courier as soon as possible or at most one day after sampling to:
 - For samples taken in Luzon, Eastern Visayas and Mindanao, the SRA Laboratory in Quezon City;
 - For the samples taken in Negros and Panay, the SRA Laboratory in Bacolod City; or
 - Any of the other SRA-accredited laboratories elsewhere.
 - d. For every sample submitted for laboratory analysis, two (2) samples shall be submitted to the BoC for safekeeping and re-testing in case of disputes arising from the analysis conducted by SRA or its accredited laboratories.
 - e. Samples shall be tested as soon as received by the laboratory upon payment of analytical fees and in the order in which they are received. A testing fee of PHP400 shall be collected for every sample. Samples arriving after 3pm shall be tested on the following day.
3. The SRA laboratory/accredited laboratory shall within eight (8) hours after analysis issue a Test Certificate indicating the polarimetry reading of the sugar shipment.
 4. To monitor compliance with the sampling and laboratory analysis of sugar shipment declared as raw sugar or its equivalent form/state, the District/Port Collector concerned shall forward the Test Certificate, together with the SRA Clearance, import, shipping and other supporting documents to the Office of the Commissioner for review/verification. If in order, the Commissioner of Customs shall issue the Release Clearance to effect the release of the sugar shipment from Customs custody, provided for in Section IV.A .5 hereof.
 5. To obviate any delay in the processing of sugar importation, sugar traders/importers shall notify BoC and SRA in advance of the arrival of the imported sugar. An application for SRA Clearance shall also be filed at the earliest possible time in accordance with SRA rules and regulations.

If the sugar shipment shall be declared as raw sugar or its equivalent form/state, arrangements shall be made for the examination, sampling and laboratory analysis at the soonest time possible.

C. Domestic Movement of Sugar Shipments

1. Except as herein provided, the transport of sugar, whether imported or locally produced, raw or refined, from one destination to another within the country, using domestic vessels, aircraft, trucks and vans shall be covered by a Shipping Permit duly issued by the SRA.
2. The Shipping Permit shall be valid only once and effective within a period of 15 days from issuance thereof. It shall indicate the following information:
 - a. Control Number
 - b. Port of Origin/Destination
 - c. Name of vessel, barge, registry number of aircraft, plate numbers of trucks/vans and ETD/ETA
 - d. Kind of sugar (raw, refined, etc.) quantity and markings
 - e. Country of Origin, if imported, date and control number of SRA Clearance
 - f. Name and address of shipper/consignee
 - g. SRA official receipt, number, amount paid
 - h. Distribution copies
 - i. Signature over printed name of approving SRA officer
3. The Shipping Permit shall be prepared in six (6) copies to be distributed as follows:

a. Traders	-	Gray
b. Consignee	-	Violet
c. Shipping Company	-	Pink
d. PPA at Port of Origin	-	Blue
e. SRA Regulation Officer	-	Green
f. SRA Quezon City	-	White
4. Before the shipment leaves the Port of Origin, the Shipping Permit shall be presented to Customs upon demand. The District/Port Collector shall verify with the SRA the due execution of the Shipping Permit. If the sugar is imported, a copy of the SRA Clearance and the Release Clearance of the Commissioner of

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Customs shall also be presented with the BCOR evidencing tax and duty payments. If in order, he/she shall authorize the transport of the sugar and notify in writing the District/Port Collector of the Port of Destination regarding the shipment, copy furnished the Office of the Commissioner.

5. Upon arrival at the destination, the Shipping Permit shall also be presented to the District/Port Collector who shall also check the Shipping Permit, and in case of imported sugar, the SRA Clearance and the Release Clearance of the Commissioner of Customs, to determine if they are the same as the ones presented at or transmitted by the District/Port Collector at the Port of Origin and if the shipment conforms with the Shipping Permit.
6. To monitor compliance with the Shipping Permit requirement, the District/Port Collector concerned shall forward the Shipping Permit, together with the import, shipping and other supporting documents to the Office of the Commissioner for review/verification. If in order, the Commissioner of Customs shall issue Release Clearance to effect the release of said shipment.
7. To expedite the verification of the Shipping Permit, the SRA shall furnish the Office of the Commissioner of Customs certified copies of Shipping Permits/lists of shipping permits issued duly endorsed by the SRA Administrator or his authorized representative.
8. The following shall not require SRA Shipping Permit:
 - a. Sugar classified as "A" Sugar (US Sugar Quota Allocation)
 - b. Sugar classified as "D" Sugar (World Market)

Provided that the movement of the "A" Sugar is from the warehouses of sugar central/mill companies to a bulk terminal for purposes of shipping the same to the United States, or in case of "D" Sugar, to the world market. Provided further that the subject sugar shipment is duly covered by SRA Clearance for the said purpose.

9. Except as herein provided, failure to obtain/present the Shipping Permit shall be prima facie evidence that the sugar has entered illegally into the Philippines and as such would be subject to appropriate action pursuant to the TCCP. In addition, the offender who made or caused the entry of sugar illegally into the Philippines

through fraudulent means, including but not limited to the use of falsified documents to obtain the permit, or fake or shipping permit, shall also be penalized pursuant to SRA Sugar Order No. 3, s. of 2001-2002, as follows:

- 1st offense, fine PHP25Lkg
- 2nd offense, fine PHP50Lkg
- 3rd offense, fine PHP100Lkg / cancellation of SRA license

D. Disposition of Abandoned/Forfeited Sugar

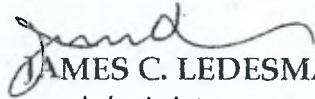
1. Abandoned/Forfeited sugar shall only be disposed of through public auction and may be participated only by qualified bidders. The following qualify as bidders of forfeited sugar, among other requirements:
 - a. SRA-accredited sugar traders
 - b. SRA-accredited processors/manufacturers under the CBW system/PEZA/Special Economic Zone
 - c. Sugar industry representatives
2. Prior to offering of abandoned/forfeited sugar for public auction, the District/Port Collector shall secure from SRA the market classification of the abandoned/forfeited sugar to be disposed of. In response, the SRA shall identify the market classification of said sugar and recommend the floor price at which said sugar shall be sold: for "D" sugar, the floor price shall be based on the prevailing world market prices; for all other classifications, it shall be based on the prevailing domestic market price. For this purpose, SRA may secure samples of the sugar, which shall also be made available by the District/Port Collector.
3. No auction shall be conducted unless the SRA has determined the market classification of the sugar. For this purpose, upon classification by SRA, the SRA shall issue to the District/Port Collector a certification of such classification.
4. The District/Port Collector shall indorse the SRA certification to the winning bidder and shall cause the release of the won bid in accordance with the SRA certification/ market classification.

V. Repealing Clause:

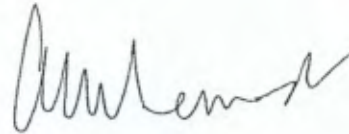
All rules and regulations inconsistent herewith shall be deemed amended, modified or repealed accordingly.

VI. Effectivity:

This Order shall take effect immediately.



JAMES C. LEDESMA
Administrator
Sugar Regulatory Authority



ANTONIO M. BERNARDO
Commissioner
Bureau of Customs