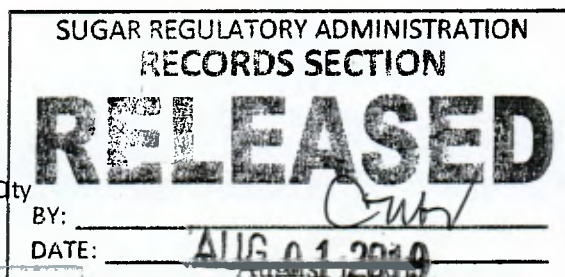
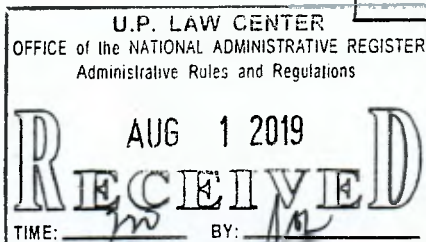




Republic of the Philippines
Department of Agriculture
SUGAR REGULATORY ADMINISTRATION
Sugar Center Bldg., North Ave., Diliman, Quezon City
Philippines 1101
TIN 000-784-336



Sugar Order No. 5
Series of 2018-2019



SUBJECT: Second Sugar Import Program For Crop Year 2018-19

WHEREAS, on October 1, 2018, SRA issued Sugar Order No. 2 for Crop Year 2018-2019 (SO #2) in line with Sugar Import Program for Crop Year 2018-19 allowing the release of 150,000 metric tons and an additional 138,600 metric tons of imported sugar in the domestic market;

WHEREAS, with the projected increase in the demand for raw and refined sugar coupled with the low production of domestic sugar, it has given rise to a situation where prices of sugar may spike during the off-season and spilling over into the start of next crop year;

WHEREAS, there is a need for a timely government intervention by way of importation in order to maintain a balanced supply and demand of sugar thereby preventing unreasonable increase in prices that shall address inflation;

WHEREAS, one of the objectives in the creation of SRA is to ensure adequate and stable supply of sugar for domestic consumption in order to stabilize prices at a level reasonably profitable to the producers and fair to consumers, and that any sugar import program must adhere to the regulatory framework under Executive Order No. 18, Series of 1986 and Republic Act 10659 or the Sugar Industry Development Act of 2015;

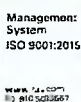
WHEREAS, the Stakeholders of the Sugarcane industry submitted their respective letters of endorsement recognizing the need for another importation program for crop year 2018-2019;

NOW, THEREFORE, by authority vested in the Sugar Regulatory Administration, the following is hereby ordered:

Section 1. This Second Sugar Import Program shall be for Crop Year 2018-2019.

Section 2. Definition of terms. For purposes of this Sugar Order, and unless the context shall otherwise provide, the following terms shall mean:

(a) **Bottlers' grade refined sugar** –shall refer to refined sugar with color less than or equal to 35 ICUMSA units.



(a) **Bottlers' grade refined sugar** –shall refer to refined sugar with color less than or equal to 35 ICUMSA units.

(b) **Standard grade refined sugar** – shall refer to refined sugar with color greater than 35 ICUMSA units but less than or equal to 100 ICUMSA units.

(c) **Industrial users** –Industrial users shall include food, confectionaries, biscuits and beverage manufacturers that included sugar in their product formulation. Excluded under this term are the Small Medium and Enterprises (SMEs) and entities under the Custom Bonded Warehouse (CBWs).

(d) **Consumers and End-users** – for purposes of this Sugar Order the term Consumer and End-user shall include retailers, repackers, wholesalers and traders. Retailers and repackers are those engaged in selling sugar in small quantities to the general public for consumption. Wholesalers and traders are those engaged in selling sugar in bulk to retailers, to institutional users or to other industries regardless of quantity of transaction and other businesses.

(e) **Sugar Producers** - shall refer to Sugar Mills, Planters' associations or cooperatives and Sugar federations.

Section 3. Category, Volume and Type of Sugar: The maximum volume covered by this Order shall not exceed TWO HUNDRED FIFTY THOUSAND METRIC TONS(250,000 mt) either standard grade refined sugar or bottlers' grade refined sugar, at the option of the trader/importer; provided that industrial users shall only be allowed to import bottlers' grade refined sugar; provided, further, that the total volume of imported sugar shall be categorized and divided as follow:

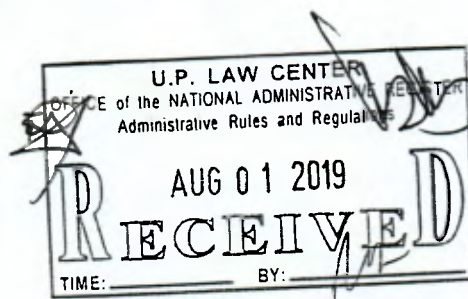
(a) Industrial users with a volume of One Hundred Thousand Metric Tons (100,000 mt);
and

(b) Consumers and End-users, and Sugar Producers, with a volume of One Hundred Fifty Thousand Metric Tons (150,000 mt).

Section 4. Eligible Importers: This second import program shall be open and voluntary to natural or juridical persons who are Industrial users, Consumers and End-users, and Sugar Producers, that are duly registered with SRA as an International Sugar Trader, in good standing, for Crop Year 2018-2019.

Section 5. Allocation per Eligible Importer: Every Eligible Importer may apply for SRA Clearance for Release of Imported Sugar and Allocation for a maximum volume of Twelve Thousand Five Hundred Metric Tons (12,500 mt)per eligible importer for Consumers, End-users and Sugar Producers; or Fifteen Thousand Metric Tons (15,000 mt) per eligible importer for Industrial users.

Section 6. Period, Requirements and Procedure for Application of Allocation: The 250,000 mt of refined sugar shall be allocated to Eligible Importers on a **FIRST-COME, FIRST SERVE** basis following the herein rules and procedures:

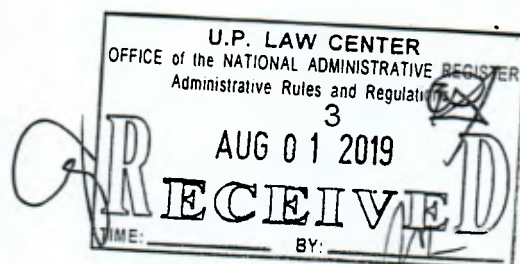


6.1 APPLICATION PERIOD

Eligible Importers may apply for allocation upon the effectivity of this Sugar Order at the Sugar Regulatory Administration Office, Sugar Centre Building, North Avenue, Diliman Quezon City; provided, however, SRA shall stop accepting applications at the close of business hours of August 15, 2019 or when the maximum volume of 250,000 mt of sugar have been fully allocated as provided in Section 3 hereof, whichever comes first.

6.2 REQUIREMENTS. The Eligible Importer must submit the following:

- (a) A duly notarized application letter with an undertaking to comply with this Order and all other Sugar Orders, Resolutions or Circulars of SRA. The application letter shall be signed by the President/Chief Executive or Financial Officer, Partner, or Owner (in the case of corporations, cooperative, partnerships, or single proprietorships) indicating the category and volume applied for, **type/specification of sugar**, and specific address of the SRA-registered warehouse with sufficient capacity where the sugar shall be stored and to show necessary proof if required.
- (b) Original or certified true copies of: (i) a valid Certificate of Product Registration for Consumers and end users; and (ii) a License to Operate for Industrial users, issued by the Food Drug Administration (FDA) of the Philippines.
- (c) Original or certified true copies of Sugar Release Order (SRO) or Refined Sugar Quedan (RSQ) showing purchases and withdrawals of locally-produced raw or refined sugar for Crop Year 2018-2019 corresponding to the same volume of imported sugar applied for allocation.
- (d) For prospective purchases and withdrawals of locally-produced raw or refined sugar for Crop Year 2019-2020, the trader/importer, mentioned in Sections 3(a) and 3(b) hereof and in lieu of the requirements in Section 6.2(c) hereof, shall pay a **Production Enhancement Bond (PEB)** in the form of Manager's Check payable to the Sugar Regulatory Administration, on top of the bond mentioned in Section 10, upon submission of the application for allocation in the amount of Three Hundred Fifty Pesos (P350.00) per 50-kilo bag of sugar. The bond shall be returned when the trader/importer issues proof of compliance and submit the Sugar Release Order (SRO) /Raw/Refined Sugar Delivery Order (RSDO)/Refined Sugar Quedan (RSQ) corresponding to the same volume of imported sugar applied for allocation not later than April 30, 2020. Otherwise, the bond shall be forfeited in favor of SRA which shall be allocated to finance SRA programs and projects under the Regulation Department and the Research Development and Extension (RDE).
- (d) Payment of the Bond as required under Section 10 hereof.



6.3 PROCEDURE:

(a) The SRA Regulation officer tasked to accept the applications of trader/importer for allocation shall perform the following:

- (i) Verify if the applicant is an Eligible Importer as provided under Section 4 hereof. Applications and documents submitted by non-eligible importers will not be accepted nor processed by SRA.
- (ii) Determine if all documentary requirements submitted is complete, and sufficient in form and substance, as provided in Section 6.2 hereof. Failure of the President, Partner, or Owner (in case of corporations, cooperative, partnerships, or single proprietorships) to sign, non-notarization of the application letter, failure to pay or post the required bond, absence of the undertaking or incomplete documents shall constitute as grounds for SRA not to accept or process the application.

(b) Upon qualification as an Eligible Importer and the sufficient submission of documents required in Section 6.2 hereof, the SRA Regulation Officer shall determine the total import volume available; and that if the volume applied is within the total volume covered by this Sugar Order and complies with the volume per Eligible Importer in Section 5 hereof, the SRA Regulation Officer shall mark the application with a stamp "ELIGIBLE", duly signed to acknowledge receipt of the application.

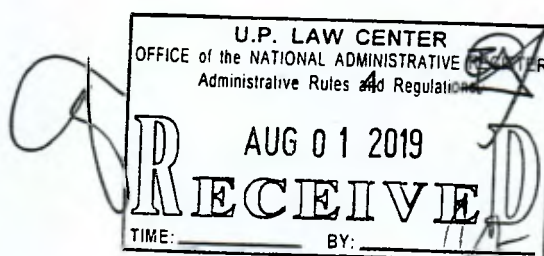
(c) The Regulation Officer shall enter in the record a ledger, following the order of receipt, the name of Eligible Importer, category and volume applied for, type of sugar, date of application and documents submitted. For this purpose, the Regulation Department shall maintain a record of the volume allocated per Eligible Importer and the balance of the total import volume available for allocation. For purposes of transparency, the ledger book shall be open for examination by the public at a reasonable time of any working day.

6.4 SRA Regulation Manager III shall issue a CERTIFICATE OF ALLOCATION indicating the category and volume in metric tons allocated to Eligible Importer three (3) days after the close of applications conformably to Section 6.1 hereof.

Section 7. Issuance of SRA Clearance: The SRA Board shall approve the issuance of the Clearance for Release of Imported Sugar (SRA Clearance) to Eligible Importers.

Section 7.1 Requirements: The following must be submitted to the Regulation Department, Quezon City Office, in support of the application for the issuance of SRA Clearance:

- a) Application for issuance of SRA Clearance indicating the category and volume, and type/specifications of sugar;
- b) Bill of Lading;



- c) Commercial Invoice of the imported sugar;
- d) Packing List;
- e) Certificate of Analysis (from country of origin);
- f) Proof of payment of bond as provided in Section 6.2(d), if applicable;
- g) Proof of payment of bond as provided in Section 10;
- h) Proof of payment of applicable SRA fees;
- i) Certificate of Allocation as provided for in Section 6.4; and
- j) Other requirements that the SRA Board may prescribe.

Section 8. Date of Arrival of Imported Sugar: SRA shall require up to fifty percent (50%) of the total volume of importation or up to fifty percent (50%) per approved allocation per Eligible Importer, whichever is practicable, to arrive in the country not later than September 30, 2019 and the remaining volume on or before October 31, 2019.

Section 9. Clearances and Classification of Imported Sugar: The SRA Clearance shall classify the imported sugar and mark it as "B" to the extent of seventy percent (70%) of the total volume applied for clearance; provided that the remaining thirty percent (30%) shall be classified as RESERVED and marked as "C" sugar; provided that for Industrial Users, 100% of their imported sugar shall be classified as "B".

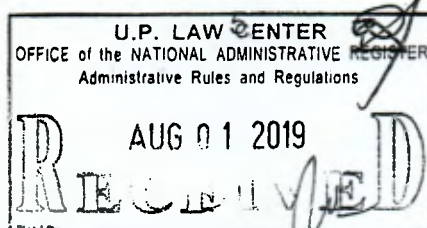
Section 9.1 Any application for reclassification of Reserved "C" sugar must be made in writing and submitted to the SRA Board in accordance with Section 13 hereof.

Section 10. Payment of Performance Bond: Every allocation shall be subject to a bond of One Hundred Fifty Pesos (P150.00) per 50-kilo bag of sugar, regardless of category, type or specification. The total amount of the bond shall be in the form of Manager's Check payable to the Sugar Regulatory Administration. The bond shall be made to answer for the violations or non-compliance by the Eligible Importer of the orders, resolutions, or circulars of SRA particularly this Sugar Order, without prejudice to the other penalties that the SRA Board may impose and liabilities that may arise under existing laws, rules and regulations.

Section 10.1. Industrial Users - The total amount of the bond shall be returned to the eligible importer upon its release by the Bureau of Customs.

Section 10.2. Consumers and end-users - The total amount of the bond shall be returned to the Eligible Importer upon reclassification to "B" sugar of his last remaining imported "C" sugar; provided that the SRA Board may allow partial return of the bond, for justifiable reasons, corresponding to the sugar already reclassified as "B"; provided, further, that

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there are no findings of violations or non-compliance of SRA orders, resolutions or circulars on this second import program.

Section 11. SRA Clearance Fees: The SRA shall collect a fee of thirty three pesos (P33.00) per 50-kilo bag of refined sugar allocated per Eligible Importer.

Section 12. Warehousing and Monitoring of Imported “C” Sugar: The “C” sugar imported under this Order shall be stored in the SRA-Registered Warehouse indicated by the Eligible Importer in its application prior to its reclassification and release as “B” Domestic market sugar.

Section 12.1 The “C” sugar may be stored in the same SRA registered warehouse where domestically produced sugar are stored; and provided that the imported “C” sugar shall be segregated as a separate pile for monitoring of SRA.

Section 12.2 All warehouses storing imported “C” sugar shall each maintain a ledger that shall record, among others, date/s of delivery of and the category, type or specification of the “C” sugar, updated volume, with specifications, of “C” sugar in the warehouse, date/s of withdrawal. **No transfer of “C” sugar from one SRA registered warehouse to another SRA registered warehouse shall be allowed without a prior written request and SRA Board approval.**

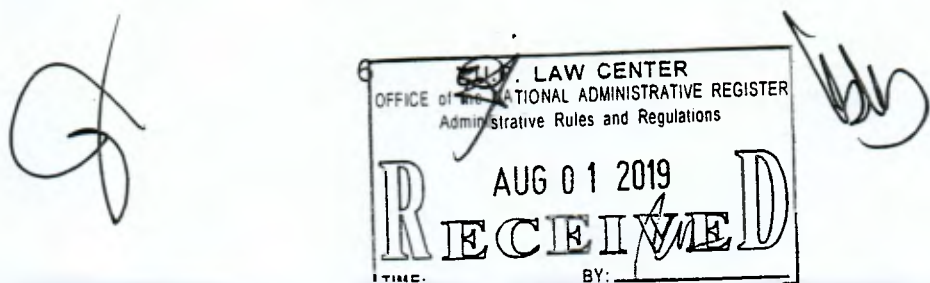
Section 13. Reclassification of the thirty percent (30%) “C” sugar to “B” sugar. Eligible Importers shall write the SRA Board requesting for the reclassification of the remaining thirty percent (30%) “C” sugar to “B” sugar indicating the category and volume to be reclassified and the address of the warehouse where the “C” sugar is stored. The SRA Board shall approve any application for reclassification to “B” sugar taking into consideration the conditions of the domestic market at the time of the request, and for such other justifiable reasons; provided that the Sugar Board may *motu proprio* order the calibrated reclassification at an earlier period depending on the supply and demand situation.

Section 14. Sanctions:

Section 14.1 Violation or non-compliance with any provision of this Order or any orders, resolutions or circulars of SRA, upon determination of the SRA Board, shall result in the forfeiture of the entire or partial amount of the bond. This is without prejudice to the other penalties that the SRA Board may decide to impose such as, but not limited to, suspension or revocation of registration as International or Domestic Sugar Trader, forfeiture of the bond, or suit for violation of the Agricultural Anti-Smuggling Act.

Section 14.2 Non-compliance with the Warehousing provisions in Section 12 shall be subject to fines as determined by the SRA Board.

Section 15. Other provisions. Any natural or juridical person that imports sugar but not an Eligible Importer under Section 4 or does not have an approved allocation under Section 5 hereof and its sub-sections, shall not be considered part of this import program and shall



therefore be considered as smuggled sugar. No SRA Clearance shall be issued for smuggled sugar. The SRA Board shall further pursue other applicable penalties provided by law in addition to the filing of suit for violation of the Agricultural Anti-Smuggling Act.

Section 16. Provisions of other sugar orders, circular letters, and/or rules and regulations contrary to or inconsistent with this Order are hereby amended, modified, or revoked accordingly.

Section 17. A copy of this Order shall be filed with the Office of the National Registrar, U.P. Law Center, Diliman, Quezon City.

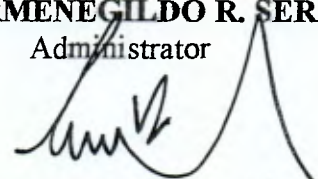
Section 18. This Order shall take effect after three (3) days from filing in the Office of the National Registrar, U.P. Law Center, Diliman, Quezon City.

APPROVED BY:

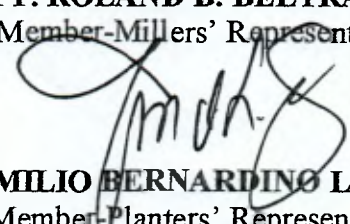


UNDERSECRETARY ROLDAN G. GORGONIO
Alternate, Ex-Officio Chairperson

ENGR. HERMENEGILDO R. SERAFICA
Administrator



ATTY. ROLAND B. BELTRAN
Board Member-Millers' Representative



ATTY. EMILIO BERNARDINO L. YULO
Board Member-Planters' Representative

