



Republic of the Philippines
Department of Agriculture

SUGAR REGULATORY ADMINISTRATION

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SUGAR REGULATORY ADMINISTRATION
RECORDS SECTION

RELEASED


BY: _____

DATE: NOV 07 2022

MEMO-ADM-2022-Nov-007

MEMORANDUM CIRCULAR NO. 5
Series of 2022

TO : ALL MEMBERS OF THE SUGARCANE INDUSTRY
STAKEHOLDER CONSULTATIVE ASSEMBLY (SCA)

FROM : 
DAVID JOHN THADDEUS P. ALBA
Administrator

DATE : 04 November 2022

SUBJECT : STAKEHOLDERS' CONSULTATION ON THE
PROPOSED SUGAR ORDER ON RECLASSIFICATION
(CONVERSION) OF OUTSTANDING "A" or U.S.
EXPORT MARKET SUAGR AND "D" OR WORLD
MARKET SUGAR TO "B" OR DOMESTIC SUGAR
UNDER CERTAIN CONDITIONS

The Sugar Board invites you to comment in writing on the proposed draft Sugar Order on **"RECLASSIFICATION (CONVERSION) OF OUTSTANDING "A" or U.S. EXPORT MARKET SUAGR AND "D" OR WORLD MARKET SUGAR TO "B" OR DOMESTIC SUGAR UNDER CERTAIN CONDITIONS** (as attached).

In preparation for the stakeholders' consultations, all concerned stakeholders are required to submit their written comments and/or position papers through email at ppspdsra@sra.gov.ph on or before November 11, 2022.

Considering that these proposed amendments and policy recommendations will directly affect your interests as stakeholders of the sugarcane industry, zoom consultation meetings will be conducted within the month of November.

For your information and guidance.



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DRAFT

MEMO-DEP-REG-SEP-_____

November 3, 2022

SUGAR ORDER NO. _____
Series of 2022-2023

**Subject: VERIFICATION/RE-VERIFICATION AND RECLASSIFICATION OF
OUTSTANDING "A" OR U.S. EXPORT MARKET SUGAR AND "D" OR
WORLD MARKET SUGAR TO "B" OR DOMESTIC MARKET SUGAR
UNDER CERTAIN CONDITIONS**

WHEREAS, the Sugar Regulatory Administration (SRA) is mandated under Executive Order No. 18, Series of 1986, Section 2 (B) *"to establish and maintain such balanced relation between production and requirement of sugar and such marketing conditions as will insure stabilized prices at a level profitable to the producers and fair to consumers;"*

WHEREAS, there is an imperative to ensure stable supply of sugar in the domestic market with the increase in the demand of "B" sugar and to stabilize the prices;

WHEREAS, as of October 23, 2022, the actual raw physical sugar stock in the country has decreased by 24.98 percent compared to the physical sugar stock for the same period last crop year;

WHEREAS, records of SRA indicate that significant volumes of "A" or U.S. Export market sugar and "D" or World market sugar have remained unshipped and could be utilized to alleviate the perceived tightness in domestic sugar balance. SRA records further reveal that 11,432 MT for "A" sugar and 5,478 MT for "D" sugar have remained outstanding as per final report on raw sugar balances as of October 16, 2022;

WHEREAS, SRA has received requests for the conversion or reclassification of verified unshipped "A" and "D" sugar quedans to "B" sugar quedans considering that the reclassification of "A" and "D" sugar quedans was authorized in Crop Year 2014-2015 and Crop Year 2013-2014, respectively; and

WHEREAS, the SRA had consultations with the producers, namely, the planters and millers association/federations, on the conversion or reclassification of the foregoing verified "A" and "D" sugar quedans to "B" sugar quedans to augment the volume of sugar to be made available for domestic consumption, and help alleviate the tightness in the domestic sugar supply for Crop Year 2022-2023;



NOW, THEREFORE, pursuant to the powers vested in the Sugar Regulatory Administration (SRA), the following is hereby ordered:

Section 1: Coverage for “A” and “D” sugar quedans qualified for Reclassification or Conversion: Any verified unshipped “A” and “D” sugar quedans, regardless of status, issued for CY 2020-2021 and previous crop years, are eligible for reclassification or conversion on a voluntary basis under this Sugar Order.

Section 2: Application and Deadline for Reclassification or Conversion. Holders of verified unshipped “A” and “D” sugar quedans as provided under Section 1 may file an application for reclassification or conversion of said quedans to “B” sugar quedans immediately upon the effectivity of this Sugar Order which, in no case, shall be beyond ten (10) calendar days from effectivity thereof. Late applications shall not be entertained.

Section 3: Volume of Conversion Rights of Planters and Millers

3.1 By virtue of this Order, outstanding verified unshipped “A” and “D” sugar quedans, regardless of status, issued for Crop Year 2020-2021 and previous crop years, are hereby granted Conversion Rights. As used in this Sugar Order, Conversion Right shall refer to the right to convert outstanding “A” and “D” sugar to “B” sugar. This right shall belong to the sugar planters and millers who/which have outstanding “A” and “D” sugar in Crop Year 2020-2021 and previous crop years.

3.2 Conversion Rights can be sold, assigned or consolidated. However, it must be exercised not later than November __, 2022. Conversion rights not exercised after said deadline shall be deemed waived and no longer enforceable.

3.3 In the exercise of conversion right, the basis for computation of price differential would be as follows:

Final “A” sugar quedan price per LKg-bag:

CY 2018-2019	- Php 1,180.00
CY 2019-2020	- Php 1,100.00
CY 2020-2021	- Php 1,297.90

Final “D” sugar quedan price per LKg-bag:

CY 2017-2018	- Php 624.31
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Section 4: Procedures for Reclassification or conversion of “A” and “D” sugar to “B” sugar

4.1 Within three (3) working days from the deadline for the filing of application as provided in Section 2, the SRA shall issue a Memorandum Circular indicating the final verified volume of “A” and “D” sugar quedans which can be



reclassified or converted to "B" sugar quedans with the corresponding information as to the verified holders thereof.

4.2 Outstanding "A" and "D" sugar quedans for CY 2020-2021 and previous crop years must be verified and reverified not later than November __, 2022. The final volume of "A" and "D" sugar which can be converted to "B" sugar shall be decided upon by the SRA only after the final verification/reverification. Outstanding "A" and "D" sugar quedans which are unverified after the said deadline shall no longer be accepted for conversion to "B" sugar. The SRA shall issue an Order three (3) working days after the aforesaid deadline containing, among others, the volume of verified outstanding "A" and "D" which can be converted to "B."

4.3 The conversion of "A" and "D" sugar to "B" sugar shall be voluntary to planters, millers and traders holding outstanding "A" and "D" sugar quedans issued in Crop Year 2020-2021 and previous crop years. The conversion of "A" and "D" sugar shall be at a 1:1 ratio.

4.4 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 2020-2021 and previous crop years, and come up with specified volume of outstanding "A" and "D" sugar eligible for conversion as mill share and the individual planter member share both for associated planters as well as the unaffiliated planters as the case may be, indicating further whether they are blocked or unblocked "A" or "D" sugar quedans.

To this effect, the SRA shall issue a Memorandum to all sugar mills and planter's associations indicating the volume of outstanding "A" and "D" sugar produced as mill share and individual planter's share for Crop Year 2020-2021 and previous crop years, 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 SRA Bacolod City for the Visayas-produced sugar shall issue a Conversion Rights Certificate (COCR) to the respective miller and planter, blocked or unblocked, associated or otherwise, covering Crop Year 2020-2021 and previous crop years.

The COCR shall indicate the Conversion Coefficient of the planter or miller per unit (LKg.-bag). The Conversion Coefficient shall be determined by dividing the total verified "A" and "D" as determined by SRA for CY 2020-2021 and previous crop years with the total "A" and "D" sugar produced by the planter or miller for that corresponding crop year. Thereafter, the Conversion Rights of the planter or miller shall be equal to his total number of LKg-bags "A" or "D" sugar produced per Crop Year multiplied by the Conversion Coefficient per Crop Year.

The corresponding pre-printed Conversion Rights Certificate with security features duly issued covering the volume of outstanding "A" and "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 "A" and "D" sugar quedans
- c. Conversion Rights Certificated 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-planter, blocked or unblocked
 - ii) Second Copy – to SRA

Section 5. The outstanding "A" and "D" sugar quedans for Crop Year 2020-2021 and previous crop years covered by this Order which applied for conversion to "B" sugar quedans shall be charged with the following fees:

Reinstatement and Verification Fee	– Php 15.00 per LKg-bag
Reclassification/Conversion Fee	– Php 10.00 per LKg-bag
Revalidation Fee	– Php 5.00 per quedan

Section 6. The "A" and "D" sugar quedans subject of reclassification shall be stamped **"RECLASSIFIED FOR WITHDRAWAL AS "B" OR DOMESTIC SUGAR"**.

Section 7. A Letter of Authority addressed to the concerned mill allowing/authorizing the withdrawal of the "A" sugar and "D" sugar as "B" sugar shall be issued by the SRA.

Section 9. 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 10. This Sugar Order shall be valid only for Crop Year 2022-2023. This Order shall take effect after three (3) days from filing with the Office of the National Registrar, U.P. Law Center, Diliman, Quezon City.



APPROVED BY:

H.E. PRESIDENT FERDINAND R. MARCOS, JR.
SRA Board Chairperson and DA Secretary

DOMINGO F PANGANIBAN
Senior Undersecretary
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PABLO LUIS S. AZCONA
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