

[SRA SUGAR ORDER NO. 10, s. 2006-2007, March 27, 2007]

GUIDELINES FOR DISPOSING "D" OR WORLD MARKET SUGAR

WHEREAS, Section 2 (B) of Executive Order (EO) No. 18, Series of 1986 mandates the SRA to establish and maintain such balanced relation between production and requirement of sugar and such marketing conditions as will ensure stabilized prices at levels reasonably profitable to the producers and fair to consumers;

WHEREAS, Section 2 (C) of Executive Order (EO) No. 18, Series of 1986, further states that the Sugar Regulatory Administration (SRA) is created to promote the effective merchandising of sugar and its by-products in the domestic and foreign markets so that those engaged in the sugar industry will be placed on a basis of economic viability;

WHEREAS, the sugar production for Crop Year 2006-2007 which was originally estimated to reach 2,240,000 Metric Tons (MT) is still on track to reach close to that target based on the latest crop surveys;

WHEREAS, pursuant to the above-cited provisions, the SRA in its Sugar Order No. 4, Series of 2006-2007 has allocated a portion of the sugar production for "D" or World Market sugar and as of week ending March 18, 2007, out of the total 1,858,473MT raw sugar produced, 111,509MT has been allocated as "D" or World Market Sugar, and only 16,024MT (as of March 23, 2007) of which has been converted to "E" or CBW Processor/ Exporter sugar, and none has been actually exported to the world market;

WHEREAS, the "D" or World Market sugar produced could not be fully consumed by the CBW Processor/Exporters of sugar-based products as in fact as of March 23, 2007, partial sugar allocation granted to them have been only about 45,000MT;

WHEREAS, the "D" or World Market sugar is primarily intended for export to the world market to remove from the domestic market the excess sugar produced.

WHEREAS, maintaining a significant volume of "D" or World Market sugar in the domestic warehouses even after the end of the crop year will distort the supply balance, and consequently affect the prices of "B" or domestic sugar and the sugar industry's prospect for the following crop year;

WHEREAS, the Sugar Alliance of the Philippines (SAP), in its letter dated March 14, 2007, has recommended that "all the D" sugar issued for CY 2006-07 should have been exported to the world market, or sold to CBW operators after having been converted to "E" and/or contracted for withdrawal on or before August 31, 2007 (the end of the crop year), and further requested that "the mill companies be ordered through a Sugar Order to have such sugar that is not withdrawn or contracted for