

**[SRA CIRCULAR LETTER NO. 3, S. 2005-2006,
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**COMPULSORY DISPOSITION OF THE RAW SUGAR COVERED BY
OUTSTANDING QUEDANS OF PREVIOUS CROP YEARS**

The Sugar Regulatory Administration (SRA), in the exercise of its regulatory functions is reviewing its policies concerning outstanding quedan-permits issued during the previous crop years.

It has been observed that in every physical and quedan inventory conducted by the SRA, particularly immediately after the Crop Year (CY) ends, majority of the mills have still on their book inventory outstanding raw quedans of previous crop years. The said inventory, indicating the total stock balances of the mills, may not be reflective of the true carry-over stocks for the new crop year that is of good quality and available to the market/s because of the deterioration of the raw sugar covered by the said quedans.

In view of the above situation, the SRA is considering to set a policy that the raw sugar covered by outstanding quedans issued during the previous crop years shall be disposed of by the mills through public auction/bidding. Not included is the immediate CY prior to the current crop year (e.g. CY 2004-2005 for the current CY 2005-2006). The proceeds of the auction/bidding less the corresponding storage fee/penalty shall be held in escrow by the mills to pay in cash to any holders who will surrender the subject quedans to the mills for withdrawal of the corresponding volume of raw sugar therefrom.

In anticipation of this order, all holders of outstanding quedans for CY 2003-2004 and earlier are hereby advised to already dispose of the raw sugar covered by the said quedans before the compulsory disposition order is made.

In the event that the SRA decides to implement the said policy, the Implementing Rules and Regulations (IRR) shall be issued accordingly.

Adopted: 23 Sept. 2005

(SGD.) JAMES C. LEDESMA
Administrator



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