GUIDELINES TO SUGAR POLICIES

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The rules and regulations hereunder are hereby issued as guidelines to sugar policies effective 1991-1992 crop year.

SECTION 1. Crop Year — The 1991-92 crop year shall commence on September 1, 1991, and will terminate on August 31, 1992.

SECTION 2. Classes of Sugar Quedanning Percentages — Sugar production for the 1991-92 crop is estimated to be 1,900,000 metric tons. Sugar produced starting September 1, 1991 up to the time when the 1991-92 quota on "A" Export sugar will be announced by the United States Department of Agriculture shall be quedanned by the mill companies as 100% "B" Domestic sugar. Thereafter, the Sugar Board will determine the quedanning percentages on sugar production.

SECTION 3. Printing and Use of 1991-92 Official Warehouse Receipt Permit Forms — Official warehouse receipt-permits for sugar, otherwise referred to as sugar quedan-permits, to be issued by each mill company to cover the classes of sugar produced during the 1991-92 crop, shall be provided by each mill company at its own expense and shall be printed under the supervision of and in accordance with such rules and regulations as may be issued by the Sugar Regulatory Administration (SRA).

SECTION 4. Use and Validation of 1990-91 Quedan — Unused sugar quedan-permit forms of the 1990-91 crop year, duly validated, may be used for the 1991-92 crop year sugar production, per SRA Sugar Order No. 1, dated 22 August 1991, upon prior permit and validation from SRA. Users of the validated quedan-permit forms are advised to correct the lien on the Social Amelioration Fund from P2.00 per picul to P5.00 per picul, per R.A. No. 6982.

SECTION 5. Use of "LKg" in lieu of "Picul" — The use of the metric system in the sugar industry shall be duly enforced effective the 1991-92 crop year. The "LKg" or "50-kilo-Bag" unit shall, therefore, be adopted in lieu of the "picul" beginning September 1, 1991.

However, to allow all concerned to adjust to the adoption of the said unit of measure, mill companies shall, for the 1991-92 crop year, indicate in the box for "LKg" or "50-kilo-Bag" just beneath the figures for said "LKg" or "50-kilo-Bag" the equivalent figures in piculs, in parentheses.

With the use of the LKg, the computation of the statutory liens in the sugar quedans shall now be as follows, previous computations in parentheses:

- Stabilization Fee, P0.79052 per LKg (previously, P1.00 per picul);

- Special Milling Fee, P0.079052 per LKg (previously, P0.10 per picul);

- Social Amelioration Fund, P3.9526 per LKg equivalent to P5.00 per picul (previously, P2.00 per picul).

- Sugar Industry Foundation, Inc., P0.97052 per LKg (previously, P0.10 per picul).

SECTION 6. Issuance of Sugar Quedan-Permits -

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(a. Each mill company shall issue on a weekly basis sugar quedan-permits to cover the mill and planter's shares of the sugar production in the percentages provided in Section 2, above.

b. If the sugar producer (mill or planter) is financed by a bank/financial institution, sugar marketing cooperative, or any creditor, the quedan-permit shall be issued in the name of such bank/financial institution, sugar marketing cooperative, or creditor as assignee for account of the financed sugar producer provided, however, that said entities shall have previously informed the mill company concerned of such assignment in their favor by furnishing the latter with a copy of the deed of assignment.

SECTION 7. Registration of Warehouse Receipt Agent, or Warehouseman — Each mill company shall register with the SRA for the crop year the certificate of authority and official signature of its warehouse receipt agent, or warehouseman, and shall report to the SRA any change in name and signature of the authorized warehouseman.

SECTION 8. Signatories to Quedan-Permits — All quedan-permits for all classes of sugar shall be signed as follows:

a. The quedan portion shall be certified correct and signed by the authorized representative of the mill company, verified correct and signed by the authorized representative of the planters association;

b. The permit portion shall be attested for the SRA Administrator and signed by the authorized MDRO;

c. The stub portion may be signed only by the mill company concerned as it serves merely for its record purposes;

d. A planter association/sugar cooperative representing planters in a mill district or a member of such planter association/sugar cooperative may sign the quedan-portion as indicated herein or waive his signature therein, in which case, the authorized MDRO thereat shall cause the rubber-stamping of the word "WAIVED" on the appropriate space for signature and initiated by him;

e. The planters association or its duly authorized representative may refuse to sign the quedan-permit issued by the mill company to cover its mill share only on the ground that the quantity indicated therein is not the correct mill share. If the mill share quedan is not signed by the authorized representative of the planters association within 24 hours after presentation, the mill company shall release the mill and planter's quedan-permits simultaneously, the signature of the planters association representative on the mill share quedan being deemed waived.

SECTION 9. Issuance of Consolidated Quedan-Permit — The mill company, upon request in writing by the planters association/sugar cooperative, may issue consolidated quedan-permits for any class of sugar to the planters-members, but a planter who is not a member of such association/sugar cooperative, may request the mill company to issue to him the quedan-permits covering his planter's share.

SECTION 10. Release of Sugar Quedan-Permits — Except as provided in subsisting milling agreements, the mill company shall release simultaneously all quedan-permits covering the mill and planter's shares.

SECTION 11. Surrender of Sugar Quedans for the Withdrawal of Sugar — (a) The surrender of sugar quedan-permits to the mill company/warehouse receipt agent, or warehouseman, is required for the delivery of the sugar covered therein. Failure of the mill company/warehouseman to take possession of the quedan-permit prior to the release/withdrawal of the covered sugar shall subject the mill company/warehouseman to the penalties provided by law.

b. The delivery certification of the permit portion of the sugar quedan shall be accomplished by the warehouseman by making the corresponding entries therein and shall detach the same from the quedan portion, cause the rubber-stamping of the word "SERVED" thereon, for submission to the SRA as part of sugar delivery reports.

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c. Section 4 of SRA Sugar Order No. 10, dated September 25, 1986, is reproduced, viz:

Section 4. Offenses and Penalties — In addition to the administrative penalties which the Sugar Regulatory Administration may impose, mill companies, its officers and warehousemen shall be criminally and/or civilly liable for any of the offenses penalized under the Warehouse Receipts Act (Act 2137), as amended. Further, failure or refusal of a nill company without any lawful excuse to deliver the sugar stocks upon surrender of the quedans shall render said company, its officers and warehousemen liable for the crime of estafa under Article 315 (1b) of the Revised Penal Code."

SECTION 12. Replacement of Lost Sugar Quedans — Sugar quedans-permits and/or forms which are lost, stolen or destroyed may only be replaced upon specific authority of the SRA after issuance of a "STOP ORDER" against lost, stolen or destroyed quedan-permits and/or forms. The SRA may in its discretion require the filing of a bond.

SECTION 13. Bagging of Sugar — Except as provided in existing milling agreements or contract, each mill company is hereby required to bag, at its own expense, all its "B" Domestic sugar production (mill and planter's shares) for the crop year. These include all other classes of sugar reclassified as "B" Domestic. The bag must be new and unused, of sufficient bursting strength and durability to insure complete protection during transit/storage under normal conditions.

a. Where the "B" sugar produced by the mill company is withdrawn for "A" sugar as a result of swapping or exchange arrangement duly approved by the SRA, the mill company concerned may not bag such "B" sugar upon production but when said "B" sugar is withdrawn as "A" sugar in bulk by virtue of swapping, the mill company shall pay the cost of the unused bags to the owner of the "B" sugar swapped to "A" sugar at the price agreed upon by such owner and the mill company.

b. "A" sugar may not be bagged by the mill company but where a mill company is required to bag its "A" sugar production (mill and planter's shares) as a result of swapping with "B" sugar under swapping or exchange arrangement duly approved by the SRA, the owner of the "A" sugar swapped to "B" sugar shall pay the mill company the price of the bags and cost of bagging at amounts agreeable between said owner and the mill company.

SECTION 14. Withdrawal of Sugar — (a) "A" sugar for shipment to the United States of America shall be withdrawn only for direct loading on board vessels upon surrender of corresponding "A" sugar quedan-permits. Where is necessary to transship "A" sugar to a bulk sugar terminal or loading point prior to final shipment, such transfer may be allowed only upon prior written clearance of the SRA and the surrender of the corresponding quedan-permits to the mill company concerned provided, however, that the bulk sugar terminal or loading point is duly authorized by the STA an inloading/outloading facility for shipment of "A" sugar. For this purpose, San Carlos Milling Co. Terminal, San Carlos City, Negros Occidental; Philippine Bulk Corporation, Pulupandan, Negros Occidental (when operational); Bais Terminal (Luca Wharf), Tanjay, Negros Oriental; Ursumco Terminal (Campuyo Point), Manjuyod, Negros Oriental; Tolong Port Terminal, Sta. Catalina, Negros Oriental; Ormoc Port Terminal, Ormoc City, Leyte; and Guimaras Bulk Sugar Installation, Jordan, Guimaras Island, Iloilo are hereby designated and authorized as such inloading/outloading facilities for shipment of "A" sugar;

b. Withdrawal of "B" sugar from non-integrated mills (mills without sugar refineries) for direct consumption or for refining purposes and withdrawal of "B" sugar from integrated mills (mills with sugar refineries, to include Busco Sugar Milling Co. with Bukidnon Sugar Refinery) as raw or refined sugar for direct consumption shall only be allowed upon surrender to the mill companies of the corresponding "B" quedan-permits;

c. Transfer of "B" sugar by an integrated sugar mill to its sugar refinery, as in the case of Victorias Milling Co.,

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Central Azucarera de Tarlac, Davao Sugar Central Co., Cagayan Robina Sugar Milling Co., Central Azucarera de La Carlota, as well as Busco Sugar Milling Co. with Bukidnon Sugar Refinery, from its raw sugar factory need not be covered by the surrender-of-"B"-sugar-quedans rule. However, the mill company shall submit to the SRA a listing of quedan-permits covering raw sugar to be transferred for refining purposes only;

SECTION 15. Transfer of Sugar to Subsidiary Warehouse — Transfer of raw sugar from any mill company's millsite warehouse to its subsidiary warehouse, if any, whether within or outside the millsite premises, shall not be considered as withdrawal of sugar and, therefore, does not require the surrender of quedan-permits. However, no transfer of sugar from millsite warehouse to a subsidiary warehouse shall be made without the prior approval of the SRA. For this purpose, a mill company shall report to the SRA any such subsidiary warehouse and location.

SECTION 16. Trading of Sugar and/or Molasses — Any person, natural or juridical, duly registered with the SRA and licensed to operate as a sugar/molasses trader for the crop year, may engage in the trading and merchandising of all classes of sugar and/or molasses produced during the crop year and previous crop years.

SECTION 17. Authority to Withdraw Sugar and/or Molasses — (a) Any person, natural or juridical, duly registered with SRA to engage in the trading and merchandising of sugar/molasses during the crop years is hereby authorized to withdraw said sugar/molasses from the warehouse and/or storage tanks of any sugar mill company or sugar refinery in accordance with provisions of this Circular.

b. Any sugar producer (mill or planter) may withdraw his share of the sugar production (planter's or mill share) during the crop year, such withdrawal of sugar to be in accordance with the provisions of this Circular.

SECTION 18. Spot Physical Inventory of Sugar Stocks — MDROs are hereby required to conduct spot physical inventories of sugar stocks of warehouses of their respective mill district assignments and to submit a report on the result thereof in accordance with the prescribed guidelines.

SECTION 19. Effectivity — This Circular takes effect immediately.

SECTION 20. Repealing Clause — The provisions of sugar orders, circular letters, memoranda, rules and regulations inconsistent with or contrary to this Circular are hereby amended, modified or revoked accordingly.

Adopted: 3 Sept. 1991

(Sgd.) ARSENIO B. YULO, JR.
Administrator

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