

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



Thirteenth Congress

First Regular Session

HOUSE BILL NO. 2812

Introduced by Honorable MONICO O. PUENTEVELLA

EXPLANATORY NOTE

It is of no doubt that the sugar industry is a vital industry in the socio-economic and political structure of our country. Executive Order Number 18 which was promulgated during the Aquino administration recognizes that "national interest requires that the free market forces should be allowed "to prevail in the marketing of sugar although 'the production of the same should be regulated and supported by an innovative research and development program and a socio-economic program which will primarily be the private sector's responsibility". The sugar industry employs more than a million Filipinos and is one of the many agro-industries now in our country. If our present administration is heavily attracting agro-industries to venture into the countryside, why not also implement the same attraction our present set of agro- industries which are now in the countryside? The sugar industry is one such agro-industry .

Upon the other hand, foreign producers as a matter of business practice, has been exporting their sugar at prices less than production cost. Thus the unabated importation of cheap, dumped and subsidized sugar into the country since four years ago has exacted great financial strain to our sugar industry and making local production unprofitable. This has affected production, denying the industry the financial incentive to increase its production such that we have become a net importer of sugar.

The sugar industry is a seasonal industry, planting, harvesting, milling and refining being only for a period of at most seven months of each year. During these months, sugar is bountiful and thus prices are fair to both producers and consumers. But due to unabated importation and at times to smuggling, prices plummet that this becomes a disincentive to the producers as they do not get back their investment's worth. There is therefore a lack of incentives to produce our total annual needs as

during the harvest season, prices are too low for the producers to invest on a crop to take care of the lean months. We therefore resort to importation to cover the balance of our needs and at times this becomes the incentive to smuggling to the detriment of our local producers.

To balance this seasonality of production, supply mechanisms must be put up to prevent the degradation of sugar prices to less than ideal for production and balance the interest of the consumer. This is the same mechanism that the present and past administration have put in place in the rice and corn industries where the prices of these commodities are balanced to create both incentives to local producers and consumers. Thus an amendment to the Charter of the Sugar Regulatory Administration must be enacted to balance local production with consumer demand and to keep prices constant.

The only measure to stop this ruinous and almost unrestricted importation is to empower the SUGAR REGULATORY ADMINISTRATION [SRA] to declare as any excess importation of sugar over consumer needs as Reserve. This is similar to the system of Strategic Oil Reserves that the United States have been implementing in their country. Foremost, this proposal is not only in conformity with our WTO agreement but is in compliance with the provision of our Constitution.

Thus, the passage of this remedial measure is urgently enjoined upon the members of the House of Representatives.



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AN ACT
AMENDING CERTAIN PROVISIONS OF EXECUTIVE ORDER NO. 18,
CREATING THE SUGAR REGULATORY ADMINISTRATION.

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled.

SECTION 1. Section 2 of Executive Order Number 18 promulgated on May 18, 1986 is hereby amended to read as follows:

"Sec. 2. *The Sugar Regulatory Administration.* – In order to carry out the foregoing policy, a Sugar Regulatory Administration under the Office of the President is hereby created with the following objectives: To institute an orderly system in sugarcane production INCLUDING THE RESERVE CLASSIFICATION OF EXCESS IMPORTED SUGAR WHETHER IN LIQUID, CRYSTAL, REFINED, RAW, SYRUP FORM INCLUDING ANY GRADE OF MOLASSES for the stable, sufficient and balanced production AND SUPPLY of sugar for local consumption, exportation and strategic reserves; EXCESS IMPORTATION MEANS IMPORATION OVER AND ABOVE THE STRATEGIC RESERVE AS DETERMINED BY THE SUGAR REGULATORY ADMINISTRATION, AFTER TAKING INTO ACCOUNT DOMESTIC PRODUCTION OF SUGAR.

(A) x x x

(B) x x x

(C) x x x

SECTION 2. Section 3 of Executive Order Number 18 promulgated on May 18, 1986 is hereby amended by inserting a paragraph after sub-paragraph [H] and re-designating sub-paragraph [I] to [J] to read as follows:

"Sec. 3 [A] x x x

[B] x x x

[C] x x x

[D] x x x

[E] x x x

[F] x x x

[G] x x x

[H] x x x

[I] TO ISSUE SUCH RULES AND REGULATIONS TO IMPLEMENT THIS
EXECUTIVE ORDER PURSUANT OF THE DECLARED POLICY AS
STATED IN SECTION 1 HEREOF AND FOR THE PURPOSE OF
ATTAINING ITS AVOWED OBJECTIVES AS ENUMERATED IN
SECTION 2 HEREOF.

[J] x x x

SECTION 3. All laws acts decrees executive orders and ordinances inconsistent with the provisions of this Act shall be considered modified! amended or repealed accordingly.

SECTION 4. This Act shall take effect FIFTEEN days after publication in two national newspapers or general circulation.

Approved.