

FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

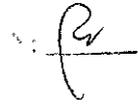
Office of the Secretary

12 MAY 23 03:38

SENATE

S. No. **3207**

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Introduced by Senator FRANCIS G. ESCUDERO

EXPLANATORY NOTE

The government's effort in advancing the country's interest in the sugar industry cannot be overstated especially with its significant role in the export business.

Historically, numerous legislations and executive issuances governed the sugar industry, from the creation of the Philippine Sugar Administration to Sugar Quota Administration, in 1937 and 1957, respectively, to the present Sugar Regulatory Administration established under Executive Order No. 18, series of 1986.

Given the nature of the price of sugar in the world market, which fluctuates every now and then, has made the government intercede over a period of time. Worse, such intervention has more often than not resulted in aggravating the uncertainty of the sugar industry.

With this in mind and factoring an even more important and inevitable scenario in 2015, where sugar tariff will be zero rated, it becomes indispensable that Congress legislates the appropriate applicable policy for the sugar industry.

Hence, in the House of Representatives, Representative Alfredo Benitez of the 3rd District of Negros Occidental has filed House Bill No. 6113.

In joining the proposed policy direction taken by Rep. Benitez, this representation is filing the same bill with the end in view of enacting a measure that seeks to address the current and forthcoming issues in the sugar industry. It is submitted that the sugar industry's contribution to economic development is worth looking into if only to address, among others, any ill effects of the 2015 "no-tariff" commitment of the country in the world economy.

Respectfully submitted for immediate consideration and approval.

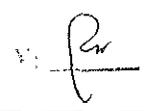


FRANCIS G. ESCUDERO

12 MAY 23 1938

SENATE

S. No. **3207**

Mr. 

Introduced by Senator FRANCIS G. ESCUDERO

AN ACT

STRENGTHENING THE DEVELOPMENT OF THE SUGAR CANE INDUSTRY,
ESTABLISHING THE SUGAR CANE INDUSTRY DEVELOPMENT FUND, AMENDING
FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1890, PROVIDING FUNDS
THEREFOR AND FOR OTHER PURPOSES

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

1 **SECTION 1.** *Short Title* – This Act shall be known as the “Sugar Cane
2 Industry Development Act.
3

4 **SEC 2.** *Declaration of Policy.* – It is hereby declared the policy of the State
5 to provide policy directions and support programs/projects for the sustained
6 development and diversification of the sugarcane industry inasmuch as the
7 industry provides employment and livelihood to a sizeable number of Filipinos
8 in the agricultural sector, contributes significantly to the national economy as
9 well as local economies of host provinces, earns for the country foreign reserves
10 from exports to other countries, and is vital for food sufficiency and energy
11 security of the country.
12

13 For the reasons stated, it is hereby further declared that the development
14 and diversification of the sugarcane industry shall be directed primarily to the
15 increase in incomes of the farmers, the enhancement of the productivity of
16 sugar planters and sugar mills and the improvement in marketing and trading
17 practices in terms of administrative, policy directives and financial assistance
18 to the sugarcane industry in support of the food security objectives and
19 environmental concerns of the national government.
20

21 **SEC. 3-** *Development of the Sugar Cane Industry—*
22 The main focus of the development of the sugar industry shall be on the
23 following measures, programs and projects:
24

25 **A. Industry-wide development**
26

- 27
28 1. In general, the transformation of sugarcane industry from the limited
29 “raw and refined sugar production” into a diversified industry
30 producing not mainly raw and refined sugar, but also power, waste
31 disposition and other possible biochemical products primarily through
32 integration of by-products production with sugar processing;
33

- 1 2. The establishment of Special Economic Zones for Sugarcane Industry
2 pursuant to R.A. No. 7916 (Special Economic Zone Act of 1995),
3 and/or the designation and establishment of nuclear farms/Agro-
4 Industrial Districts for Sugarcane Industry to be entitled to the
5 existing fiscal incentives under Book VI of Executive Order No. 226
6 otherwise known as the Omnibus Investments Code of 1987 as well
7 as Sections 4,5, 6 and 7 of R.A. 10000 (The Agri-Agra Reform Credit
8 Act of 2009), promoting, among others, block/corporate farming to
9 achieve economies of scale;
10
- 11 3. The development of programs that are environment friendly and will
12 attract investment in the development, production, or manufacture of
13 products derived from sugarcane, sugar, molasses, cane juice, crop
14 waste, bagasse, filter mud and other by-products and co-products of
15 sugarcane milling;
16
- 17 4. The institution of marketing programs that will lead to expansion of
18 markets for sugarcane and by-products;
19
- 20 5. The building and/or improvement of existing trans-loading ports for
21 export or coast-wide transport of sugar and its by products in key
22 sugar producing areas through various programs or projects of other
23 government agencies such as NEDA, DOTC and PPA;
24
- 25 6. The development of a sugar cane industry that shall benefit sugar
26 farmers, planters and mill workers;
27
- 28
- 29 7. The encouragement and intensification of farm productivity
30 improvement, including but not limited to farm mechanization,
31 organic farming, fertilization, irrigation, intensified inter-cropping,
32 and dispersal of planting materials and improved high yielding
33 varieties;
34
- 35 8. The sustained support/conduct/sponsorship of research and
36 development on the sugar cane industry including, among others,
37 high yielding varieties, farm implements, farm methodologies, by-
38 products profitability and marketing/promotion techniques, new
39 manufacturing chemical and biotechnologies for bagasse, molasses
40 and other by-products, weather monitoring and soil fertility mapping;

41 **B. Regulation of sugar industry**

- 42
- 43 1. The effective monitoring of the withdrawal, transfer, transport and
44 movement of sugar and premixes; provided, that, all sugar
45 warehouses and storage facilities are required to register with SRA.
46
- 47 2. The classification of imported sugar and premixes as either "C", "D", or
48 "E" when imported at a time when there is a sufficiency sugar stocks;
49 provided, that the Bureau of Customs (BOC) shall not release
50 imported sugar and premixes without requisite SRA clearances and
51 classification;
52
- 53 3. The export of refined sugar to the world market shall be subjected to
54 VAT zero percent rate from the time it is withdrawn or release from
55 the sugar mill/refinery including refined sugar withdrawn for

1 constructive export to CBW warehouse of food processors that are
2 duly licensed and registered with SRA;
3

- 4 4. The wastewater discharge of mills that meet the standard of the
5 Department of Agriculture on safe re-use of waste water for irrigation
6 and other agricultural purposes shall not be imposed any discharge
7 fee.
8
9

10 **C. Fund management**

- 11
12 1. The management and proper utilization and disposition of the
13 Sugarcane Industry Development Fund established under Sec. 4 of
14 this Act, with special emphasis on the industry's contribution to the
15 food security program of the national government.
16
17
18

19 **SEC. 4 -Establishment of Sugar Cane Industry Development Fund**

- 20 1. There is hereby established a Sugar Cane Industry Development
21 Fund ("Sugar Fund") to support the implementation of the
22 development strategy identified in Sec. 3 of this Act. The Sugar
23 Fund shall be held in trust by the Philippine Sugar Corporation
24 created under P.D. 1890.
25 2. Initially, the Sugar Fund shall be utilized for the following
26 specific purposes:
27 a. Finance the establishment of Special Economic Zones,
28 nuclear farms/Agro-Industrial Districts as provided for in
29 Sec 4 (2. a) of this Act;
30 b. Provide financial assistance to the sugar farmers, planters
31 and mills covering purchase of seedlings, cane varieties,
32 pesticides and fertilizer; acquisition of farm machinery
33 and equipment; construction of farm to market roads;
34 and construction or building of irrigation or water
35 impounding facilities and water distribution networks;
36 c. Provide financial conduiting/resources for industries
37 harnessing the efficient use of the energy potential of the
38 sugar cane (e.g. the Ethanol program) and utilization of
39 farm wastes (e.g. bagasse as raw material for pulp and
40 paper, boards and furfural and animal feeds) and other
41 by-products using chemical and biotechnologies;
42 d. Conduct researches or feasibility studies to improve
43 efficiency and productivity of farms and mills, identify
44 areas for diversification, identify and develop other
45 markets for sugar and its by-products and co-products
46 particularly in the area of renewable energy and
47 biochemical industry;
48 e. Training of mill personnel on current technologies on
49 efficiency, productivity and diversification;
50 f. Finance socio-economic programs for sugar farmers and
51 mill workers including but not limited to livelihood
52 programs and trainings in addition to the programs under
53 Republic Act 6982 (Strengthening the Social Amelioration
54 program in the sugar industry);

- 1 g. Scholarships for deserving university/college students
2 taking relevant degrees to the sugar cane industry; and
3 3. The Sugar Fund shall be constituted and collected from the
4 proceeds of fifteen percent (15%) of:
5 a. The Value Added Tax (VAT) on the sale and importation of
6 refined sugar, and sugar cane by-products; and
7 b. The total tariff collected on the importation of raw sugar
8 (AHTN 1701.11.00), refined sugar (AHTN 1701.99 and its
9 subheadings), and premix sugar (AHTN 1701.91.00 and
10 2106.90.52).

11 All the proceeds collected from the above sources shall be
12 remitted in full by the Department of Finance to a separate trust
13 fund maintained by the Philippine Sugar Corporation (PhilSuCor),
14 created under P.D 1890, on or before August 1 of every year;
15 *provided*, that the PhilSuCor shall utilize and disburse such trust
16 fund in accordance with the purposes enumerated in Sec. 3 of this
17 Act and its Implementing Rules and Regulations; *provided further*,
18 that only the interest earnings of the trust fund shall be available
19 for the operational expenses of implementing the purposes of the
20 trust fund; *provided moreover*, that the year-end cumulative
21 financial balance of the trust fund shall constitute as the minimum
22 matching amount of credit available to the sugarcane industry
23 under Sec. 6 of R.A. 10000 (the Agri-Agra Reform Credit Act of
24 2009); and *provided finally*, that this trust fund shall be audited
25 by the Commission on Audit separately from the other
26 funds/accounts of PhilSuCor.
27

28
29 **SEC. 5.** *Members of the Board of the Philippine Sugar Corporation--*
30 *Section 8 of P.D. 1890 is hereby amended as follows:*
31

32 “(a) THE ADMINISTRATOR OF THE SUGAR REGULATORY
33 COMMISSION SHALL BE THE CHAIRMAN OF THE BOARD”;
34

35 “(b) XXX

36 “(c) THE ADMINISTRATOR OF THE SUGAR REGULATORY
37 COMMISSION SHALL BE THE CHAIRMAN OF THE BOARD”;
38 ALL THE ELEVEN MEMBERS OF THE BOARD SHALL BE
39 NOMINATED BY SRA OF WHICH FIVE (5) SHALL COME FROM
40 THE SUGAR FARMERS SECTOR, FIVE (5) FROM THE SUGAR
41 MILLERS SECTOR AND ONE (1) FROM THE INTERNATIONAL
42 TRADER SECTOR;
43
44

45 **SEC. 6.** *Transitory Provisions.* – Upon the effectivity of this Act, the
46 positions in the Board of Directors of PHILSUCOR shall be deemed vacant, and
47 the President shall appoint new members based on the provision of this Act;
48 *provided*, however, the members of the Board shall hold over until the new
49 members are appointed.
50

51
52 **SEC. 7.** *Implementing Agency.* – The Sugar Regulatory Administration
53 (SRA) shall be the primary implementing agency of this Act. The SRA, together
54 with the PhilSuCor and representatives of sugar farmers, planters and mills,

1 shall formulate the implementing rules and regulations that shall, among
2 others, identify and establish the requirements and restrictions governing the
3 execution of the above purposes no later than three (3) months from the
4 effectivity of this Act.

5
6 **SEC. 8. *Repealing Clause.*** — All laws, decrees, executive orders and
7 rules and regulations or part or parts thereof inconsistent with any provision of
8 this Act are hereby repealed, modified or amended accordingly.

9
10
11 **SEC. 9. *Separability Clause.*** — If any provision of this Act is declared
12 unconstitutional, the validity of the remaining provisions hereof shall remain in
13 full force and effect.

14
15
16 **SEC. 10. *Effectivity.*** — This Act shall take effect fifteen (15) days after its
17 complete publication in the Official Gazette or in at least two (2) newspapers of
18 general circulation.

19
20
21 **Approved,**