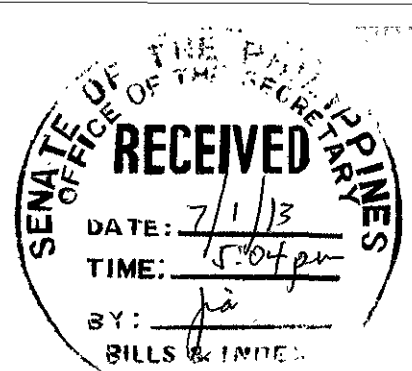


SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
S. B. No. 233



Introduced by Senator Maria Lourdes Nancy S. Binay

EXPLANATORY NOTE

The government's efforts in advancing the country's interest in the sugar industry cannot be overstated especially with its significant role in the export sector and its contribution to the growth of the economy.

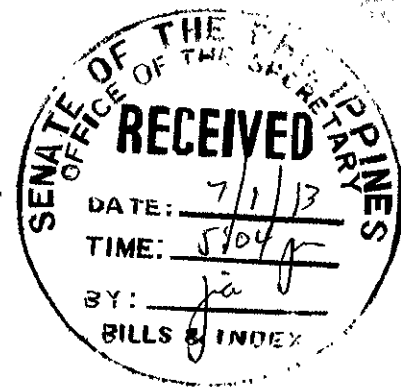
Historically, numerous legislations and executive issuances governed the sugar industry, from the creation of the Philippines Sugar Administration to Sugar Quota Administration, in 1937 and 1957, respectively, to the present Sugar Regulatory Administration established under Executive Order No. 18, series of 1986. With the fluctuating price of sugar in the world market, the advancement in technology, the competition posed by international players, the Philippine sugar industry needs all the support from government.

As the Philippine sugar industry faces a challenge in 2015, where sugar tariffs for imported sugar will be zero rated and the continuing quota from the U.S. becomes uncertain, it is imperative that Congress legislates the appropriate applicable policy and support programs for the sugar industry, including creating alternative markets and uses for sugar.

In joining the policy direction originally proposed by House Bill No. 6113 under the 15th Congress, I now file the same bill with the end in view of enacting a measure that seeks to address the current and forthcoming issues in the Philippine sugar industry, It is submitted that the sugar industry's contribution to economic development cannot be overemphasized.

In view of the foregoing, the timely passage of this bill is earnestly recommended.

MARIA LOURDES NANCY S. BINAY
Senator



Introduced by Senator Maria Lourdes Nancy S. Binay

1 AN ACT STRENGTHENING THE DEVELOPMENT OF THE SUGAR CANE INDUSTRY,
2 AND FOR OTHER PURPOSES
3

4 *Be it enacted by the Senate and the House of Representatives of the Philippines in Congress*
5 *assembled:*
6
7

8 **SECTION 1. Short Title** – This Act shall be known as the “Sugar Cane Industry Development
9 Act of 2013”.

10
11 **SECTION 2. Declaration of Policy.** – It is hereby declared the policy of the State to provide
12 support programs for the sustained development the sugarcane industry inasmuch as the industry
13 provides employment and livelihood to a sizeable number of Filipinos in the agricultural sector,
14 contributes significantly to the national economy as well as the local economies of host provinces,
15 earns for the country foreign reserves from exports to other countries, and ensures food
16 sufficiency and energy security of the country.
17

18 **SECTION 3. Development of the Sugar Cane Industry** – The main focus of the development of
19 the sugar industry shall be on the following measures, programs and projects:
20

21 **A. Industry-wide development**
22

- 23 1. In general, the transformation of sugarcane industry from the limited “raw and refined
24 sugar production” into a diversified industry and producing not mainly raw and
25 refined sugar, but also power, waste disposition and other possible biochemical
26 products primarily through integration of by-products production with sugar
27 processing;
28
29 2. The establishment of Special Economic Zones for Sugarcane Industry pursuant to RA
30 No. 7916 (Special Economic Zone Act of 1995), and/or the designation and
31 establishment of nuclear farms /Agro-Industrial Districts for Sugarcane Industry to be
32 entitled to the existing fiscal incentives under Book VI of Executive Order No. 226
33 otherwise known as the Omnibus Investments Code of 1987 as well as Sections 4, 5, 6
34 and 7 of RA 10000 (The Agri-Agra Reform Credit Act of 2009), promoting, among
35 others, block/corporate farming to achieve economies of scale;
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37 3. The development of programs that are environment friendly and will attract
38 investment in the development, production, or manufacture of products derived from

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sugarcane, sugar, molasses, cane juice, crop waste, bagasses, filter mud and other by-products and co-products of sugarcane milling;

4. The institution of marketing programs that will lead to expansion of markets for sugarcane and by-products;
5. The building or improvement of existing trans-loading ports for export or coast-wide transport of sugar and its by-products in key sugar producing areas through various programs or projects of other government agencies such as NEDA, DOTC and PPA;
6. The development of a sugarcane industry that shall benefit sugar farmers, planters and mill workers;
7. The encouragement and intensification of farm productivity improvement, including but not limited to farm mechanization, organic farming, fertilization, irrigation, intensified inter-cropping, and dispersal of planting materials and improve highly yielding varieties; and
8. The sustained support/conduct/sponsorship of research and development on the sugarcane industry including, among others, high yielding varieties, farm implements, farm methodologies, by-products profitability and marketing/ promotion techniques, new manufacturing chemical and biotechnologies for bagasse, molasses and other by-products, weather monitoring and soil fertility mapping;

B. Regulation of sugar industry

1. The effective monitoring of the withdrawal, transfer, transport and movement of sugar and premixes; provided, that, all sugar warehouses and storage facilities are required to register with SRA;
2. The classification of imported sugar and premixes as either "C", "D", or "E" when imported at a time when there is a sufficiency sugar stocks; provided, that, the Bureau of Customs (BOC) shall not release imported sugar and premixes without requisite SRA clearances and classification;
3. The export of refined sugar to the world market shall be subjected to VAT zero percent rate from the time it is withdrawn or release from the sugar mill/refinery including refined sugar withdrawn for constructive export to CBW warehouse of food processors that are duly licensed and registered with SRA;
4. The wastewater discharge of mills that meet the standard of the Department of Agriculture on safe re-use of wastewater for irrigation and other agricultural purposes shall not be imposed any discharge fee.

C. Fund management

1. The management and proper utilization and disposition of the Sugarcane Industry Development Fund established under Section 4 of this Act, with special emphasis on the industry's contribution to the food security program of the national government.

1 **SECTION 4. *Establishment of Sugar Cane Industry Development Fund***
2

- 3 1. There is hereby established a Sugar Cane Industry Development Fund ("Sugar Fund") to
4 support the implementation of the development strategy identified in Section 3 of this Act.
5 The Sugar Fund shall be held in trust by the Philippine Sugar Corporation created under
6 Presidential Decree 1890.
7
- 8 2. Initially, the Sugar Fund shall be utilized for the following specific purposes:
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- 10 a. Finance the establishment of Special Economic Zones, nuclear farms/agro-industrial
11 districts as provided for in Section 4 (2.a.) of this Act;
 - 12 b. Provide financial assistance to the sugar farmers, planters and mills covering purchase
13 of seedlings, cane varieties, pesticides and fertilizers; acquisition of farm machinery
14 and equipment; construction of farm to market roads; and construction or building of
15 irrigation or water impounding facilities and water distribution networks;
 - 16 c. Provide financial conduiting / resources for industries harnessing the efficient use of
17 the energy potential of the sugar cane (e.g. the Ethanol program) and utilization of
18 farm wastes (e.g. bagasse as raw material for pulp and paper, boards and furfural and
19 animal feeds) and other by-products using chemical and biotechnologies;
 - 20 d. Conduct researches or feasibility studies to improve efficiency and productivity of
21 farms and mills, identify areas of diversification, identify and develop other markets
22 for sugar and its by-products and co-products particularly in the area of renewable
23 energy and biochemical industry;
 - 24 e. Training of mill personnel on current technologies on efficiency, productivity and
25 diversification;
 - 26 f. Finance socio-economic programs for sugar farmers and mill workers' including but
27 not limited to livelihood programs and trainings in addition to the program under
28 Republic Act 6982 (Strengthening the Social Amelioration program in the sugar
29 industry);
 - 30 g. Provide scholarships for deserving university/college students taking relevant degrees
31 in the sugar cane industry; and
32
- 33 3. The Sugar Fund shall be constituted and collected from the proceeds of fifteen percent
34 (15%) of:
- 35 a. The Value Added Tax (VAT) on the sale and importation of refined sugar, and sugar
36 cane by-products; and
 - 37 b. The total tariff collected on the importation of raw sugar (AHTN 1701.11.00), refined
38 sugar (AHTN 1701.99 and its subheadings0, and premix sugar (AHTN 1701.91.00
39 and 2106.90.52).
40
- 41
- 42 4. All proceeds collected from the above sources shall be remitted in full by the Department of
43 Finance to a separate trust fund maintained by the Philippine Sugar Corporation
44 (PhilSuCor), created under Presidential Decree 1890, on or before August 1 of every year;
45 provided, that the PhilSuCor shall utilize and disburse such trust fund in accordance with
46 the purposes enumerated in Section 3 of this Act and its Implementing Rules and
47 Regulations; provided further, that only interest earnings of the trust fund shall be available
48 for the operational expenses of implementing the purposes of the trust fund; provided
49 moreover, that the year-end cumulative financial balance of the trust fund shall constitute as
50 the minimum matching amount of credit available to the sugarcane industry under Section 6

1 of RA 10000; and provided finally, that this trust fund shall be audited by the Commission
2 on Audit separately from the other funds or accounts of PhilSuCor.
3

4 **SECTION 5.** *Members of the Board of the Philippine Sugar Corporation* -- Section 8 of PD 1890
5 is hereby amended as follows:
6

7 “(a) THE Administrator of the Sugar Regulatory Commission shall be the Chairman of the
8 Board;

9 (b) XXX

10 (c) All the eleven members of the Board shall be nominated by SRA of which five (5)
11 shall come from the sugar farmers sector, five (5) from the sugar millers sector and one (1)
12 from the international traders sector;”
13

14 **SECTION 6.** *Transitory Provisions.* -- Upon the effectivity of this Act, the positions in the Board
15 of Directors of PHILSUCOR shall be deemed vacant, and the President shall appoint new
16 members based on the provision of this Act; provided, however, the members of the Board shall
17 hold over until the new members are appointed.
18

19 **SECTION 7.** *Implementing Agency.* -- The SRA shall be the primary implementing agency of
20 this Act. The SRA, together with PHILSUCOR and representatives of sugar farmers, planters and
21 mills, shall formulate the implementing rules and regulations that shall, among others, identify
22 and establish the requirements and restrictions governing the execution of the above purposes no
23 later than three (3) months from the effectivity of this Act.
24

25 **SECTION 8.** *Repealing Clause.* -- All laws, decrees, executive orders and rules and regulations
26 or part or parts thereof inconsistent with any provision of this Act are hereby repealed, modified
27 or amended accordingly.
28

29 **SECTION 9.** *Separability Clause.* -- If any provision of this Act is declared unconstitutional, the
30 validity of the remaining provisions hereof shall remain in full force and effect.
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32 **SECTION 10.** *Effectivity.* -- This Act shall take effect fifteen days after its complete publication
33 in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,