

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



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SENATE  
P. S. R. No. 224

RECEIVED BY: *J. A.*

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Introduced by Senator Miriam Defensor Santiago

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RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE REPORT THAT THE COUNTRY'S QUEDAN SHARING SYSTEM IS BECOMING A BANE TO THE SUGAR INDUSTRY

WHEREAS, the Constitution, Article 12, Section 1, para. 1 provides: "The goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged.

WHEREAS, in the 2011 Food and Agriculture Organization of the United Nations list of top ten sugar producers in the world, the Philippines was seventh;

WHEREAS, last June 2013, the country's sugar output grew 9.6 to 2.457 million metric tons (MMT) from 2.24 MMT. The improved production was supposedly attributed to the 4,000-hectare increase in areas planted to sugarcane to 426,000 hectares this year from 422,000 hectares last year;

WHEREAS, according to news reports in the 5 August 2013 issue of *The Manila Bulletin*, Trade and Industry Secretary Gregory Domingo has allegedly raised his concerns over the competitiveness of the domestic sugar industry even as the tariff goes down to a mere 5 percent in 2015;

WHEREAS, Secretary Domingo reportedly said at the recent meeting of the National Price Coordinating Council that the liberalization of sugar trading will have a big impact on the domestic sugar industry;

WHEREAS, Secretary Domingo allegedly cited a study by Coca-Cola, which compared the Thai and the Philippine sugar industry; the study reportedly showed that the our quedan sharing system has discouraged millers to upgrade their operations thus causing their stagnation;

WHEREAS, the study allegedly found out that the 70-30 quedan sharing system makes the Philippine sugar industry inefficient because the said system does not give enough incentive to the millers to upgrade their equipment because 70 percent of the returns of any investment they put in will go to the farmers, and not to them;

WHEREAS, although the Department of Agriculture (DA) reportedly agrees with the Coca-Cola study, the quedan system cannot just be changed easily because it is covered under the Sugar Sharing Act;

WHEREAS, for the sugar industry to be competitive, Secretary Domingo said the industry has to lower their cost of production by investing in new equipment to make their operations more efficient;

WHEREAS, the domestic sugar industry is reportedly expected to ask the Sugar Regulatory Administration (SRA) to impose import quotas on sugar come 2015, but Secretary Domingo warned them not to rely alone on the SRA intervention because this measure cannot become a long term support for the industry;

WHEREAS, in the past, the SRA had attempted to file a bill for a support fund but it did not pass in the Senate;

WHEREAS, the SRA is also reportedly updating its roadmap in consultation with the private sector but it has not enough funds to support the projects identified under the planned roadmap;

WHEREAS, the Department of Budget and Management has reportedly advised the DA to include the projects of SRA in their budget under the General Appropriations Act;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper Senate committee, to conduct an inquiry in aid of legislation, on the report that the country's quedan sharing system is becoming a bane to the sugar industry.

Adopted,

*Miriam Defensor Santiago*  
MIRIAM DEFENSOR SANTIAGO

/fldp