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SENATE

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INTRODUCED BY THE HONORABLE MAR ROXAS

A RESOLUTION
DIRECTING THE COMMITTEE ON TRADE AND COMMERCE TO CONDUCT AN
INVESTIGATION, IN AID OF LEGISLATION, INTO THE RECENT INCREASE
IN THE PRICE OF SUGAR IN THE MARKET.

WHEREAS, the Sugar Regulatory Administration (SRA), was created through Executive Order No. 18 to institute an orderly system in sugarcane production for a stable, sufficient and balanced production of sugar for local consumption, exportation and strategic reserves;

WHEREAS, it is the task of the SRA to ensure stable and fair prices for consumers and reasonable profits to producers;

WHEREAS, it is the objective of SRA to promote the effective merchandising of sugar and its by-products in domestic and foreign markets so that those engaged in the industry will be placed on a basis of economic viability;

WHEREAS, raw sugar production of 878,757 metric tons as of 15 January 2006 is higher by 4.25% compared to initial projection, notwithstanding that crop production could have yielded more harvest if not for the relatively rainy season experienced in sugarcane producing regions in Region 6;

WHEREAS, according to SRA, as of 15 January 2006, there is no sugar shortage and there is sufficient supply up to June 2006. Furthermore, additional inventory of more than 600,000 metric tons is expected when production peaks in March/April 2006, and is adequate to cover three more months of domestic consumption;

WHEREAS, the proposed importation of 50,000 metric tons of refined sugar, duty-free, by SRA is intended to cover the increase in the US quota from 137,000 metric tons to 187,000 metric tons;

WHEREAS, the price of refined sugar in the retail market increased to P40 per kilogram as of 28 January 2006 from P34 per kilogram as of end-December 2005. Similarly,

the price of brown sugar is at P34 per kilogram as of 28 January 2006 from P26 per kilogram in end-December 2005;

WHEREAS, sugar mill gate prices have risen by 50% from an average of P750 per bag, affecting small and medium industrial users that account for 60% to 70% of the estimated local demand;


WHEREAS, the increase in sugar world prices from USD 0.14/lb at the start of 2006 to USD 0.19/lb by 29 January 2006, could have caused traders to speculate given the high level of import parity price;

WHEREAS, there are reports that the increase in the price of sugar is caused by speculation as this is not supported by the statement of SRA that there is adequate supply data on domestic production and the price of sugar in the world market;

WHEREAS, given the statement of SRA that there is adequate supply and that the proposed importation is intended to cover quota commitments, it is imperative to determine the source of increase in the price of sugar in the market.

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the Senate direct the Committee on Trade and Commerce to conduct an investigation, in aid of legislation, into the recent increase in the price of sugar in the market.

Adopted,


M A R Roxas
Senator