

**FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )**

OFFICE OF THE SECRETARY

8 NOV 26 10:30

SENATE

S. NO. 2904

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**Introduced by Senator Antonio "Sonny" F. Trillanes IV**

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### EXPLANATORY NOTE

Under existing laws, smuggled sugar which are confiscated by the Bureau of Customs are immediately classified by the Sugar Regulatory Administration as "D" or World Market Sugar, so that it can be shipped out of the country. The Bureau of Customs then, conduct public auction among sugar traders and exporters who will purportedly ship the sugar out of the country.

Since the confiscated sugar is classified as "D" Sugar, it is also bid out at "D" or world sugar prices which are just one-third of domestic sugar prices. Often, it is the sugar smugglers themselves, in connivance with unscrupulous sugar traders and exporters, who buy the confiscated smuggled sugar from the Bureau of Customs auction. The smuggled sugar eventually finds its way to its intended destination – the domestic market where retail prices are almost four times that of the world market.

Even with the efforts made by the Sugar Regulatory Administration and the Sugar Alliance of the Philippines, domestic sugar prices remain unstable. Domestic sugar demand has stagnated for the past decade despite the almost double increase in population. There is a large gap between the actual demand versus the "reported" demand for sugar. Sugar smuggling fills this gap.

Sugar smuggling has continued to be a lucrative underground business because of existing laws which provide a loophole for smugglers to still get their hands even on confiscated smuggled sugar. Sugar smuggling not only deprives the government of revenues but it also adversely affects domestic sugar prices, to the detriment of Philippine sugar producers. Worse, sugar smuggling endangers the livelihood of five million Filipinos who are dependent on the sugar industry for their living. There is therefore a reason for a law that will ultimately prevent sugar smuggling in the country by dumping confiscated smuggled sugar into the sea.

*In view of the foregoing, the immediate approval of this bill is earnestly sought.*

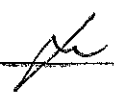
  
**ANTONIO "SONNY" F. TRILLANES IV**  
Senator

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**AN ACT  
PROVIDING FOR THE DISPOSITION OF CONFISCATED SMUGGLED SUGAR**

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

1           **SECTION 1. *Short Title.*** – This Act shall be known as the “*Disposition of Smuggled*  
2 *Sugar Act of 2008.*”

3

4           **SEC. 2. *Declaration of Policy.*** – It is hereby declared to be a state policy that the  
5 provision of any law, rule, or regulation to the contrary notwithstanding, in no instance and under  
6 no condition shall the sale or resale of confiscated smuggled sugar in Bureau of Customs custody  
7 in the domestic market or their export to any foreign country be allowed.

8

9           **SEC. 3. *Disposition of Confiscated Smuggled Sugar.*** – No other method of disposition of  
10 smuggled sugar in customs custody shall be allowed except dumping them into the sea in the  
11 presence of witnesses consisting of representatives from the Sugar Regulatory Administration,  
12 Sugar Industry and other parties concerned.

13

14           **SEC. 4. *Repealing Clause.*** – Any law, rule or regulation contrary to this act is hereby  
15 amended accordingly or repealed as the case may be.

16

17           **SEC. 5. *Effectivity.*** – This act shall take effect fifteen (15) days after its publication in the  
18 *Official Gazette* or in at least two (2) newspaper of general circulation.

Approved,