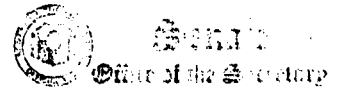


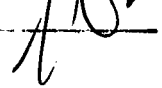
SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



'18 JUL 25 P5:45

SENATE

P.S. RES. NO. 804

RECEIVED 

Introduced by SENATOR CYNTHIA A. VILLAR

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE APPARENT UNDERSPENDING OF THE SUGAR REGULATORY AUTHORITY (SRA) OF THE SUGAR DEVELOPMENT ACT FUND (SIDA) THEREBY DEPRIVING THE SUGAR FARMERS AND THE INDUSTRY A CHANCE TO COMPETE IN THE WORLD MARKET

WHEREAS, 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 it's almost P87 Billion contribution to the national economy in CY-2013-2014; with more than 65,000 farmers, 700,000 workers in sugar mills, refineries, distilleries and 5 Million dependents and to the trade balance and foreign reserves of \$111.76 Million. Sugarcane is the fourth largest crop cultivated in 19 provinces around the country. It is focused on three major products: sugar, bio-ethanol and power. It is a plantation crop which requires big farms to be economical. Slow improvement from low level of productivity is inherent to fragmented small farms. The efficiency of big farms covering very minimal shares is dragged down by the inefficiency of small farms.

WHEREAS, in 2015 the ASEAN integration established by the 10 member-countries, aims to eliminate trade barriers and facilitate trade of both goods and services within the region expand the region's consumer base and promote economic growth. The Philippine sugar industry is faced with the reduction of the sugar tariffs for imported sugar, and the continuing quota from the U.S. becomes uncertain, it was imperative that Congress legislates the appropriate applicable policy and support programs for the sugar industry,

including creating alternative markets and uses for sugar. Beginning January 1, 2015, the Philippine tariff on raw and refined sugar imports originating from ASEAN member countries is down to 5%, from the 38% tariff level. This is commitment under the ASEAN Trade in Goods Agreement (ATIGA). So far, 5% tariff from ASEAN is the lowest tariff of imported sugar entering into the Philippines compared with the rates imposed in other bilateral and multi-lateral trade agreements that we committed to implement.

WHEREAS, RA 10659 or An Act Promoting and Supporting the Competitiveness of the Sugarcane Industry and for Other Purposes, was passed and signed into law in March 27, 2015. It aims to promote competitiveness of the sugar industry and maximize the utilization of sugarcane resources, and improve the incomes of farmers and farm workers, through improved productivity, product diversification, job generation, and increased efficiency of sugar mills.

WHEREAS, a highlight of this act is that it aims to address the issue of inefficiency by implementing block farming system. This system consolidates small farms into huge production site not smaller than 30 hectares in order to take advantage of reducing the costs of using machinery, deployment of workers, volume purchase of inputs, financing and other operational advantages.

WHEREAS, the Sugar Industry Roadmap opens the opportunity for creating greater value and the expansion on usage of the sugarcane; bio-ethanol production and power cogeneration; increased mechanization; sustained domestic requirement and maintaining the world and US quota exports.

WHEREAS, the law mandated an initial two (2) Billion appropriation in the General Appropriations Act for SRA, distributed as follows:

- 15% for grants to block farms of P300 Million where a certification system shall be developed to access grants, low interest financing, and other incentives and support and market access, among others;
- 15% for socialized credit thru Land Bank on farm mechanization, farm support and crop loans or P300 Million;
- 15% for research and development, capacity building, transfer of technology or P300 Million;
- 5% for scholarship grants or P100 Million; and

- 50% for infrastructure support programs of P1 Billion that will go to transport infrastructure, farm-to-mill roads and irrigation.

WHEREAS, the GAA gave SRA P1.7 Billion in 2016, and the agency was subsequently given funding as follows:

| Allocation | 2016 | 2017 | 2018 |
|--|---------|---------|--------|
| 1. Block Farm Program | P324.6M | P300M | P300M |
| 2. Farm to Mill Road | P914.4M | P547M | - |
| 3. Access to Credit | P324.6M | P300M | P300M |
| 4. Research & Development | P224.7M | P243.4M | P300M |
| 5. Scholarship for Children of Sugarcane Producers and Farmers | P9.7M | P10.0M | P100M |
| 6. Bridge Construction | - | P10.1M | - |
| Total | P1.7 B | P1.4 B | P1.0 B |

WHEREAS, there appears to be a need to strengthen the Senate's oversight function over agencies to see to their effective implementation of laws and use of government funds to maximize the benefits for the people and the industry.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, into the apparent failure of the Sugar Regulatory Administration to spend the funds for the identification and implementation of appropriate programs and intervention to prepare the country for the ASEAN economic integration.

Adopted,


CYNTHIA A. VILLAR
 Senator

Sources:

GAA 2016, 2017, 2018. <https://www.dbm.gov.ph/>

SRA Website. <https://www.sra.gov.ph/>

RA 10659. https://senate.gov.ph/republic_acts/ra%2010659.pdf