



HOUSE OF REPRESENTATIVES

H. No. 4633

BY REPRESENTATIVES BENITEZ, GUANLAO AND GARIN (S.), PER COMMITTEE
REPORT NO. 327

AN ACT STRENGTHENING THE POLICY FRAMEWORK FOR
THE DEVELOPMENT OF THE SUGARCANE INDUSTRY,
ESTABLISHING THE SUGARCANE INDUSTRY DEVELOPMENT
FUND, AND RECONSTITUTING THE BOARD OF DIRECTORS
OF THE PHILIPPINE SUGAR CORPORATION

*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 “Sugarcane
2 Industry Development Act”.

3 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the
4 State to provide policy directions and support programs and projects for the
5 sustained development and diversification of the sugarcane industry inasmuch
6 as the industry provides employment and livelihood to a sizeable number of
7 Filipinos in the agricultural sector, contributes significantly to the national
8 economy as well as local economies of host provinces, earns for the country
9 foreign reserves from exports to other countries, and is vital to the attainment
10 of food sufficiency and energy security of the country.

1 It is hereby further declared that the development and diversification of
2 the sugarcane industry shall be directed primarily to the increase in incomes of
3 the farmers, the enhancement of the productivity of sugar planters and sugar
4 mills, and the improvement in marketing and trading practices.

5 SEC. 3. *Development of the Sugarcane Industry.* – The development
6 of the sugarcane industry shall be accomplished according to the following
7 framework:

8 (a) Industry-Wide Development:

9 (1) The sugarcane industry shall be transformed from the limited “raw
10 and refined sugar production” into a diversified industry, producing not only
11 raw and refined sugar, but also power, recycled waste, and other possible
12 biochemical products primarily through integration of by-products production
13 with sugar processing;

14 (2) The sugarcane industry shall be developed primarily to benefit
15 sugar farmers, planters and mill workers;

16 (3) Farm productivity improvement including, but not limited to, farm
17 mechanization, organic farming, fertilization, irrigation, intensified
18 intercropping, and dispersal of planting materials and improved high yielding
19 varieties shall be encouraged and intensified;

20 (4) In support of this Act, only those programs, projects and activities
21 that are environment friendly and will attract investment in the development,
22 production, or manufacture of products derived from sugarcane, sugar,
23 molasses, cane juice, crop waste, bagasse, filter mud and other by-products and
24 co-products of sugarcane milling shall be encouraged and implemented;

25 (5) Programs that will lead to the expansion of markets for sugarcane
26 and by-products shall receive priority attention and support;

27 (6) The building and improvement of existing transloading ports for
28 export or coastwide transport of sugar and its by-products in key sugar

1 producing areas through various programs or projects of other government
2 agencies such as the National Economic and Development Authority (NEDA),
3 the Department of Transportation and Communications (DOTC) and the
4 Philippine Ports Authority (PPA) shall be pursued;

5 (7) Special Economic Zones for the sugarcane industry shall be created
6 in accordance with Republic Act No. 7916, otherwise known as “The Special
7 Economic Zone Act of 1995”;

8 The Philippine Economic Zone Authority (PEZA) shall determine
9 propriety and feasibility of the creation of the special economic zones pursuant
10 to Republic Act No. 7916; and

11 (8) The conduct of research and development studies on the sugarcane
12 industry including, among others, the development of high yielding varieties,
13 farm implements, farm methodologies, by-products profitability and
14 marketing/promotion techniques, new manufacturing chemical and
15 biotechnologies for bagasse, molasses and other by-products, weather
16 monitoring and soil fertility mapping shall receive sustained support and
17 sponsorship.

18 (b) Regulation of Sugar Industry:

19 (1) The withdrawal, transfer, transport and movement of sugar and
20 premixes shall be strictly monitored: *Provided*, That, all sugar warehouses and
21 storage facilities shall be required to register with the Sugar Regulatory
22 Administration (SRA);

23 (2) The quedan system under Act No. 2137, otherwise known as “The
24 Warehouse Receipts Law”, the institution of electronic quedanning, and the
25 expansion of quedanning to molasses shall be strictly implemented;

26 (3) The classification of imported sugar and premixes as either “C”,
27 “D”, or “E” when imported at a time when there is a sufficiency of sugar stocks
28 shall be strictly observed: *Provided*, That the Bureau of Customs (BOC) shall

1 not release imported sugar and premixes without the requisite SRA clearances
2 and classification;

3 (4) The export of refined sugar to the world market shall be subjected
4 to value-added tax (VAT) zero percent (0%) rate from the time it is withdrawn
5 or released from the sugar mill/refinery including refined sugar withdrawn for
6 constructive export to the Customs Bonded Warehouse (CBW) of food
7 processors that are duly licensed and registered with the SRA; and

8 (5) The wastewater discharge of mills that meet the standard of the
9 Department of Agriculture (DA) on safe reuse of wastewater for irrigation and
10 other agricultural purposes shall not be imposed any discharge fee.

11 (c) Fund Management:

12 In view of the industry's contribution to the food security program of
13 the government, the Sugarcane Industry Development Fund established under
14 Section 4 of this Act shall, at all times, be properly managed and utilized in
15 accordance with the goals set forth in this section.

16 SEC. 4. *Establishment of Sugarcane Industry Development Fund.* –

17 (a) There is hereby established a Sugarcane Industry Development
18 Fund, hereinafter referred to as the Sugar Fund, to support the implementation
19 of the development strategy defined in Section 3 of this Act. The Sugar Fund
20 shall be held in trust by the Philippine Sugar Corporation created under
21 Presidential Decree No. 1890.

22 (b) Initially, the Sugar Fund shall be utilized for the following specific
23 purposes:

24 (1) To finance the establishment of special economic zones, nuclear
25 farms and agro-industrial districts;

26 (2) To provide financial assistance in the form of loans, guarantees and
27 other suitable credit commodities or arrangements including farmers trust and
28 special purpose vehicles to the sugar farmers, planters and mills covering the

1 purchase of seedlings, cane varieties, pesticides and fertilizer; acquisition of
2 farm machinery and equipment; construction of farm-to-market roads; and
3 construction or building of irrigation or water impounding facilities and water
4 distribution networks;

5 (3) To provide financial conduiting and resources for industries
6 harnessing the efficient use of the energy potential of sugarcane, including
7 ethanol gas production, and utilization of farm wastes to produce bagasse as
8 raw material for pulp and paper, boards and furfural, and the production of
9 animal feeds and other by-products using chemicals and biotechnologies;

10 (4) To enable the conduct of research or feasibility studies to improve
11 efficiency and productivity of farms and mills, identify areas for
12 diversification, identify and develop other markets for sugar and its
13 by-products and co-products particularly in the area of renewable energy and
14 biochemical industry;

15 (5) To support the training of mill personnel on current technologies on
16 efficiency, productivity and diversification; and

17 (6) To finance socioeconomic programs for sugar farmers and mill
18 workers including livelihood programs and trainings in addition to the
19 programs under Republic Act No. 6982, entitled "An Act Strengthening the
20 Social Amelioration Program in the Sugar Industry, Providing the Mechanics
21 for its Implementation, and for Other Purposes".

22 (c) The Sugar Fund shall be constituted out of the existing funds and
23 appropriations for agriculture and fisheries modernization such as:

24 (1) The Agricultural Competitiveness Enhancement Fund (ACEF).
25 – The DA, in consultation with the Congressional Oversight Committee on
26 Agricultural and Fisheries Modernization (COCAFAM), shall allocate annually
27 from year 2014-2015 or until all ACEF funds are exhausted, and shall continue
28 with any extension thereof, a portion of the ACEF to fund the infrastructure

1 support projects of the sugarcane industry such as farm-to-mill roads and
2 irrigation, product development, and research and development projects to
3 include all its subsectors, namely: farm sector, sugar sector, bioethanol sector,
4 power generation sector and farm/mill support industries sector such as
5 recipients or beneficiaries of funding support;

6 (2) The General Appropriations for the Agriculture Sector. – The DA
7 shall allocate to the sugarcane industry and all its subsectors funds, provided it
8 is in the annual General Appropriations Act (GAA) or from the Agriculture
9 and Fisheries Modernization Act (AFMA) and shall prioritize the programs
10 and projects of the sugarcane industry in its annual expenditure prioritization
11 plan for ten (10) successive fiscal years (FY 2015-FY 2024); and

12 (3) All sugar-producing local government units (LGUs) shall allocate a
13 portion of their Incremental R-VAT-IRA for the infrastructure and research,
14 development and education projects of the sugarcane industry to include all its
15 subsectors mentioned in the immediately preceding subparagraph.

16 SEC. 5. *The Philippine Sugar Corporation (PHILSUCOR) Board,*
17 *Composition.* – The powers and functions of the Corporation shall be
18 exercised by a Board of Directors, hereinafter referred to as the Board, which
19 shall be composed of eleven (11) members, as follows:

20 (a) The Administrator of the SRA shall be the Chairperson of the
21 Board;

22 (b) The President of the PHILSUCOR shall be the Vice Chairperson of
23 the Board, who shall assist the Chairperson and act in his stead in case of
24 absence or incapacity;

25 (c) The remaining nine (9) members shall be nominated by the SRA of
26 which, five (5) shall come from the sugar farmers sector and four (4) from the
27 sugar millers sector;

1 (d) Except for *ex officio* members of the Board, the appointment and
2 qualification of the other members of the Board shall be in accordance with
3 Republic Act No. 10149 or the “GOCC Governance Act of 2011”; and

4 (e) Vacancies in the Board may be temporarily filled by the action of a
5 majority of the other members of the Board, if there is a quorum.

6 SEC. 6. *Implementing Agency.* – The SRA shall formulate a ten
7 (10)-year Sugarcane Industry Development Program (SIDP 2015-2024) that
8 shall be reviewed and updated annually, in consultation with the major
9 stakeholders of the sugarcane industry and its subsectors which shall serve as
10 basis for the program/project proposals that shall be submitted to the
11 COCAFAM, the DA and the LGUs for funding as provided for in Sections 4(a),
12 4(b)(3), and 4(c)(3).

13 SEC. 7. *Transitory Provisions.* – Upon the effectivity of this Act, the
14 positions in the Board of Directors of the PHILSUCOR shall be deemed
15 vacant, and the President shall appoint new members based on the provisions
16 of this Act: *Provided, however,* That the members of the Board shall serve in a
17 hold over capacity until the new members are appointed.

18 SEC. 8. *Separability Clause.* – If any provision of this Act is declared
19 unconstitutional, the validity of the remaining provisions hereof shall remain in
20 full force and effect.

21 SEC. 9. *Repealing Clause.* – Section 8 of Presidential Decree No.
22 1890 is hereby amended. All laws, decrees, executive orders and rules and
23 regulations or parts thereof inconsistent with any provision of this Act are
24 hereby repealed, modified or amended accordingly.

25 SEC. 10. *Effectivity.* – This Act shall take effect fifteen (15) days after
26 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,

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