



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



Eighteenth Congress
First Regular Session

HOUSE BILL NO. 2971

Introduced by : **Cong. Manuel T. Sagarbarria**

EXPLANATORY NOTE

With the passage of R.A. 10659 of the Sugar Industry Development Act (SIDA) of 2015, Congress sought to strengthen the nation's domestic supply and exportation of sugar. This goal is partly achieved by expenditures mandated by the SIDA. With sweeping reforms, however, comes the risk of wastage of funds and perhaps worse, destabilization of current production levels of the mill districts. This bill seeks to prevent this by introducing two (2) new mechanisms in the SIDA's policy: 1) proportionate allocation of expenditures based on productivity; and 2) supervisory powers of the Sugar Regulatory Administration (SRA) for the importation of sugar. To consolidate further on the goals of the SIDA, therefore, this amendatory bill is introduced with the goal of ensuring current production even as the industry pushes the boundaries of production quantity and quality.

As to the first proposal, the basis of this bill is a fundamental parameter: sugar production of a particular mill district during the previous year. E.g. where a district mill produced 15% of the total net sugar produced in a year, then 15% of the following year's program of expenditure will be allocated to them. Because mill districts have varying production levels, it stands to reason that the allocation of expenditures should be proportionate to such production levels if the country is to achieve the twin goals of further development and ensuring current production. Moreover, by basing the expenditure on productivity, the proposed amendments intend to foster healthy competition among the mill districts. Districts are incentivized to produce more sugar if there is an expectation of greater funding as a reward.

The second proposal is to give the SRA greater oversight and coordinating powers with the National Economic Development Authority, Bureau of Customs, and other pertinent agencies with regard to the importation of sugar. It goes without saying that the SIDA's goal is to make the Philippines a primarily sugar-exporting country. Indeed, this goal cannot be achieved if the SRA, the country's sugar regulating agency, has no power to limit, stop, or regulate the amount of sugar imported in to the country.

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AN ACT AMENDING SECTION 11 OF R.A. 10659 OR THE SUGAR DEVELOPMENT ACT OF 2015

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

SECTION 1. Short Title. – This Act shall be known otherwise as the “S.I.D.A. Proportionality and Protection Act of 2019.”

SEC. 2. Declaration of Policy. – It is hereby declared a policy of the state to:

- a. Sustain, develop, and enhance the country's sugar production based on the performance of sugar mill districts relative to each other's production levels for the purpose of ensuring current production while the industry undertakes further strategic development.
- b. Achieve such sustainable and enhanced sugar production through a proportionate allocation of expenditures for block farming, support and mechanization programs, research and development, scholarship grants, and infrastructure support programs among the sugar mills.
- c. Insulate the domestic sugar market from undue saturation of imported sugar so as to stabilize domestic prices and foster competition among domestic sugar producers.

SEC. 3. Revision of Section 9 of R.A. 10659. – Section 9 of R.A. 10659 is hereby revised to provide as follows:

“[The SRA, in the exercise of its regulatory authority, may block, set limits on, or otherwise regulate the importation of sugar and its by-products into the Philippines, unless domestic supply cannot meet domestic demand. At no instance may importation or release from customs of imported sugar be

affected without a written authorization from the SRA.] The Bureau of Customs (BOC) shall require importers or consignees to secure from the SRA the authorization to import and the classification of the imported sugar prior to its release."

SEC. 4. Amendment of Section 11 of R.A. 10659. – Section 11 of R.A. 10659 is hereby amended to provide as follows:

"The Department of Budget and Management (DBM) is hereby mandated to include annually, starting the year 2016, an initial aggregate amount of Two billion pesos (P2,000,000,000.00) in the President's program of expenditures for submission to Congress and allocated, as follows:

- a. Fifteen percent (15%) for grants to block farms under the Block Farm Program;
- b. Fifteen percent (15%) for socialized credit under the Farm Support and Farm Mechanization Programs;
- c. Fifteen percent (15%) for research and development, capability building and technology transfer activities under Research and Development, Extension Services, Human Resources Development, and Farm Support Programs;
- d. Five percent (5%) for scholarship grants to be provided under paragraph (b) of Section 6, Human Resources Development; and
- e. Fifty percent (50%) for infrastructure support programs.

[The aforementioned program of expenditures shall be allocated among the mill districts in proportion to their sugar production levels in the previous year. The SRA shall modify or adjust its policies, regulations, and roadmaps consistent with such proportional allocation of the foregoing expenditures.]

In the identification and prioritization of specific programs and projects, **[opportunities for which shall also be proportionally allocated among the mill districts in proportion to sugar production levels,]** the SRA shall conduct prior consultation with representatives of block farms, sugarcane farmers and workers, sugar millers, refiners, bioenergy producers, and producers of other products derived from sugarcane and its by-products. The Department shall issue the necessary guidelines for this purpose.

For the current year, the DBM shall include in a supplemental budget, that may be formulated, the amount of Two billion pesos (P2,000,000,000.00) and following the allocation prescribed in this section."

SEC. 5. Mandate of the Sugar Regulatory Administration. – The SRA is hereby mandated to issue new implementing rules, regulations, circulars or revise such existing issuances consistent with this amendment of the SIDA of 2015.

SEC. 6. Separability Clause. – If any provisions of this Act or the application thereof to any person or circumstance is held invalid, the remaining provisions of this Act and the application of such provisions to other persons or circumstances shall not be affected thereby.

SEC. 7. Repealing Clause. - All laws, decrees, executive orders and rules and regulations or part or parts thereof inconsistent with any provision of this Act are hereby repealed, modified or amended accordingly.

SEC. 8. Effectivity. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette and in a newspaper of general circulation.