REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
First Regular Session

HOUSE RES. NO. 225

Introduced by **Representative Deogracias Victor "DV" B. Savellano**

RESOLUTION

DIRECTING THE APPROPRIATE HOUSE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, AS TO THE REPORTED FAILURE OF THE SUGAR REGULATORY ADMINISTRATION (SRA) IN THE IMPLEMENTATION OF REPUBLIC ACT 10659 OR THE SUGARCANE INDUSTRY DEVELOPMENT ACT OF 2015 CAUSING ADVERSE EFFECTS TO THE SUGAR INDUSTRY IN GENERAL AND NOTABLY TO THE SMALL FARMERS AND WORKERS

WHEREAS, Republic Act 10659 or the Sugarcane Industry Development Act (SIDA) of 2015 took effect April 15, 2015. The SIDA is intended to support the sugarcane industry, that contributes to P70 Billion to the economy annually, and government projects a per annum growth of P100 Billion;

WHEREAS, this law commissions, among others, the provision of infrastructure through the construction of farm to mill roads, enable the strengthening of block farms of at least 30 hectares in area, constituted by small individual farms, so as to improve their productivity and profitability as commercial enterprises;

WHEREAS, under this law, starting in 2016, the industry shall be provided P2 Billion by the government, to be allocated as follows: a) fifteen percent (15%) or P300 Million as grants to block farms; b) fifteen percent (15%) for research and development, capability building and technology transfer; c) fifteen percent (15%) for socialized credits to be implemented by Land Bank for farm support and mechanization; d) five percent (5%) or P100 Million for scholarship grants and human resources development programs; and e) fifty percent (50%) or 1 Billion for infrastructure development programs for farm to mill roads, irrigation and transport infrastructure;

WHEREAS, the Sugarcane Industry covers a land area of about 422,500 hectares, comprising of about 62,000 farmers. There are 28 operational raw mills with a combined crushing capacity of 185,000 metric tons of cane per day. This is augmented with 14 refineries, operating adjunct to the raw mills, with a combined capacity of 8,000 metric tons of refined sugar per day. Currently, there are 7 sugar mills and 1 distillery in Luzon, 4 sugar mills in

Mindanao, and the rest are located in the Visayas region, which represents about 65% of the country's sugar output. The Visayas region, more particularly in Negros Island, composes the biggest sugarcane hectarage. With regard to the sizes of these farms, 75% of the farms have sizes less than 5 hectares; 11% have sizes between 5 to 10 hectares; 11% have sizes of 10 to 50 hectares; 2% have sizes of 50 to 100 hectares; and a mere 1% with a size of over 100 hectares. Geographically, sugarcane is grown in 17 provinces, spread throughout eight regions from northern Luzon (Isabela, Cagayan) to Mindanao (Bukidnon, Cotabato, Davao). The provinces of Negros, Panay, Leyte, and Cebu account for 56% of the production of raw sugar. Twelve (12) of the 28 operational sugar mills are located in these said provinces. Tarlac and Batangas contribute 20% and Bukidnon, 24% of production;

WHEREAS, the Sugarcane industry presents a viable business opportunity in terms of bioethanol. There is a great impact to the Sugarcane industry with the implementation of the Biofuels law and the Renewable Energy Law as bioethanol comes from sugarcane, either from molasses or directly from the cane juice. Energy comes from bagasse and cane waste. The Biofuels Law mandates that the oil companies shall prioritize the purchase of locally-produced bioethanol prior to the use of imported ethanol. The biofuel and renewable industries are two emerging industries that need to keep pace with advances made in these sectors.

WHEREAS, the sugar industry must continue to serve the needs of the domestic market and fulfill the Philippines' obligation to the US sugar quota. It must aim to provide the 100% supply of bioethanol that is needed to blend with our gasoline requirement. The industry must also aim to increase the profitability of the sugar mills and ethanol distilleries in order to eventually provide and sell power to the country's power grid. The sugarcane farms should be expanded in order to produce enough supply of sugar and bioethanol. This is considering that data shows only 68 to 80% utilization of the sugar mills. The urgent need to improve the technologies and investments in the enhancement of the sugarcane industry must be given attention in order to be globally competitive in terms of productivity and cost;

WHEREAS, the Philippines' capacity has a low yield of 5.1 tons of sugar per hectare. This compared with the yield of other countries such as Columbia at 2.38 times more sugar per hectare; Australia, 2.15 times; Brazil, 1.88 times; Guatemala, 1.74 times; and Thailand, 22 percent more. In terms of sugar recovery per ton of milled cane, Brazil recovers 58 % more; Australia, 45 percent; China, 36.5 5; and Thailand, 15%;

WHEREAS, AN ESTIMATED 700,000 Filipinos more or less are directly employed in sugar production; while, about 5 to 6 million are indirectly employed, representing almost 7 % of the country's population;

WHEREAS, currently, there are at least four (4) factors that threaten the sugar industry: a) high production costs – inputs, labor, interest rates; b) low yield and low market price of sugar; c) an erratic change and shift of the climate which has become more damaging in recent years; and, d) the shortage of a labor force as there are alternative sources of work and income opportunities that are offered by the government's intensive infrastructure program, the boom in private construction and the 4Ps (cash transfer program) which altogether combined, have provided more employment options. Putting more pressure on the sugarcane industry is the government's plan to deregulate sugar imports.

WHEREAS, recognizing the vital role of the sugarcane industry in the country's economic development and in anticipation of the sugarcane industry to be globally competitive, the SIDA was enacted;

WHEREAS, since the enactment of SIDA, as based from official reports, the SRA failed in the implementation of its programs considering that from its 2016 P2 Billion SIDA budget at its disposal, it now has only P500 Million for 2019. This reduction is a result of its underspending, which if left uncorrected will result to a budget of P67 Million in 2020. The Department of Budget and Management has found proper the reduction of the SIDA because the SRA, as the primary agency involved in the use of the funds for implementation of the SIDA Programs, has no capacity to spend its allocation. These are issues that need to be corrected at the soonest time with credence to the reports on the SIDA; the shortcomings of the SRA disturbingly enough, must immediately be acted upon as the ultimate victims are the sugar farmers and the sugarcane industry;

RESOLVED BY THE HOUSE OF REPRESENTATIVES, to direct the appropriate House Committee to conduct an inquiry, in aid of legislation, as to the reported failure of the Sugar Regulatory Administration (SRA) in the implementation of Republic Act 10659 or the Sugarcane Industry Development Act of 2015 causing adverse effects to the sugar industry in general and notably to the small farmers and workers.

Adopted,

DEOGRACIAS VICTOR "DV" B. SAVELLANO