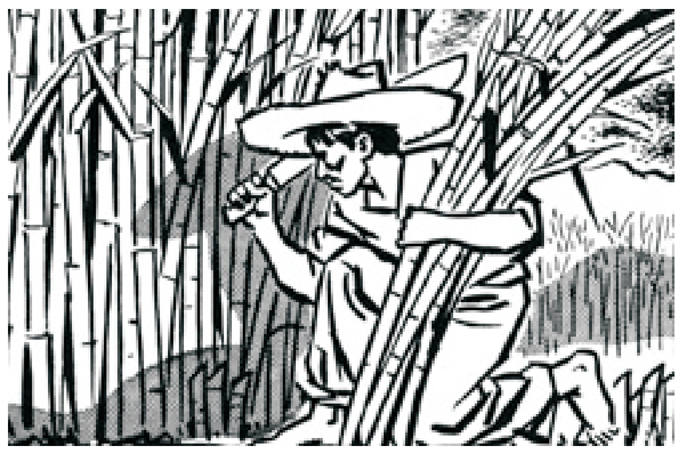
2010-2015: Threat of Extinction or Opportunity for Liberation



Pambansang Kilusan ng Mga Samahang Magsasaka (PAKISAMA), Inc.

1 Background Context of the Commodity

Built on the exploitation of farm workers

An assessment and analysis of the sugar industry in the Philippines will always have to take into consideration the socio-political aspects of the said industry – that it was founded on the exploitation of sugar farm workers who for centuries have worked long hours of back breaking labor on the fields to ensure the profit of the sugar barons while the former remains in dire poverty. And that any “development” interventions in the said industry should address not only its productivity and economic aspects but also the “social justice” issues concerning it.

Even after decades of “democracy” and agrarian reform implementation, the exploitative relationship between the big sugar planters and their farm workers (whom many have already become small sugar farmers as beneficiaries of CARP) have remained.

Political influence and rent seeking attitudes of big sugar planters have continued to provide unwarranted protection and support to the big players of the said industry.

If the Philippine sugar industry is to survive and its growth to benefit the small sugar farmers, then primary over addressing productivity issues would be ensuring that the protection, support and benefits currently being enjoyed by the few but big sugar planters be transferred or spread out to the majority who are small sugar farmers.

Sugar, colonialism and slavery

The history of sugar production has been closely linked to two social “evils”: colonialism and slavery.

The European settlers who planted sugarcane and built sugar mills on the Eastern Caribbean depended on the slave trade for workforce of sugar plantation. As a result, between 1450 and 1900, some 11.7 million West African slaves were imported to the Caribbean to work under unspeakable difficult conditions in the sugar plantations they have established there.

Raw sugar was exported to and processed in small refineries in England.

At the start, sugar was a minor commodity, used primarily as a spice. However, demand for sugar started to grow with the introduction of tea, coffee, and chocolate to the Western palate. Soon, sugar displaced tobacco as the New World's most profitable export and became a major industry in the tropical and sub-tropical countries.

The “triangular” trade of cloth, salt and firearms for slaves in Africa and in turn for raw sugar from the Caribbean brought fortune and stimulated industrial development in Britain.

Even with the end of the colonial era, economies of many ex-colonies remained dependent to their former colonizers as sugar exports have remained to be their primary source of foreign exchange earnings.

Roots of the Philippine sugar industry

Although slave trade never reached the Philippines, early Philippine sugar plantations were run under the hacienda system wherein the rich sugar families, all of Spanish heritage, took paternalistic care of their tenants and farm workers in exchange for total subservience based on sharecropping and debt relations.

Sugar was initially grown as a subsistence crop. In the 1856, British colonizer, Nicholas Loney, brought in a shipment of machinery for sugar production for export and established a credit system that eventually encouraged the modernization of the sugar industry. He convinced Russel & Sturgis, an American financing company, to open a branch in Iloilo.

By 1880, the Philippines produced over 200,000 tons of sugar for the first time, making it the third largest producer in the world, next to Cuba and Java.

Setting the American Sugar Quota System

The growth of the Philippine sugar industry received a major boost through the Payne-Aldrich Act of 1909. The said law enacted by the American colonialists allowed Philippine sugar to enter the US tariff free provided it would not exceed 300,000 tons. Any amount in excess of this was to be charged the full tariff rate. Sugars exported to the U.S. under this system were bought at a relatively higher price than the norm world market prices. In the same year, the US Congress enacted the Underwood-Simons Act removing the quota limitation of 300,000 tons on Philippine sugar exports and lifting tariffs on Philippine sugar.

The Tydings-McDuffie Independence Law limited the importation of duty free sugar to the US, which continued during the Commonwealth period until 1946. The US sugar quota system was established under the Jones-Costigan Act of 1934. The

Jones-Costigan Act effectively guaranteed a protected market for Philippine sugar. This resulted in 70% of cultivated lands in Negros being planted to sugarcane. Negros accounts for almost half of Philippine sugar production. This also resulted in the emergence of the sugar elites as more dominant political and social powers in the years leading up to Philippine independence.

In 1946, after World War II, the Philippine Rehabilitation Act and the Bell Trade Act, known as the Philippine Trade Act, were signed by President Truman. Under the Philippine Rehabilitation Act, war-damaged sugar mills were given monetary grants. The Bell Trade Act, provided for the continuance of sugar free trade between the Philippines and the US until 1954. Under the said Act, a gradual imposition of US tariff duties was to be placed in effect for a period of 20 years after 1954. Starting in 1974, full duties were to be assessed to Philippine sugar imports to the US. It also set absolute quota of 980,000 short tons free of duty. However, in 1954 the Laurel-Langley Agreement was passed, stipulating among others the delayed imposition of US duties until 1959.

Then in 1962, amendments to the US Sugar Act of 1948 assured the Philippines of a basic export quota of 1.05 million short tons raw value plus 10.86% of increased US consumption requirements or a total basic quota of 1.126 million short tons. By 1971, the country's export to the US peaked at 1.593 million tons earning for the country around $210 million. The following year, the Philippine share of US imports rose to 1.326 million tons, as Cuba under the embargo imposed by the US lost its share of the US market. When the Laurel-Langley Agreement expired in 1974 access to the US market was continued but limited to just 13.5% of the total US sugar import requirement.

The crash of the sugar industry

The decline of the Philippine sugar industry began in the 1960s as the US had developed its own sugar industry based on High Fructose Corn Syrup, which resulted in major cuts in its quotas for sugar cane. Suddenly, the Philippines was forced to sell its sugar on the world market, which was basically saturated with cheap and highly subsidized sugar.

At the global level, Philippine sugar cane had to compete with high fructose corn syrup, sugar beet and other sugar substitutes which were being produced by highly mechanized and subsidized farmers resulting in very low and erratic global market price for sugar. World market price for sugar sank from more than 60 cents/pound in 1974 to 40 cents in 1980 to 3 cents in 1985. The resulting crash of the sugar industry drove 85% of Negros' population below the poverty line.

Attempts to rehabilitate the Philippine sugar industry

In the mid-1980s, the post-EDSA government initiated policies and programs geared towards revitalizing the local sugar industry. Among these were: 1) the privatization of government-owned refineries; 2) implementation of the Comprehensive Agrarian Reform Program (CARP) which sought the redistribution of large tracts of sugarcane plantations small sugarcane tillers as beneficiaries; 3) creation of the Sugar Regulatory Authority (SRA) to promote the growth and development of the sugar industry through greater participation of the private sector; and 4) the introduction of farm mechanization and other modernization programs. However, in spite of said interventions the Philippines in the early 1990s became a net importer of sugar due to declining production.

Additional interventions in the 1990s included the establishment of the Philippine Sugar Research Institute Foundation (PHILSURIN) in 1995 to boost the sugar industry's development towards world-class competitiveness and the formulation in 2000 of a "Master Plan for the Sugar Industry" to addresses the productivity and viability of the sugar industry. In 2002, the Sugar Master Plan Foundation was established to implement the various components of the Master Plan. In the same year, the Philippines was awarded a grant of USD 1.4M for a Sugarcane Variety Improvement Program in Southeast Asia and the Pacific, with PHILSURIN as the executing agency.

The sugar industry in the free trade world order

In 1995, under the ASEAN Free Trade Agreement (AFTA) the Philippine government committed to lower the tariff on products and commodities under the AFTA-CEPT (Common Effective Preferential Tariff) Sensitive List, in which raw and refined sugar was included in the said list in 2004, to zero to five percent (0-5%) by year 2010. This will result in the influx of cheaper imported sugar which may have devastating impact on the local sugar industry.

Negotiations are on-going to extend the lowering of tariffs on sugar to 0-5% up to 2015.

Ironically, after making such commitments under the AFTA in 1995, the government has been issuing policies to continually protect the local sugar industry.

In 1996, Executive Order 313 took effect modifying the tariff rate for sugar to 100% for out-quota imports to be gradually reduced to 65% by 2000. In-quota tariff rate was pegged at 50%.

In 2003, President Gloria Macapagal-Arroyo issued EO 164 to implement the Article XXVIII modifications on raw and refined sugar increasing the bound rate from 50% to 80%. The EO set the applied MFN tariffs at 65%. And on 30 December of the same year, she issued EO 264 to continue the implementation of Article XXVIII modifications by establishing applicable tariff rates of 65% for 2004 and 2005.

In July 2003, EO 230 was issued which imposed a 48% tariff concession on imports of raw and refined sugar from ASEAN Members.

Then in 2004, President Arroyo signed EO 295 which imposed additional tariffs on "premixes" by classifying HS 1701.91 and 1701.99 as sugar containing products (containing more than 65% sugar). To further strengthen EO 295, she also issued MO No. 164 which provides the SRA with the authority to assist the Bureau of Customs (BOC) in the monitoring and classification of imported sugar containing products and the subsequent application of appropriate duties on the same. The MO also instructs the BOC to notify the SRA in case of any importation, exportation or withdrawal from Customs Bonded Warehouses (CBW) of sugar, and all forms thereof, prior to their release and allow the SRA to inspect the shipments or the warehouses.

The current situation of the Philippine sugar industry

As of 2006, according to the SRA, there are a total of 60, 379 sugar farmers in the country with 44, 895 or 74.36 % of them cultivating 5 to .001 hectares of sugar lands. Thus, majority of sugar planters are “small” farmers in contrast to the previous images of the sugar industry being dominated by big landowners/hacienderos.

A total of 398,454 hectares of agricultural lands are planted to sugarcane while employing some 600,000 workers in 19 provinces. The Department of Agriculture (DA) expects this to increase to 670, 000 by 2010 (PSMA, 2009).

In 2008, the sugar industry contributed Php 69.57 billion to Gross Domestic Product (GDP) of the country.

Since crop year 2002-03, farm and mill production outputs have been increasing, as well as the surplus in production. (see Table 1). In CY 2007-08, the Philippines had its highest production after 23 years at 2.45 million metric tons (PSMA, 2009).

As a result, the Philippines has not imported raw sugar for the domestic market since crop year 2003-04. Although smuggling of sugar has become a major issue concern for the industry.

Table Sugar production for CYs 2000-2008

Crop Year	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Production (in mt)	1,805,203	1,898,501	2,161,525	2,338,574	2,150,746	2,138,075	2,233,453	2,454,989
Productivity (Lkg/ha)	98.70	103.30	113.88	119.59	109.77	112.94	115.09	123.68*
Withdrawal (in mt)	1,908,148	1,942,993	2,059,388	2,070,180	1,950,585	1,909,846	1,958,643	2,078,468
Surplus (in mt)	-102,945	-44,492	102,137	268,394	200,161	228,229	274,810	376,521

* based on 397, 000 hectares

Source: PSMA, 2009

2 An Analysis of the Commodity Line /Industry

AFTA: Can the Philippine Sugar Industry compete?

In 1992, the ASEAN Free Trade Area (AFTA) was created to accelerate the liberalization of intra-ASEAN trade and investment.

In the rules of the AFTA on the Special Arrangement for Sensitive and Highly Sensitive (S/HS) Products, which was established in Singapore on 30 September 1999, the list of highly sensitive products for the Philippines included only rice while the list of sensitive products included only swine and poultry products, manioc, sweet potatoes, maize, and grain sorghum.

In September 2004, the Philippine government negotiated the insertion of sugar in the sensitive list of the Philippines.

The ASEAN Trade in Goods Agreement (ATIGA) done in Thailand in February 2009 provides the terms on tariff liberalization under Chapter 2 Article 19 Reduction or Elimination of Import Duties. The following are some relevant paragraphs under the section.

> “Par 1. Except as otherwise provided in this agreement, member states shall eliminate import duties on all products traded between the member states by 2010 for ASEAN-6 and by 2015, with flexibility to 2018, for CLMV.

> Par 2(d). Import duties on unprocessed agricultural products listed in Schedule D of each member state on its own accord shall be reduced or eliminated to zero to five percent (0-5%) by 2010 for ASEAN-6
>
> Par 3. Except as otherwise provided in this agreement, no member state shall nullify or impair any tariff concessions applied in accordance with the tariff schedules in Annex 2 referred to in paragraph 5 of this article.
>
> Par 4. Except as otherwise provided in this agreement, no member state may increase an existing duty specified in the schedules made pursuant to the provisions of paragraph 2 of this article on imports of an originating good."

During the 15th ASEAN Summit held in Thailand on October 2009, the Philippines asked for the extension of the current 38% tariff for sugar. Under the AFTA, sugar tariffs are scheduled to drop to 0-5% by 2010.

Thailand was reportedly agreeable to this in exchange for a favorable ending rate for rice which is a highly sensitive good. There are indications that the Philippine government together with sugar industry would propose for a 38% tariff in 2010 with an ending rate of 5% in 2015.

This would effectively give the sugar industry five years to prepare for the impending full liberalization of the sugar industry. However, this respite would be at the expense of the rice farmers/sector.

If the lowering of the tariff for sugar to 0-5% would have pushed through, as per AFTA commitment, it would have been disastrous for the sugar industry as figures indicate that Philippine sugar is not competitive.

A study conducted by the Center for Food and Agribusiness-UA&P on the competitiveness of Philippine white sugar with Thailand white sugar indicates that at the tariff rate of 38%, local white sugar was not competitive with imports from Thailand in 2008. With tariff rate for white sugar at 38%, the estimated price of white sugar from Thailand would be PhP1,529.31. Much lower than local white sugar which would cost PhP1,616.06. At 5% and 0% tariff, Thailand sugar would only cost PhP 1,200.97 and PhP1,151.22, respectively.

Table 2 Price Competitiveness of White Sugar with Imports, 2008

	TARIFF RATE		
ITEM	38%	5%	0%
US $/ton			
FOB Price **Thailand**	334.49	334.49	334.49
+ Freight and insurance	65.00	65.00	65.00
= CIF Manila	399.49	399.49	399.49
x Exchange rate	44.47	44.47	44.47
= CIF Manila (P/ton)	17,767.34	17,767.34	17,767.34
P/Lkg			
CIF Manila	888.37	888.37	888.37
+ Tariff	337.58	44.42	-
= Landed Cost	1,225.95	932.79	888.37
+ VAT (12%)	147.11	111.93	106.60
+ SRA and other liens	37.75	37.75	37.75
= Ex-vessel Cost	1,410.81	1,082.47	1,032.72
+ Other local charges	51.00	51.00	51.00
= Total Import Cost	1,461.81	1,133.47	1,083.72
+ Port charges	8.50	8.50	8.50
+ Distribution costs	42.00	42.00	42.00
+ Importer's margin	17.00	17.00	17.00
= Derived wholesale price (Manila)	**1,529.31**	**1,200.97**	**1,151.22**
Price at millsite (**Negros**)	1,506.06	1,506.06	1,506.06
+ Transport, handling and distribution (including margin)	110.00	110.00	110.00
= Domestic wholesale price (Manila)	**1,616.06**	**1,616.06**	**1,616.06**
Price at millsite (**Bukidnon**)	1,519.06	1,519.06	1,519.06
+ Transport, handling and distribution (including margin)	97.00	97.00	97.00
= Domestic wholesale price (Manila)	**1,616.06**	**1,616.06**	**1,616.06**
Price at millsite (**Batangas**)	1,523.06	1,523.06	1,523.06
+ Transport, handling and distribution (including margin)	93.00	93.00	93.00
= Domestic wholesale price (Manila)	**1,616.06**	**1,616.06**	**1,616.06**
Import parity price/ Domestic wholesale price	0.95	0.74	0.71

Source of basic data: SRA, USDA, Industry players

In terms of productivity, the Philippine sugar industry also proves to be less efficient than competitors, as Philippine sugar farms produce only 58.06 MT per hectare or 25% less than the sugar farms of Brazil. In terms of sugar recovery, the Philippines have a recovery rate of only 10% compared to Brazil's 14.6% recovery rate. Meaning, sugar mills in Brazil are more efficient than Philippine mills by 32%.

Table 3 Sugarcane Yield and Sugar Recovery by Country

Country	Yield (MT/Ha) [1]	Sugar Recovery (%)
Brazil	77.63	14.6 [2]
Colombia	75.28	11.5 [3]
India	72.56	10.0 [2]
Indonesia	62.52	8.0 [4]
Mauritius	64.91	10.3 [5]
Philippines	58.06	10.0 [6]
Thailand	63.71	10.8 [7]

Notes: Yields are as of 2007. Sugar recovery rates for Brazil, India and Philippines are as of 2009; Colombia, Indonesia, Mauritius and Thailand are as of 2007
Sources: (1) Food and Agriculture Organization, 2007; (2) 70th Annual Convention of Sugar Technologists Association of India, www.abdulkalam.com; (3) www.pakboi.gov.pa
(4) Outlook of the US and World Sugar Markets, 2003-2013, North Dakota State University, 2004; (5) Mauritius Chamber of Agriculture Annual Report 2007-2008
(6) Industry players; (7) USDA, FAS Gain Report, 2006

Given the state of the expensiveness of Philippine sugar and the inefficiency of Philippine sugar farms and mills, will a five year extension and will the current competitiveness enhancement program of the government for the sugar industry be enough to make Philippine sugar competitive with expected sugar imports by 2015.

Bio-ethanol Industry: “Save the sugar barons” Strategy

Anticipating the impending liberalization of the sugar industry by 2010 by virtue of the AFTA commitments, the big sugar planters/millers, five years earlier, already started implementing their “master plan” for their “salvation.”

In the guise of climate change and environmental concerns, big sugar planters/millers through Senator Migs Zubiri, who is a big sugar planter himself, started lobbying in 2005 for the enactment of the Biofuels Act. By 2006, the Biofuels Act was passed mandating that bio-diesel mix shall be 1% on the 3rd month of the enactment of the Law and 2% on the second year of its implementation, and that gasoline shall be mixed with 5% ethanol by year 2 and increased to 10% by year 4 of implementation.

Effectively, the Biofuels Act of 2006 created an artificial market for the sugarcanes of the big sugar planters (as well as the small sugar planters) supposedly ensuring the survival of the local sugar industry.

However, there are two main problems:
1. Sugarcane still needs to be processed into ethanol, and ethanol require huge investments ranging from Php945 million (100,000 liters/day capacity) to Php1.3 billion (200,000 liters/day capacity)[1]; and
2. Having enacted the Biofuels Act before domestic ethanol production capacity was developed, ethanol imports has dominated the local market and threatens to undermine the development of the domestic ethanol industry.

To address said problems, the big sugar planters are again going back to their "rent seeking" ways by asking government to protect the local ethanol industry through:
1. The extension of the implementation of the AFTA commitment of lowering sugar tariffs to 0-5% to 2015; and
2. The raising of tariffs for imported ethanol.

There are also indications that the big sugar planters may also ask for subsidy or government support to finance the setting up of the required ethanol plants.

With six of the ten proposed ethanol plants to be established located in the Visayas (mostly in Negros, with one already operational in Negros-San Carlos Bioenergy) it is clear that the ethanol industry like the existing sugar industry is also poised to be dominated by the big sugar planters. With the existing "exploitative" relationship between the small sugar planters and the big planters/millers expected to carry on.

Table 4 Bio-ethanol Investments/Infrastructure

Ethanol Projects	Location	Capacity Liters/Day	Investment Cost (Php)
San Carlos Bioenergy (online)	Visayas	100,000	945 M
JG Summit Holdings, Inc.	Visayas	100,000	742 M
Kanlaon Alcogreen Inc. Energy	Visayas	60,000	750 M
Biofuels 88	Luzon	120,000	980 M
B.M.SB Integrated Biofuels Co.	Visayas	60,000	
Negros Southern Integrated Biofuels Co.	Visayas	150,000	
Tamlang Valley Ethanol	Visayas	200,000	1.3 B
First Pampanga Biofuels	Luzon	200,000	1.3 B
Southern Bukidnon Bioenergy	Mindanao	100,000	945 M
Far East Bio Fuels LLC	Luzon	500,000	

Source: Oxfam-Ploughshares study on biofuels: "Developing the Philippine Narrative on the Issue of Biofuels from the Standpoint of Small Producers and Women, 2009

[1] Expansion/construction of biodiesel facilities only require around Php600 million as it does not entail the construction of a whole new plant but only requires the addition of one facility/process to existing coconut mills

On the other hand, bio-ethanol production does provide income opportunities for small sugar planters. The study by Ploughshares-Oxfam on the Philippine biofuels industry estimated an annual income of Php60,000 per hectare.

However, there are other considerations to be made before farmers groups such PAKISAMA decides to pursue biofuels production as an option. There is the validity of biofuels production as a mitigation measure for carbon emission, its potential impact to food and water security, environmental impact considerations and potential persistence of unfair trade relations between small planters and millers.

The small sugar farmers: Options and alternatives

In the light of the impending liberalization of the sugar industry and the shift of the big sugar planters to bio-ethanol production, the following are the possible options that small sugar farmers/planters can take:

- Enhance competitiveness- this will entail private and public interventions to increase productivity and enhance efficiency of the industry through the introduction and promotion of improved sugarcane varieties, and investments in the mechanization of the sugar frams/plantations and setting up of new and more efficient refineries/mills;
- Lower production cost- through the promotion of organic/sustainable farming methods (lowering cost of expensive chemical/petroleum-based inputs), interventions to lower price of gasoline (to lower cost of transporting sugarcane/milled sugar), and interventions to lower the cost of labor (which is related to the cost of food);
- Adopt and invest in processing/value adding facilities for sugar products including muscovado production;
- Introduce diversification of crops planted to distribute/cushion the impact of fluctuations in the price of sugar (in the light of expected influx of cheaper sugar importations) and at the same time such crops can be combined with sugar products of the farm (e.g. preserve fruits, fruit-based juices, candies, etc.)
- Total shift to other crops(however, this option may not be possible for leaseholders); and
- Shift to biofuels production (see discussion above on biofuels).

The Sugar Amelioration Program

The Social Amelioration Program (SAP) was started in the early 1970s as a voluntary program of sugar millers, producers and union leaders. The SAP is currently being implemented under RA 809 and and RA 6982.

Republic Act No. 809, otherwise known as the Sugar Act of 1952, provided that proceeds of any increase in the milling participation granted to planters and above their present share shall be divided between the planters and their workers in the plantation under the supervision of the Department of Labor. However, RA 809 only covered the three milling districts of Binalbagan-Isabela Sugar Company (BISCOM), Southern Negros Occidental Development Corporation (SONEDCO) and San Carlos Milling Company.

In 1974, through Presidential Decree No. 621, the SAP was formally established providing for the mandatory payment of a stabilization fee of Php 1.00 per picul, which was later increased under PD 1209 to Php2.00 per picul. PD 621 also placed the general supervision and control of the SAP under the Secretary of Labor. This was later transferred to the Bureau of Rural Workers (BRW) under PD 1365.

The SAP was further strengthened with the passage of the Sugar Amelioration Act of 1991 (RA 6982). Under RA 6982, the Sugar Tripartite Council, which acted as an advisory body to the DOLE for the implementation of the SAP, was created to with representation from the millers and workers sectors. Also, under RA 6982 a lien of five pesos (P5.00) per picul of sugar was imposed on the gross production of sugar starting on the sugar crop year 1991-1992. The said fund was to be used primarily to augment the income of sugar workers, and to finance social and economic programs to improve the livelihood and well-being of sugar workers.

The said lien was to be automatically increased by one peso (P1.00) for every two (2) years for the succeeding ten (10) years from the effectivity of the said law. From crop year 2001-2002 to 2004-2005, the sugar lien under RA 6982 was Php 10.00 per picul.

For crop years2004 and 2005, the reported SAP collection totalled Php 71.09 million and Php 74.04 million, respectively.

Eighty percent (80%) of the said lien is distributed as cash bonus to each worker in the sugar farm or mill based on the proportion of work rendered by said workers. The cash bonus share of the worker are collected by the sugar mills and released to planters associations in the case of affiliated planters, or directly to unaffiliated planters, for distribution to their respective workers. The cash bonus share of the mill workers are held in trust by the mills for distribution to the workers.

The remaining twenty percent (20%) of the lien is collected by the sugar mills and remitted to the DOLE and utilized for the following purposes:

1. Five percent (5%) for sugar workers death benefit program;
2. Nine percent (9%) for socioeconomic projects for the sugar workers undertaken by the Bureau of Rural Workers, planters/millers organizations, workers organizations and/or the Sugar Industry Foundation, Inc.;

3. Three percent (3%) for maternity benefits for the women sugar workers in addition to existing benefits granted by law or collective bargaining agreements: Provided, That maternity benefits provided herein shall be paid only for the first four (4) deliveries; and
4. Three percent (3%) for administrative expenses of the Sugar Tripartite Council, the District Tripartite Councils and the Bureau of Rural Workers of the Department of Labor and Employment.

Proper accounting and ensuring that the said funds are truly accessed by sugar farm workers (regular and seasonal) remain to be the main issues. Proper representation in the Sugar Tripartite Council is also a concern.

Raising the voice of the small sugar farmers

According to the Philippine Sugar and Millers Association, Inc (PSMA), of the 60,379 sugar planters 44,895 or 75% are small sugar planters (cultivating 0.01 to 5 hectares). And yet small sugar planters are not represented in key institutions of the sugar industry such as the Sugar Regulatory Administration (SRA) and the Philippine Sugar Research Institute Foundation, Inc. (PHILSURIN).

In the case of PHILSURIN, sugar farmers are charged with a levy of Php 2.00 per kilogram of sugar produced by virtue of Sugar Order No. 2, Series of 1995-1996 (which was suppose to expire last 31 August 2005 but was continued through Sugar Order No. 8, Series of 2004-2005, issued last 18 August 2005). Said levy is used to fund the PHILSURIN. And yet, small sugar farmers/planters are not represented in the board of PHILSURIN even though it is basically a private organization.

These can be mainly attributed to the stronger lobby and influence of associations of big sugar planters and millers and the absence of a major association/organization/federation of small sugar farmers/planters. In fact, Sugar Order No. 2 indicates that the said order was issued upon the request of the Philippine Sugar Millers Association, Inc. (PSMA), the Association of Integrated Millers, Inc. (AIM), the Confederation of Sugar Producers Associations, Inc. (CONFED), and the National Federation of Sugarcane Planters (NFSP).

Also, in the Sugar Tripartite Council, the body created under RA 6982, which established the Social Amelioration Program in the sugar industry, of the ten members of the said council two (2) representatives were to come from the mill workers sector and another two (2) from the workers sector (the other members of the said council are the Secretary of the Department of Labor and Employment as ex officio chairman, one representative from the SRA, and two representatives from the millers sector). The representatives from the planters, millers and workers sectors are appointed by the DOLE Secretary from among the nominees of the planter, millers and workers organizations, respectively.

There is a need to further analyze the representation of sugar farm workers in the said Council particularly the representation of seasonal farm workers who comprise a major portion of the labor force in the sugar industry.

3 Policy /Mechanisms Recommendations

1. **Executive –**
   a. Improve participation of small sugar farmers in sugar-related bodies such as the Sugar Regulatory Administration (SRA) and Philippine Sugar Research Institute Foundation, Inc. (PHILSURIN)
   b. Ensure proper representation of legitimate representatives from the farm workers sector in the Sugar Tripartite Council
   c. Formulate a five-year “Sugar Industry Development Master Plan” that will address the enhancement of the competitiveness of the sugar industry with significant and meaningful participation of small sugar farmers
   d. Improve access of small farmers to the Sugar ACEF
   e. Pursue bio-diesel production rather than bio-ethanol production
   f. Review of Sugar Order No. 8, Series of 2004-2005 or the levy for the PHILSURIN

2. **Legislative –**
   a. Review of the Biofuels Act to emphasize on bio-diesel (from coconut) production rather than on bio-ethanol (sugar-based) production.
   b. Provide substantial budget for competitiveness enhancement of small sugar farmers
   c. Enactment of a National Land Use Act that will regulate the areas to be developed for biofuels production

3. **Social –**
   a. Organize organizations/associations or cooperatives of small sugar farmers into one national federation to:
   - advocate for laws/policies in favor of their sectoral/industry interest;
   - block lobby against laws/policies detrimental to their sectoral/industry interest;
   - collectively market their products; and
   - demand representation in sugar-related private and public bodies.

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