

[SRA CIRCULAR LETTER NO. 24, SERIES OF 2005-2006, March 17, 2006]

**IMPLEMENTING RULES AND REGULATIONS (IRR) FOR THE
COUNTERTRADE SUGAR SWAP PROGRAM**

Pursuant to Section 3 of SRA Sugar Order No. 6, Series of 2005-2006, dated January 30, 2006, the following Implementing Rules and Regulations (IRR) are hereby promulgated for the Countertrade Sugar Swap Program (CSSP) as authorized by Presidential Memorandum Order No. 206, dated 23 February 2006, to wit:

1. Allocation and Monitoring of Additional U.S. Export Quota Under the Countertrade Sugar Swap Program (CSSP)

1.1 The volume of 50,000 MTCW U.S. Quota under the CSSP should be the additional volume of raw sugar over and above the regular U.S. Quota of 137,353 MTCW where both quotas have to be filled up for quota year 2005-2006.

1.2 The 50,000 MTCW additional U.S. Quota shall be distributed to all qualified exporters to serve as their export allocations under the CSSP.

1.3 Exporters who wish to participate in the CSSP shall have until April 7, 2006 to confirm their volumes and shipping schedule/s of departure with the SRA.

The confirmation shall include an Undertaking duly notarized (Annex "A" ^{*}) which states among others, that failure to export the confirmed volume of "A" sugar under the program which is manifested by the failure to deliver/submit to the SRA the "A" quedans for verification Fifteen (15) days prior to the shipping schedule/s of departure as stated therein, an appropriate penalty shall be imposed upon the exporters by the SRA.

1.4 In the event that the subject 50,000 MTCW additional quota has been undersubscribed after April 7, 2006, the SRA shall re-allocate the unconfirmed volume proportionately to those qualified exporters who had confirmed their volumes on or before the aforecited date.

2. Exporters Eligible to Export Under the CSSP

2.1 Only exporters who confirmed (pursuant to Art. 1 par. 1.3) and with "A" or U.S. Export sugar quedans verified by the SRA, per schedule prescribed in S.O. No. 8, Series of 2005-2006, dated 07 March 2006, the volume of sugar 50,000 MTCW for QY 2005-2006 U.S. Quota through the PITC.

3. Documentation for Export

3.1 Existing SRA rules and regulations shall apply

3.2 The following export documents shall be issued by the SRA to sugar exporters:

3.2.1 Withdrawal Authority (WD)

3.2.2 In-Loading Authority (IL)

3.2.3 Out-Loading Authority (OL)

3.3 Export Clearance issued to the BOC

3.4 List of Shippers by Vessel issued to the PITC

3.5 Certificate for Quota Eligibility (CQE) issued to exporters

3.6 Certification on Export Documents issued by PITC.

4. Export Shipment Schedule

4.1 The export shipment under the program should arrive at the port of destination not later than September 30, 2006.

5. Allocation and Monitoring of Imports Under the CSSP

5.1 The 50,000 MTCW of refined sugar subject of importation under the program shall be distributed among eligible importers as described in Article 6 hereof to serve as their allocations to import through the PITC.

However, as a result of undersubscription of the 50,000 MTCW U.S. Export Quota, the import allocations shall also be adjusted accordingly per Section 1.4 hereof.

5.2 Eligible importers of the CSSP shall have until May 15, 2006 to confirm their volumes and shipping arrival/s with the SRA.

5.3 Failure of the concerned importers to confirm with the SRA their allocated import volumes and shipping schedule/s under the program within the specified period per Section 5.2 hereof, shall result to a re-allocation of the SRA to interested parties on a "First-Come, First-Served-Basis", however, those who has complied with Sugar Order No. 8, Series of 2005-2006, shall be given priority.

5.4 Imports upon arrival shall be classified as "C" or Reserve sugar as indicated in the SRA clearance to be issued for withdrawal from the Bureau of Customs (BOC).

However, the aforesaid SRA clearance shall only be issued after the participating eligible importer of the program had submitted to the SRA among others, proof that the imported sugar, which is tariff free, is covered by a Surety Bond issued by a reputable surety/insurance company, or Bank Guarantee/Standby Letter of Credit (LC) or any other guarantee acceptable to SRA, in favor of the SRA, to cover at least the tariff/duties due the imported sugar.