



REPUBLIC OF THE PHILIPPINES
SUGAR REGULATORY ADMINISTRATION

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P.O. Box 70, U.P. Diliman, Quezon City
TIN 000-784-336-000

30 March 2004



SUGAR ORDER NO. 7

Series of 2003-2004

**SUBJECT: RULES AND REGULATIONS ON IMPORTATION OF
FOOD PREPARATIONS under Tariff Heading 21.06 of the Tariff
and Customs Code of the Philippines –
ASEAN Harmonized Tariff Nomenclature (TCCP-AHTN)**

WHEREAS, the Sugar Regulatory Administration (SRA) has confirmed that samples obtained from certain shipments apprehended by the Bureau of Customs (BOC), were in reality, *cane or beet sugar or chemically pure sucrose in solid form* classified under Tariff Heading 17.01 of the Tariff and Customs Code of the Philippines – ASEAN Harmonized Tariff Nomenclature (TCCP-AHTN), and not food preparations as declared under Tariff Heading 21.06 by unscrupulous importers;

WHEREAS, the importation of *cane or beet sugar or chemically pure sucrose in solid form* which appropriately falls under Tariff Heading 17.01 but entered as a food preparation under Tariff Heading 21.06, not only jeopardizes the revenue collection efforts of the BOC but likewise rendering the SRA ineffective in its mandate to maintain a balanced and rationalized supply of sugar vis-a-vis demand, and such being the case, is damaging to the survival/viability of the sugar industry;

WHEREAS, certain food preparations listed under Tariff Heading 21.06, although specifically are in the forms different from the items enumerated under Tariff Heading 17.01, such food preparations, nonetheless, are basically and principally made of sugar in general, over which supply, the SRA is mandated to oversee and maintain in rational equilibrium with demand;

WHEREAS, the Tariff Commission (TC) has implemented the Asean Harmonized Tariff Nomenclature (AHTN) through the BOC issuing its Customs Memorandum Order No. 6-2004, dated March 11, 2004 to implement the AHTN, thus, making all classification rulings issued by the TC prior to AHTN implementation no longer applicable;

WHEREAS, it is with the expectation that importers of certain food preparations which are basically and principally made of sugar in general, shall still declare their importation under HS 2106 or its equivalent AHTN pending the classification ruling of the TC, hence, the need to be regulated by the SRA;

WHEREAS, Section 3 of Presidential Memorandum Order (PMO) No. 134 dated February 9, 2004, mandates the SRA to assist the BOC or the Bureau of Internal Revenue (BIR) in the determination of the appropriate classification of sugar and sugar products for purposes of imposing proper import duties and/or assessing value-added or other taxes thereon;

WHEREAS, Section 4 of the aforementioned PMO No. 134 mandates the SRA, in appropriate agreements with other agencies, such as with the BOC and the BIR, to issue such additional rules and procedure as may be necessary or desirable in order to fully implement the provisions of the said PMO.

NOW, THEREFORE, by virtue of the authority vested upon the Sugar Regulatory Administration, it is hereby ordered that:

SECTION 1. Scope and Definition. This Sugar Order shall apply to food preparation commodities listed in the TCCP as enumerated hereunder, and which, for facility, may also be referred to herein, as premix commodities:

New Classification

- 1.1 AHTN Tariff Code 2106.90 51
- 1.2 AHTN Tariff Code 2106.90 52
- 1.3 AHTN Tariff Code 2106.90 54
- 1.4 AHTN Tariff Code 2106.90 59
- 1.5 AHTN Tariff Code 2106.90 83
- 1.6 AHTN Tariff Code 2106.90 95
- 1.7 AHTN Tariff Code 2106.90 99 (B)

Old Classification

- 1.8 HS Code 2106.90 10
- 1.9 HS Code 2106.90 50
- 1.10 HS Code 2106.90 60
- 1.11 HS Code 2106.90 70
- 1.12 HS Code 2106.90 90

SECTION 2. Monitoring. All importations of premix commodities as enumerated in Section 1 above, shall be monitored by the SRA in terms of declared classification and quantities thereof, their dates of arrival, countries of origin, and the names of their importers or consignees. In addition thereto, random/representative sample/s of the said commodities shall be subject to SRA laboratory analysis.



SECTION 3. Premix Commodity Release Clearance. Importers or Consignees of premix commodities should apply with the SRA for a Premix Commodity Release Clearance (PCRC) prior to withdrawal thereof from the BOC, by submitting to the SRA the following, namely:

3.1 Initial Requirement

3.1.1 Statement of Importations of premix commodities from 01 January 2003 to 31 December 2003, stating among others, the names of the shippers, country of origin, commodity descriptions, quantities and import entry numbers and dates thereof. However, if the importer-applicant is not a processor/manufacturer, the name/s and business address/es of the processor/s shall be stated therein.

3.2 Regular Requirements

- 3.2.1** Sales Invoice
- 3.2.2** Bill of Lading
- 3.2.3** Packing List,
- 3.2.4** Inward Foreign Manifest
- 3.2.5** Import Entry Declaration
- 3.2.6** Sample/s of the premix commodity/ies drawn from the shipment by SRA personnel for laboratory analysis

SECTION 4. Release Clearance. Upon ascertaining, as a result of the SRA laboratory analysis, that the importation declared shall not fall under AHTN Tariff Heading 17.01, the SRA shall immediately issue a PCRC for the withdrawal of the premix commodity found to be bona-fide.

However, if the laboratory analysis shows otherwise (**more than 65% sucrose content and therefore misclassified**), the SRA shall advise the BOC (copy furnished the importer) in accordance with Section 3 of the aforementioned PMO 134, that the importation shall be classified under AHTN 1701.91.00 or AHTN 1701.99.19.

The SRA shall only issue the PCRC for the withdrawal of the premix commodity upon submission to the SRA proof of payment of tariff and duties under AHTN 1701.91.00 or AHTN 1701.99.19.



SECTION 5. Seizure of Misdeclared Commodities. Import shipments declared as premix commodities/food preparations under the Tariff Headings of Section 1 hereof or any other, but are found to be classified under Tariff Headings 1701.11.00 to 1701.12.00 (raw sugar) and 1701.99.11 (refined/white sugar) shall be recommended to the BOC for seizure as being ***misdeclared***, and may only be sold at public auction upon clearance from the SRA classifying the sugar as either "A", "B", "C", or "D", in accordance with the pertinent SRA Sugar Orders issued for that purpose, and recommending the floor price therefor.

SECTION 6. Liens/Fee. An importer or consignee of a premix commodity, upon filing of application with the SRA for a Premix Commodity Release Clearance (PCRC), shall pay the total liens pursuant to Sugar Order No. 4, Series of 2001-2002, concerning MAV importation and a laboratory fee as implemented by existing General Administrative Order.

SECTION 7. Verification of Quantities. SRA shall reserve the right to verify with the Bureau of Internal Revenue, the quantities declared by applicants for the purposes stated herein.

SECTION 8. Inter-Agency Cooperation. A copy of this Order shall be furnished the Honorable Commissioner of Customs and the Honorable Commissioner of Internal Revenue for the purpose of requesting their invaluable cooperation to attain the purposes of this Order.

SECTION 9. Revocation. This Sugar Order revokes and supercedes Sugar Order No. 5 dated February 6, 2004.

SECTION 10. Consistency. Provisions of other previous Sugar Orders, Circular Letters, rules and regulations, contrary to or inconsistent with this Order, are hereby amended or modified accordingly.

SECTION 11. Effectivity. This Order shall take effect immediately.

BY AUTHORITY OF THE SUGAR BOARD:


JAMES C. LEDESMA
Administrator