CRISIS IN THE SUGAR INDUSTRY

by

CARLOS L. LEDESMA

President, National Federation of Sugarcane Planters

SPEECH OF MR. CARLOS L. LEDESMA, PRESIDENT, NATIONAL FEDERATION OF SUGARCANE PLANTERS, AT THE 1971 NATIONAL CONVENTION OF SUGARCANE PLANTERS, ON WEDNESDAY, FEBRUARY 24, 1971

on what is going on in the country as a whole. And what are these impressions? We can only imagine.

The Philippine investment climate is unstable, thanks to the government's continually changing economic policies, and the almost total lack of coordination between the Executive and Legislative branches. Anti-Americanism has been manifested not only by student leftists, but by the government's actions and words about American business interests, American military bases, the retail trade nationalization law, and the spate of Filipinization bills recently filed in Congress.

Put yourselves in the place of the American Congressman trying to make up his mind about the U.S. Sugar quota for the Philippines in competition with their neighbors in Latin America and with their own domestic producers. You can imagine what would happen.

Add one more aspect to this situation. In the past, the sugar industry had a strong voice in the U.S. Congress because there were many Americans engaged in the industry as owners and managers. Now that the industry is largely in Filipino hands, the American Congressman would have little constituent concern for the state of Philippine sugar.

This, in essence is our rather uncomfortable position.

And what would happen if our quota were to be rescinded?

Sixty per cent of the industry will be incapacitated. The country would lose at least $160 million yearly in foreign exchange. Government financing institutions would be left with unpaid loans from new centrals. Sixty per cent of the employed labor force would have to be laid off, in an industry where there is an excess of labor.

The social unrest that will confront us in sugarland will be in proportions that we will not be able to tackle. The sociological study prepared, at our request, by a noted sociologist, Fr. Frank Lynch, S.J. states:

"Today's hacendero, particularly if he owns a large or medium-sized farm, seems to be enjoying the good life; in reality, his position is considerably more dangerous than he himself realizes, and is certainly not to be envied."

To cite a few more facts from this study:

. . . ." workers have genuine grievances against the hacenderos, complaints that are salient in their own thinking and in that of the community at large, including the planters themselves;

. . . ." instead of acting in the deferential, cautious manner expected of them, the average workers reject planters openly and in conversation with a stranger by giving hacenderos their lowest ladder scores; a fairly clear indication that workers are fighting unsuccessfully to control a powerful resentment that has built up within them against the planters' discourtesy and injustice.

. . . ."Finally, given the increasing agitation for reform or revolution by legitimate and subversive agencies based within and outside Negros Occidental, the role of hacendero is not very enviable, except for the man who likes an uneven fight against foolish odds."

My friends: if we are to accept these findings, these are the bare facts as they are today. Our only choice is to face our problems objectively, honestly, and disppasionately before we even make an attempt to solve them.

The solutions are not easy to come by. Medicine rarely has a good taste, no matter how you try to make it palatable.

On the national level, we have no choice but to help correct the unstable atmosphere in our investment climate. The rash of Filipinization bills will have to be considered by our law-makers a little more closely. They could hurt us instead of helping us as a country.

We have to think hard about the tide of nationalism now sweeping our country. We admit it is a valid emotion, and an even more valid cause. We have no choice but to accept it as a historical trend which we would be foolish to contradict. But surely, we can practice it rationally and not by being chauvinistic. Nationalism is not necessarily negative, not necessarily anti-everything foreign, not necessarily anti-American. Surely true nationalism would be more valid if it is in the public interest; if it accepts the precept of the greatest good to the greatest number.

I, therefore, appeal to this Administration and the Congress to think more seriously about our problems; think less of partisan politics and more in terms of the common good.

On the industry level, we have to "talk turkey" with each other. Do we want our sugar quota to be maintained or not? If we do, we have to do something about it. But before I spell out what we have to do, let us just remind ourselves whether we have lived up to our own pious pronouncements.

Have we done enough to implement our resolutions last year and, thereby, effect a more meaningful change?

My friends: We can not procrastinate much longer. We must do something positive . . . and immediately . . . NOW!

I propose that we "tackle the bull by the horns." Let us establish a system of self-policing in the industry. Yes, you heard me correctly. The world is **self-policing.** Let us police our ranks to weed out the undesirables, the unscrupulous, the sons of Adam who are giving the industry a black eye! Let us but more teeth in our resolutions this time around. I propose that we **enforce** them, especially the one referring to the Minimum Wage.

Secondly, together with our colleagues among the millers and the heads of labor organizations, let us embark on a vigorous social action program that will finally correct the social injustices that have plagued the industry.

I ask that we all reflect on the forces of change that are pressing all around us. In the past, we have been used to the idea that the businessman serves society best simply by being a good businessman — by making an honest profit, by religiously paying his taxes, by remunerating his workers well, by contribution to charity.

But times are changing. People are beginning to realize that the rapid economic growth of one sector and the lag of the rest of the community creates problems. This situation causes tensions, and it should be obvious that business cannot operate properly in an atmosphere of tension. Hence, to the extent that economic activities

generate imbalances, it becomes a moral obligation for the businessman to undertake programs of social development in favor of the less fortunate among our people.

The Sugar Industry, which has, like other sectors, created tensions of its own, must now realize that it must develop a strong sense of social responsibility. If we do not, as an industry, correct the problems that we have generated, then of what use are we to this nation?

One such measure is the Workers' Incentive Bonus Program. To ensure a better method of collecting funds for a Social Action Program, in lieu of the voluntary Social Amelioration Program, the sugar industry recommended the collection by the Sugar Quota Administration of a stabilization fee of P1.00 per picul on all sugar produced up to December 31, 1971. This will amount to P30 million a year. Ninety per cent will be distributed as incentive bonuses to workers in the industry. The remaining 10 per cent will constitute the capital funds of the Sugar Industry Social and Economic Development Foundation.

We are naturally grateful to President Ferdinand E. Marcos for giving his support and endorsement of this program.

Aside from this program, we also have other projects, the highlights of which are applied nutrition for farm workers, organization and operation of consumers' cooperatives and credit unions that will be owned by the workers, an adequate grade school program for the children of permanent workers, vocational education, a family planning program, a sports and folk culture program, and more importantly, the establishment of small-scale industries to provide work for the unemployed, which industries will be **jointly owned** by planters, millers, and workers.

We are funding these programs and that funding will be **adequate.**

There should be no more promises. We are committed. This is a pledge in good faith. Made with sincerity. For the long term.

In the name of the sugar industry, I ask you all to embark on these reforms today.

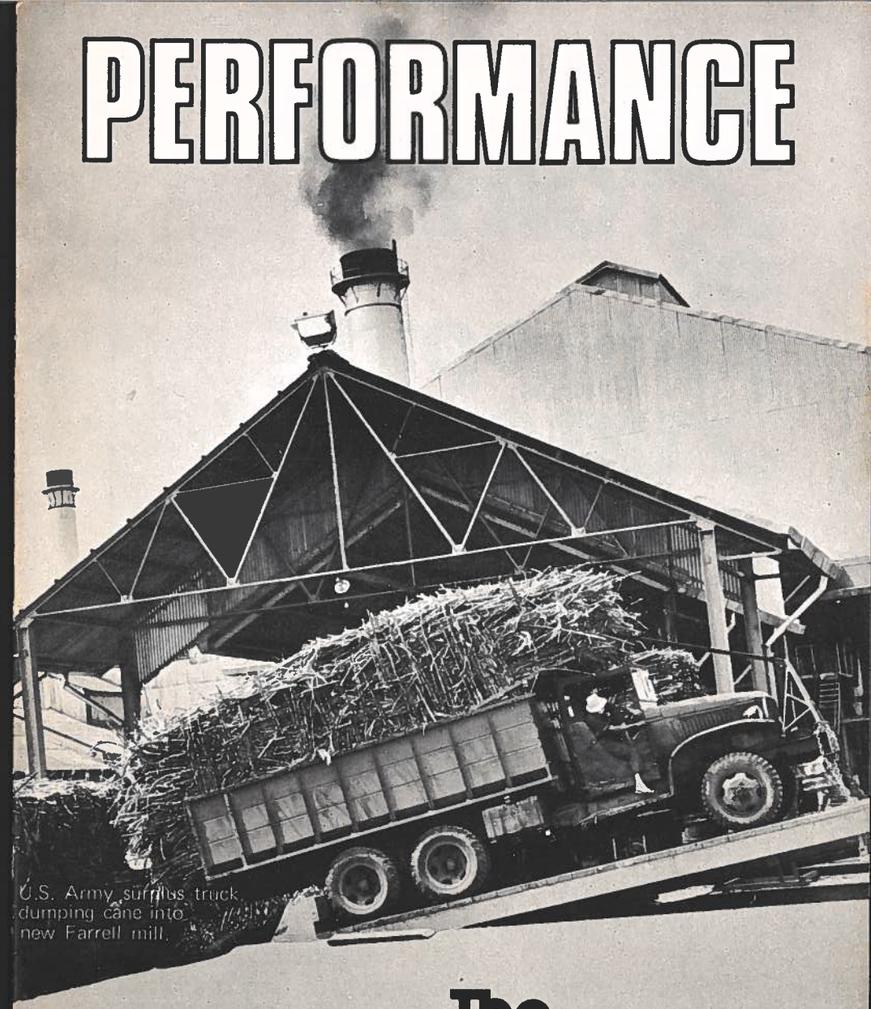
In this hour of grave economic and social crisis in the industry and the country, we need action. Let us have action. By all segments of the population. By private business. By the government.

The sugar industry will do its share. We will do our part not only because we have no choice, but because it is the **right thing** to do. I give you my **personal** commitment. Let this be **our** commitment as a whole industry. We have the resources to do it. And we are going to **use** these resources. Above all – we have the will to use them. And we shall do so **not** next year: Not **tomorrow,** but NOW.

I thank you.

SUGAR INDUSTRY
INFORMATION COMMITTEE
141 Ayala Avenue, Makati, Philippines * Tel. 88-30-60 * 20-60-19
Cable address: SUG INFO"

PERFORMANCE



U.S. Army surplus truck dumping cane into new Farrell mill.

The STORY of PHILIPPINE SUGAR

The STORY of PHILIPPINE SUGAR

AS THE RESULT OF THE CUBAN CRISIS
IN THE EARLY 1960's
THE PHILIPPINES USED ALL
ITS RESOURCES TO MEET THE
ADDITIONAL SUGAR QUOTA REQUIREMENTS
OF THE UNITED STATES
EVEN THOUGH THE INCREASE
WAS MERELY A **CONTINGENT** ONE

THAT'S **PERFORMANCE**

HERE'S THE WHOLE STORY

1. **The Philippines has always met its basic quota.**
   The Philippine sugar industry has since 1955 been gradually increasing production by enlarging and improving mill facilities and opening up new areas in existing pre-war mill districts. From an average 1,324,857 short tons in crop years 1954-55 to 1958-59, total sugar production climbed to an average 1,700,561 short tons in crop years 1964-65 to 1968-69.

2. It was due to this increase in production that the Philippines, in response to the emergency requirements of the United States following the loss of Cuban supplies, was able to supply 827,999 tons or 28 percent more than the treaty quota of 980,000 tons during the 3-year period from 1960-62, and 1,474,892 tons or 25 percent more than the treaty quota during the 6-year period from 1960-1965.

3. After approval of the U.S. Sugar Act Amendments of 1965, the expansion program of the Philippine sugar industry moved forward rapidly on a scale to ensure fulfillment of Philippine consumption and U.S. import requirements and the necessary reserves, **even under uncertain weather conditions** that have been experienced by the industry so far. This program is now an accomplished fact.

4. Under the expansion program, total mill capacity **more than doubled** from 76,991 metric tons of cane daily for 24 sugar centrals in crop year 1960-61 to 159,087 tons for 37 centrals in crop year 1970-71.

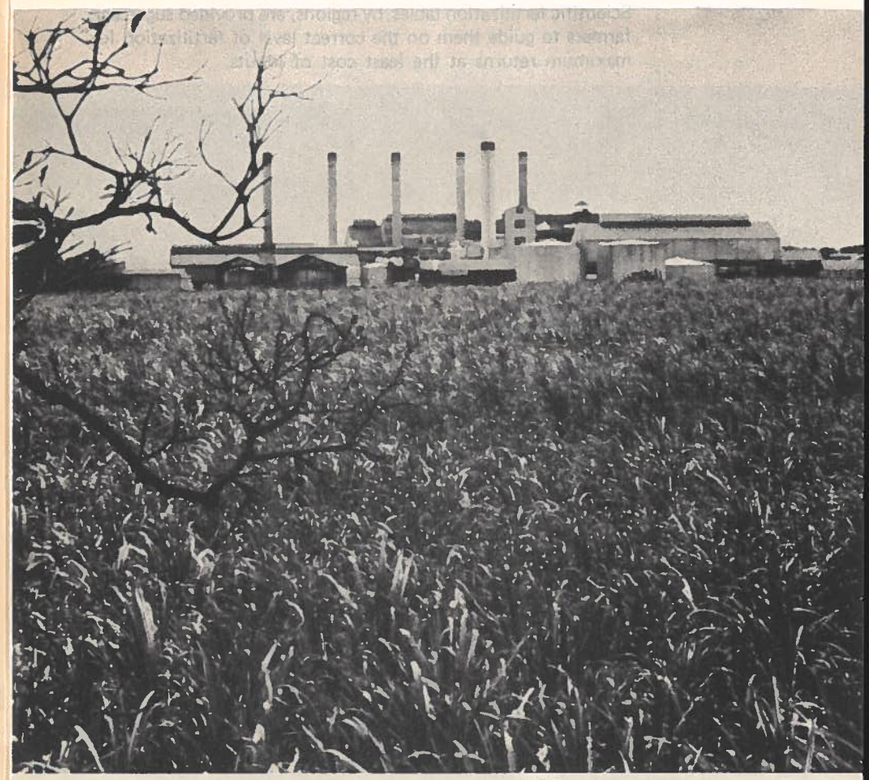
5. The expansion program **yielded its initial results** in crop year 1969-70 with the record crop of 2,124,314 short tons commercial weight.

6. In crop year 1970-71 **production is expected to shoot up to 2,362,894 tons,** and will continue to increase to 2,723,421 tons in crop year 1974-75. **Beginning this year the Philippines will be in a position to fill any anticipated increase in foreign or domestic requirements. The Philippines will also be able to supply sugar on a regular basis, as requested.**

Sources: Philippine Sugar Association; PHILSUGIN

HECTARAGE INCREASED BY 93% SINCE 1960

From 210,075 hectares in crop year 1960-61 to at least 406,137 hectares in crop year 1970-71. That's how fast the size of sugarcane fields has expanded in the last ten years.



That's Philippine PERFORMANCE

PLUS:

Rain-making

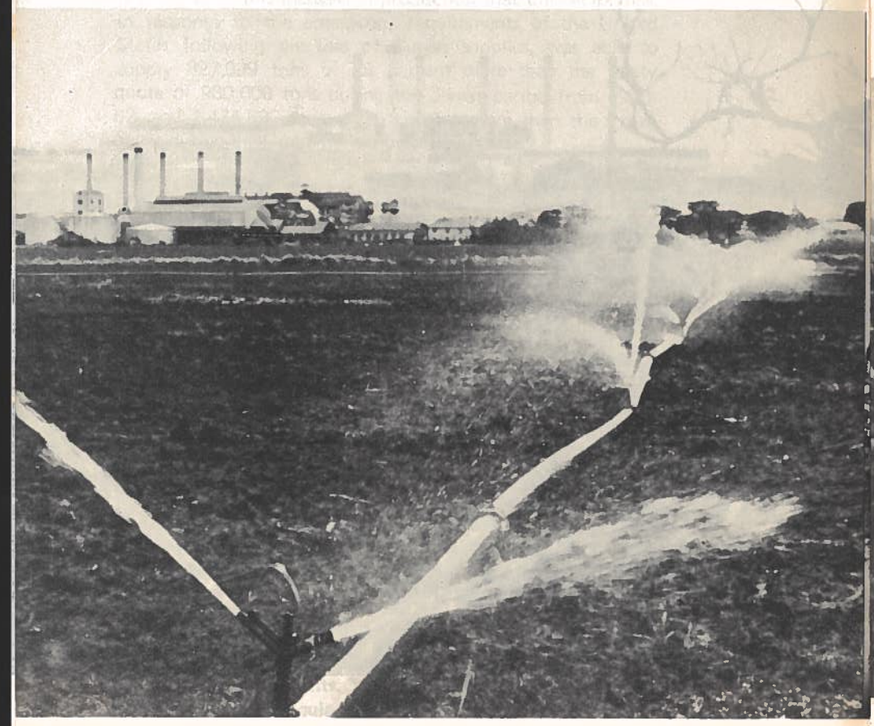
Artificial rain was induced to minimize crop losses. This was a joint program entered into by PHILSUGIN with the assistance of the United States Government.

Intensive Cultivation

There are about 9,000 tractors, mostly supplied by the United States, being utilized in cane farms all over the country.

Optimum Use of Fertilizer

Scientific fertilization tables, by regions, are provided sugarcane farmers to guide them on the correct level of fertilization for maximum returns at the least cost of inputs.



That's Philippine PERFORMANCE

PLUS:

Selected Seed Varieties

Seed varieties are carefully chosen to suit the fields, where they will be planted. Today, there's an increasing use of high-yielding varieties in more and more farms.

Improvement of Irrigation

The sugar industry has a Water Resources Development Unit that is surveying underwater resources for irrigation purposes in each milling district. Assistance is also extended planters in the design of irrigation or drainage network in their cane fields.

That's Philippine PERFORMANCE

MILLING CAPACITY MORE THAN DOUBLED SINCE 1960

Under the expansion program, total mill capacity more than doubled from 76,991 metric tons of cane daily for 24 sugar centrals (excluding Norte) in crop year 1960-61 to 159,087 tons for 37 centrals in crop year 1970-71.

Of the total capacity increase, 35,606 tons are accounted for by expansion of mill facilities and 46,490 tons by **establishment of 14 new centrals,** eight (8) purchased from the U.S. and six (6) from Japan.

The capacities of these centrals are classified according to country of origin of mill equipment as follows:

	On Total Capacity		On Capacity Increase Under Expansion Program	
	Metric Tons Cane Daily		Metric Tons Cane Daily	
United States	114,087*	71.71	52,260*	57,58
Japan	26,500	16.66	26,500	29.20
United Kingdom	10,500	6.60	4,000	4.41
France	8,000	5.03	8,000	8.81
TOTAL	159,087	100.00	90,760*	100.00

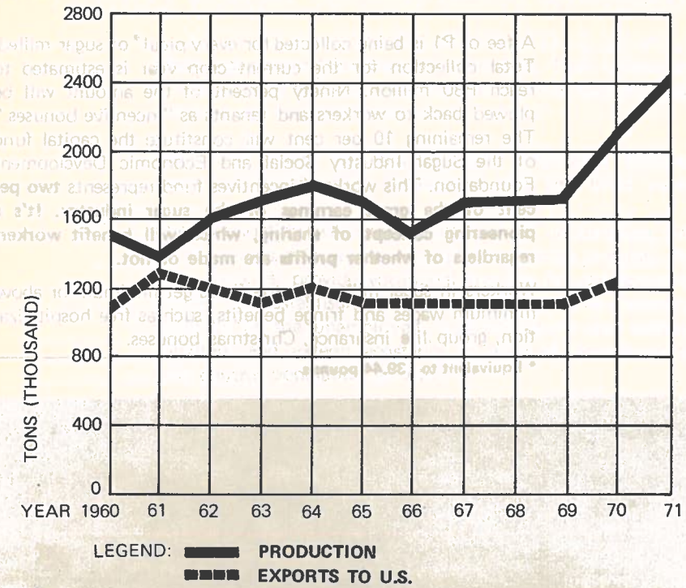
*Adjusted for capacity of 5 new mills erected in pre-war centrals. These new mills and their respective capacities are:

La Carlota/La Castellana:	Farrel — 7,000 tons
Lopez:	Farrel — 5,280 tons
Victorias:	Farrel — 5,280 tons
Ormoc:	Honolulu Iron Works — 2,500 tons
Bogo-Medellin:	Honolulu Iron Works — 2,500 tons

Sources: Philippine Sugar Association; PHILSUGIN

That's PHILIPPINE performance

SUGAR PRODUCTION, AND EXPORTS TO U.S.



CROP YEARS	TOTAL PRODUCTION (Short tons, commercial weight; figures rounded off)	CALENDAR YEARS	EXPORTS TO U.S. (short tons raw value; actual receipts in U.S.)
1959–1960	1,529,278	1960	1,154,854
1960–1961	1,451,451	1961	1,354,916
1961–1962	1,617,622	1962	1,256,164
1962–1963	1,714,006	1963	1,194,853
1963–1964	1,855,850	1964	1,217,359
1964–1965	1,717,112	1965	1,178,216
1965–1966	1,545,393	1966	1,186,123
1966–1967	1,719,661	1967	1,122,767
1967–1968	1,759,873	1968	1,124,002
1968–1969	1,760,768	1969	1,124,431
1969–1970	2,124,314	1970	1,298,795
1970–1971	2,487,257		

Source: Philippine Sugar Association

INCENTIVES TO INDUSTRY WORKERS

A fee of ₱1 is being collected for every picul* of sugar milled. Total collection for the current crop year is estimated to reach ₱30 million. Ninety percent of the amount will be plowed back to workers and tenants as "incentive bonuses." The remaining 10 per cent will constitute the capital fund of the Sugar Industry Social and Economic Development Foundation. This workers' incentives fund represents **two per cent of the gross earnings of the sugar industry. It's a pioneering concept of sharing, which will benefit workers regardless of whether profits are made or not.**

Workers in sugar mills and cane fields get minimum or above minimum wages and fringe benefits, such as free hospitalization, group life insurance, Christmas bonuses.

*** Equivalent to 139.44 pounds**

That's Philippine **PERFORMANCE**

Most sugar central workers are unionized. Their unions are affiliated with national labor federations. Management-labor relations are generally harmonious.

Individual millers and planters have voluntarily initiated numerous social action projects in the last three years.

The Foundation will organize consumers' cooperatives and credit unions; implement an applied nutrition program for farm workers; provide vocational training for employment; initiate the establishment of small-scale income-producing projects for the unemployed; promote sports and cultural activities; and extend assistance in planned parenthood to help control population growth.

That's Philippine **PERFORMANCE**

BENEFITS FROM SUGAR REACH LOWEST LEVELS OF PHILIPPINE SOCIETY

* 409,300 are employed in the industry.
* The industry directly and indirectly benefits close to 3 million Filipinos — roughly 10% of the total population.
* In 1970, the Philippines earned $205 million from sugar exports — or 20% of her export receipts. In 1971, export receipts from sugar are estimated at around $238 million, or 25% of export receipts.
* The wage structures in sugar farms and centrals for 1970 are as follows:

Sugar Farms

No. of Farms	22,973 1/
Average hectares per farm	17.8
No. of Farm Workers (of which around 10% are migratory workers)	359,700
Total Wages and Benefits	P250 million (minimum estimate)

Centrals:

No. of Centrals	37 in 16 provinces
No. of Employment	49,600
Total Salaries and Wages	P150 million

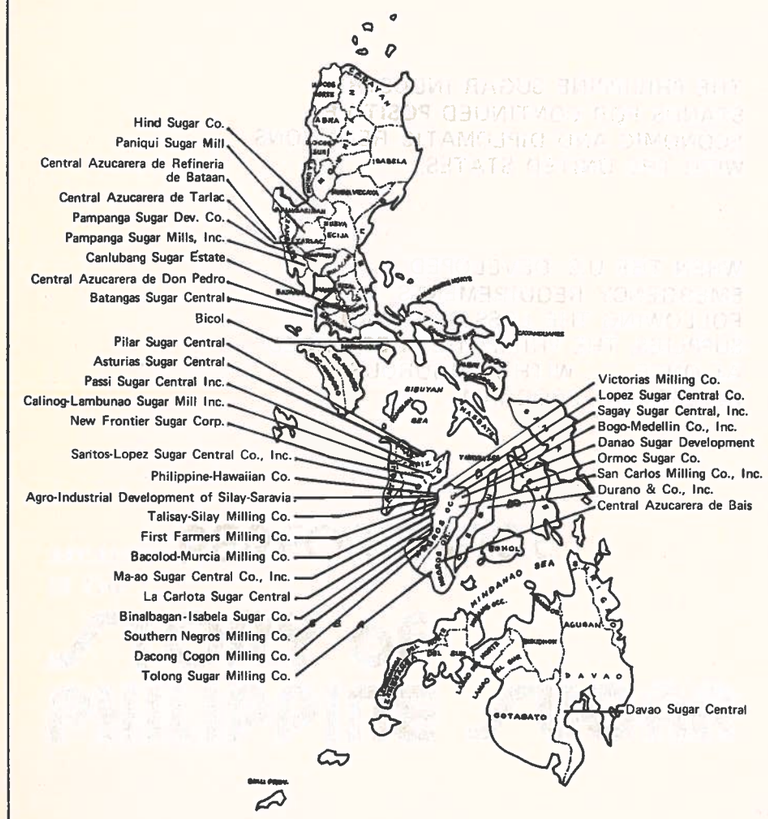
1/ **Estimated number of planters-30,000.**

RP-US TIES BASED ON RECIPROCITY FRIENDSHIP

* Imports of the Philippines from the U.S. during the period from 1960 to 1970 (up to June) totalled $3,130,300,000 (excluding invisibles). Exports to the U.S. over the same period totalled $3,522,800,000 (excluding invisibles).
* The United States has **traditionally** been the market for Philippine sugar . . . even when the Philippines was still a colony of Spain. Philippine sugar does not benefit from the British Commonwealth group of countries.

Sources: Phil. Sugar Association, PHILSUGIN

LOCATION OF SUGAR CENTRALS



Sources: Philippine Sugar Association; PHILSUGIN

REMEMBER

THE PHILIPPINE SUGAR INDUSTRY STANDS FOR CONTINUED **POSITIVE** ECONOMIC AND DIPLOMATIC RELATIONS WITH THE UNITED STATES.

WHEN THE U.S. DEVELOPED EMERGENCY REQUIREMENTS FOLLOWING THE LOSS OF CUBAN SUPPLIES, THE PHILIPPINES RESPONDED AT ONCE . . . WITH A VIGOROUS INVESTMENT PROGRAM.

BECAUSE **PERFORMANCE** IS THE

STORY of PHILIPPINE SUGAR

SUGAR INDUSTRY
INFORMATION COMMITTEE
(Printed in the Philippines, 1971)

rural workers office

REPUBLIKA NG PILIPINAS

KAGAWARAN NG PAGGAWA

INTRAMUROS, MAYNILA

President Marcos signs a Presidential Decree creating the Rural Workers Office in the Department of Labor as DOL officials led by Undersecretary Amado G. Inciong; P. P. Narayanan, Malaysian president of International Conference of Free Trade Unions; and local labor leaders look on. The signing was held at Malacañang, December 16, 1975.

Republic of the Philippines
DEPARTMENT OF LABOR
Manila

SECRETARY OPLE

Foreword

The policy of the State under the New Social Order to protect, promote and develop the welfare of rural workers requires the establishment of a specific agency to look after and provide assistance to the workers to raise their capability for self-employment and to link them up vitally with the mainstream of national development.

For this purpose, the Rural Workers Office of the Department of Labor has been tasked with the implementation of P.D. 621 and P.D. 788 establishing a social amelioration program for the sugar industry workers and to service the needs of rural workers in general.

It is my hope that the Rural Workers Office will accomplish its goals within the shortest possible time.

(SGD.) BLAS F. OPLE
Secretary

Introduction

To promote social justice and help raise the level of life of rural workers, particularly in the sugar industry, President Marcos created a Rural Workers Office in the Department of Labor.

On December 16, 1975, the President signed a decree creating the Rural Workers Office (RWO) which now implements and enforces PD 621 and PD788 establishing a social amelioration program for sugar industry workers.

This Office will initiate, undertake and arrange research projects to identify socio-economic problems of rural workers and propose solutions thereto.

It will provide special assistance for the organization of rural workers into unions, cooperatives and other forms of organization.

To help improve the working conditions of the landless rural poor throughout the country, the RWO will work out with representatives of workers and employers the establishment of social amelioration funds in appropriate industries, nation-wide or region-wide.

The Rural Workers Office is funded out of the Department of Labor's share of P0.10 per picul of sugar produced in connection with the Social Amelioration Program in the sugar industry.

The RWO is designed to meet the needs of the rural workers in their self-development and to link them up vitally with the mainstream of progress in the New Society.

Malacañang
Manila

Presidential Decree

CREATING THE "RURAL WORKERS OFFICE" IN THE DEPARTMENT OF LABOR AND FOR OTHER PURPOSES

WHEREAS, it is the policy of the State under the New Society to protect, promote and develop the welfare of rural workers;

WHEREAS, rural workers urgently need special assistance to raise their capability for self-development and to link them up vitally with the mainstream of progress and growth;

WHEREAS, there is no specific agency in the Department of Labor to implement and enforce PD 621 and PD 788 establishing a social amelioration program for sugar industry workers;

WHEREAS, it is essential to establish an office designed especially for such purposes;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me under the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated 21 September 1972, and General Order No. 1, dated 22 September 1972, as amended, do hereby order and decree the following as part of the law of the land:

Section 1. There is hereby created in the Office of the Secretary of Labor a Rural Workers Office, hereinafter referred to as the "Office" which shall be headed by an Executive Director under the immediate supervision and control of the Secretary of Labor.

Section 2, The Executive Director shall be appointed by the President of the Philippines upon recommendation of the Secretary of Labor, and shall receive an annual salary of P36,000.00.

Section 3. The Office shall have the following powers and functions:

a) To implement and enforce PD 621 and PD 788

establishing a social amelioration program for sugar industry workers.

b) To initiate, undertake, arrange or authorize research projects to identify and study socio-economic problems of rural workers and propose solutions thereto.

c) To work out with representatives of workers and employers the establishment of social amelioration funds in appropriate industries, nation-wide or region-wide.

d) To process and evaluate proposed social and amelioration projects for rural workers for approval by the Secretary of Labor.

e) To promote, supervise and audit implementation of approved social amelioration projects for rural workers and their families.

f) To assist in the enforcement of policies and programs designed to protect and promote the welfare of rural workers, including improvement of their working conditions.

g) To make arrangements for the provisions of skills development and placement facilities for rural workers.

h) To provide special assistance for the organization of rural workers into unions, cooperatives and other forms of organizations.

i) To assist misplaced, unassimilated and unemployed urban workers and their families by helping equip them with skills for urban employment or for returning to the barrio.

j) To perform primarily policy and program development and advisory functions to the Secretary of Labor in the administration and enforcement of all labor laws relating to the promotion and development of the welfare of rural workers.

k) To exercise such other functions as may be assigned by the Secretatry of Labor.

Section 4. The technical staff and other personnel of the Office shall be appointed by the Secretary of Labor upon recommendation of the Executive Director; Provided, that civil service eligibility requirements and WAPCO position and salary schedules shall not apply to personnel and positions of the Office declared highly technical by the Secretary of Labor.

Section 5. The Office shall be funded out of the share of the Department of Labor in the sugar stabilization fee under PD 788 issued on 30 August 1975 in such amounts as the Secretary of Labor may determine subject to normal accounting and auditing procedures.

Section 6. The Office is authorized to receive donations, grants and other forms of assistance from domestic, international

and other sources, provided that the same are in accordance with law and are not repugnant to the policies of the State.

Section 7. The Secretary of Labor shall issue rules and regulations to implement the provisions of this Decree.

Section 8. All laws, decrees, general orders or letters of instructions or any provisions thereof contrary to or inconsistent with this Decree are hereby repealed, amended or modified.

Section 9. This Decree shall take effect upon approval.

Done in the City of Manila this 16th day of December in the year of our Lord nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

Malacañang
Manila

Presidential Decree No. 621

VESTING UPON THE SECRETARY OF LABOR GENERAL SUPERVISION AND CONTROL OVER THE SOCIAL AMELIORATION PROGRAM IN THE SUGAR INDUSTRY

WHEREAS, on December 24, 1970, acting on the proposals made by the leaders of the sugar industry, I, as President of the Philippines, directed the Sugar Quota Board to issue an order for the collection of a Stabilization Fee of P1.00 for every picul of sugar produced in lieu of the P3.00 charged on every picul of domestic sugar for an amelioration fund which I have ordered to be established earlier, and thereafter, the Sugar Quota Board issued Philippine Sugar Order No. 3, series 1970-71, dated December 29, 1970, amended later by Philippine Sugar Order No. 4, series 1970-71, dated January 12, 1971, and further later amended by Philippine Sugar Order No. 3, series of 1971-72, dated December 23, 1971, whereby a Stabilization Fee of P1.00 per picul on all sugar produced would be collected, ninety per cent (90%) of which is to be distributed as bonuses to the sugar workers and/or disposed of according to any agreement between the employer and the labor union of his employees, and the balance of ten per cent (10%) to form as the working fund of the Sugar Industry Foundation, Inc.;

WHEREAS, despite the above-mentioned Philippine Sugar Orders, and the corresponding Field Service Instructions issued by the Sugar Quota Administration, there have been verified reports that some sugar farm and mill workers have failed to enjoy their legitimate share in the benefits of the social amelioration program of the sugar industry;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines,by virtue of the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September

22, 1972, as amended, and pending the full implementation of Presidential Decree No. 388, including the formal organization of the Philippine Sugar Commission in accordance therewith and in order that the desired objectives of the sugar industry's amelioration program for the improvement of the social and economic conditions of the sugar workers and their families can be achieved in an orderly and equitable manner, and upon the recommendations of the leaders of the sugar planters, millers and workers, do hereby order and decree that the Secretary of Labor shall exercise general supervision and control over and to issue the necessary rules and regulations on the proper and equitable implementation of the social amelioration program of the sugar industry, pursuant to the above-mentioned Philippine Sugar Orders of the Sugar Quota Board.

Any person who shall wilfully refuse upon demand, to pay his share of the stabilization fee or the legitimate claim of any worker covered by this Decree as determined by the Secretary of Labor shall be fined the amount of not less than P1,000.00 nor more than P10,000.00 or an imprisonment of not less than one (1) year nor more than five (5) years or both such fine and imprisonment at the discretion of the court or military tribunal: Provided, that if the offender is a corporation, firm, partnership, or association, the penalty shall be imposed upon the guilty officer or officers, as the case may be, and if such guilty officer or they shall be deported without further proceedings on the part of the Commission on Immigration and Deportation.

This Decree shall take effect beginning the crop year 1974-1975.

Done in the City of Manila, this 21st day of December in the year of our Lord, nineteen hundred and seventy-four.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:
Alejandro Melchor
Executive Secretary

Malacañang
Manila

Presidential Decree No. 788

INCREASING THE STABILIZATION FEE FOR THE SOCIAL AMELIORATION PROGRAM IN THE SUGAR INDUSTRY FROM P1.00 PER PICUL PRODUCED TO P1.10

WHEREAS, Presidential Decree No. 621 vests upon the Secretary of Labor general supervision and control over the proper and equitable implementation of the social amelioration program in the sugar industry;

WHEREAS, the Department of Labor is not adequately funded to ensure the effective implementation of the social amelioration program as well as the labor laws and other labor programs of the Government in the sugar industry;

WHEREAS, the leaders of the sugar industry have manifested their desire to increase the stabilization fee from P1.00 per picul of sugar produced to P1.10, the additional P0.10 to be used for the implementation of the social amelioration program and of the labor laws and policies in the sugar industry;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree as follows:

SECTION 1. All sugar mills shall collect a stabilization fee of P1.10 for every picul of sugar produced, the additional P0.10 to be deposited by the sugar mills with the Philippine National Bank in the name of the Secretary of Labor as working fund which shall be used exclusively for the implementation of Presidential Decree No. 621, other labor laws and socio-economic projects in the sugar industry.

SECTION 2. The Secretary of Labor shall promulgate rules and regulations governing the disbursement and expenditure of the working fund, subject to the usual accounting rules and regulations. The Commission on Audit is hereby authorized to audit periodically the expenditures charged against the working fund.

SECTION 3. This Decree shall take effect starting crop year 1974-1975.

Done in the City of Manila, this 30th day of August in the year of our Lord, nineteen hundred and seventy-five.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

Republic of the Philippines
DEPARTMENT OF LABOR
Manila

Implementing Rules and Regulations of Presidential Decree No. 621

By virtue of the powers vested in me by Presidential Decree No. 621 dated December 21, 1974, and to achieve the desired objective of the Social Amelioration Program of the Sugar Industry to further improve the social and economic welfare of the workers and their families, the following rules and regulations are hereby issued:

Section 1. *Employers Covered.* – All sugar millers and sugar planters within the contemplation of the Philippine Sugar Order No. 3, series of 1970-71, dated December 29, 1970, as amended by Philippine Sugar Order No. 4, series 1970-71, dated January 12, 1971, and further amended by Philippine Sugar Order No. 3, series of 1971-72, dated December 23, 1971, of the Sugar Quota Board, are covered by the Decree.

Section 2. *Employees Covered.* – All workers and employees of covered employers who are directly employed in the production of sugar, regardless of their position, designation or employment status, including migratory, seasonal, casual, pakiao and probationary employees and workers, and irrespective of the method by which their wages are paid, are covered by the Decree.

The following are not covered: (a) Those directly employed by a sugar planter or plantation receiving a monthly basic salary or wage of more than P600; and (b) Those employed by a sugar mill receiving a monthly basic salary or wage of more than P1,500.

However, the share of mill employees receiving salary or wage of more than P900 but not more than P1,500 shall be computed on the basis of P900 only.

Section 3. *Collection and Distribution of the Stabilization Fee, otherwise called the Sugar Amelioration Fund.* –

(a) All sugar mills shall collect the Stabilization Fee of P1.00 for every picul of sugar produced pursuant to the above-mentioned orders of the Sugar Quota Board and the pertinent Field Services Instructions of the Sugar Quota Administration.

(b) *Trust Fund* – Ten per cent (10%) of the Stabilization Fee shall constitute the Trust Fund administered by the Sugar Industry Foundation, Inc., and shall be disposed of in accordance with the policies laid down by the President of the Philippines. In any district where the planters association or cooperative has existing programs or plans aimed at giving long-term benefit to the workers of such district and their families, such association or cooperative may retain the 10 per cent of the Stabilization Fee corresponding to the Trust Fund, for the implementation of such programs or plans, provided the same have been duly approved by the Secretary of Labor or his duly authorized representative in the area. The planters association or cooperative is also required to submit every three months to the Secretary of Labor or his duly authorized representative in the area a progress report on the disposition of such fund.

(c) *Social Amelioration Fund.* – The balance of 90 per cent of the Stabilization Fee shall constitute the Fund to be turned over by the sugar mill to the sugar planters who shall hold the same in trust for their workers through their respective associations or cooperatives for distribution to the workers (i) within one month from the end of the milling season for those districts which mill within 7 months, (ii) every June and December of every year for those which mill for more than 7 months, and (iii) in accordance with any other distribution plan approved by the Secretary of Labor or his duly authorized representative.

(d) In case of sugar planters who are unaffiliated with any planters association or cooperative, the Fund shall be released by the mill directly to said unaffiliated planters. However, the mill, in such cases, shall submit to the Secretary of Labor or his authorized representative in the area (i) a list of such unaffiliated planters, (ii) their respective share of the sugar production, and (iii) the amounts of the Fund corresponding to the workers of said planters.

(e) Every sugar mill shall furnish weekly to the Secretary of Labor or his duly authorized representative a copy of the weekly sugar distribution report of the district.

Section 4. *Disposition of the Social Amelioration Fund.* –

1) Where there is a duly certified collective bargaining agent. –

(a) 30 per cent of the Fund may be set aside for any socio-economic projects recommended by the union, provided such projects, including the corresponding budgets, have been previously approved by the Secretary of Labor or his duly

authorized representative in the area.

(b) The union and the employer are required to submit every three months progress report on the implementation of such projects to the Secretary of Labor or his duly authorized representative in the area.

(c) The balance of 70% shall be distributed to the workers as cash bonuses without any deduction of whatever kind or nature.

(2) *Where there is no duly certified collective bargaining agent* –

(a) The employer shall distribute 100 per cent of the fund to his employees as cash bonuses without any deduction of whatever kind or nature.

(b) However, sugar mills or planters producing 5,000 piculs or more may propose socio-economic projects for their workers to the Secretary of Labor or his duly authorized representative in the area, provided the same shall in no case entail more than 30 per cent of the Fund.

(3) Where there is tenancy –

(a) If the tenant himself performs the whole work, he shall receive the 100 per cent of the Fund.

(b) Where the tenant employs other workers to do the work in his farm, the Fund shall be distributed to such workers.

Section 5. *Formula for determining workers' share.* – The formula for computing the share of individual workers in every mill or plantation shall be as follows:

$$\frac{\text{Total social amelioration fund of the employer as cash bonuses for his workers}}{\text{Total annual payroll of covered workers (on a crop year basis)}} = \text{X (Factor)}$$

then

$$\text{Factor x total annual (by crop year) earnings of the individual covered worker} = \text{Y (Share of the worker)}$$

In computing the total annual payroll of covered workers, on a crop year to crop year basis, salaries and wages of excluded workers and employees, including the emergency allowances of all workers granted under Presidential Decree 525, shall be excluded.

Section 6. *Undistributed or unclaimed bonuses.* – One month after the distribution of amelioration bonuses to his workers, the employer shall deposit any undistributed or unclaimed amelioration bonuses with the nearest PNB branch in the

name of the Secretary of Labor for payment to specified workers, and immediately report the same to the Secretary of Labor or his duly authorized representative in the area. If the money remains unclaimed or undistributed after two years from the date of deposit, the same shall be disposed of in accordance with the provisions of the Labor Code.

Section 7. *Report of compliance.* – In the payment and/or disposition of the Social Amelioration Fund, the covered employer shall prepare at least four (4) copies of a special payroll, as prescribed by the Secretary of Labor, to be signed by the covered workers indicating therein, among other things, amounts of bonuses they actually received, and duly certified by the employer or his authorized representative. The employer shall furnish a duplicate of the said payroll to the following: (a) the miller's association or the planters' association or cooperative, with which the employer is affiliated; and (b) two (2) copies to the Secretary of Labor or his duly authorized representative in the area.

Section 8. *Complaints and penalties.* – Any complaint arising from or involving any violation of the Decree and these rules and regulations shall be filed, under oath, with the Regional Office of the Department of Labor and processed in accordance with the Labor Code and its implementing rules and regulations.

Any person found guilty of violating the Decree and these rules and regulations shall be penalized in accordance with the penal provision of the Decree.

Section 9. *No diminution of existing benefits.* – Nothing in this issuance shall sanction the diminution of any existing benefit already enjoyed by the workers at the time of the promulgation of the Decree.

Section 10. *Effectivity.* – These rules and regulations shall take effect beginning the sugar crop year 1974-75.

Manila, January 8, 1975.

(SGD.) BLAS F. OPLE
Secretary

Republic of the Philippines
Department of Commerce and Industry
SUGAR QUOTA ADMINISTRATION
Diliman, Quezon City

Philippine Sugar Order No. 3
Series of 1970-1971

December 29, 1970

WHEREAS, the Philippine sugar industry today has a labor force estimated at 320,000 in existing sugar mills and farms comprising some 353,000 hectares of land; and approximately another 3 million more are dependent on the Philippine sugar industry directly or indirectly;

WHEREAS, the labor force in the sugar industry has been provided by and large with minimum wages and socio-economic benefits such as hospitals, medical and dental services, educational benefits, group insurance, and other benefits;

WHEREAS, of late the Philippine sugar industry has itself initiated a voluntary program of social amelioration bonuses and sharing the benefits of the increase in price of domestic sugar with workers and employees in some of the sugar producing districts;

WHEREAS, a sugar industry-wide educational program through the media of radio and television has been started together with the soon-to-be implemented Applied Nutrition Program, the latter envisioning the improvement of the diet of sugar industry workers and employees and at the same time provide them with opportunities for increased income;

WHEREAS, while efforts are being exerted to make the sugar industry workers and employees more progressive elements of the Philippine sugar industry which, in the long-run, shall redound to the best interest of both the industry and the national economy, much still remain to be done gradually for the improvement of the social and economic conditions of the sugar industry workers and employees;

WHEREAS, acknowledged leaders of the Philippine sugar industry have made representations that it is the earnest desire of

the industry to more effectively implement the above-mentioned program voluntarily and collectively through a Sugar Quota Board order for the collection of a stabilization fee of P1.00 per picul on all sugar produced from January 1, 1971 to December 31, 1971, fifty percent (50%) of the proceeds of which shall accrue to an Amelioration Fund to be distributed as bonuses to the sugar industry workers and employees and the other fifty percent (50%) to accrue to a Trust Fund which shall be used to finance social and economic development programs for the sugar industry, and for both Funds to be administered by the Board of Trustees of a Sugar Industry Social and Economic Development Foundation;

NOW, THEREFORE, by virtue of the authority vested in us and in pursuance of the legitimate objectives presented by the acknowledged leaders of the Philippine sugar industry, and to promote the stability of this industry, which will be in the national interest, it is hereby ordered that the Sugar Quota Administration collect a stabilization fee of One Peso (P1.00) per picul on all sugar produced from January 1, 1971 up to and including December 31, 1971, fifty percent (50%) of the proceeds of which shall accrue to an Amelioration Fund to be distributed as bonuses to the sugar industry workers and laborers and the other fifty percent (50%) to accrue to a Trust Fund to finance social and economic development programs for the sugar industry, and to hold in trust and turn over all the proceeds of the said collection to the Board of Trustees of a Sugar Industry Social and Economic Development Foundation which shall administer the said Amelioration Fund and Trust Fund.

It is hereby further ordered that the Sugar Quota Administration issue the necessary implementing rules and regulations in order to effectively enforce the aforesaid collections.

(SGD.) JOSE A. UNSON
Administrator
Chairman, Sugar Quota Board

(SGD.) JAIME C. DACANAY
Member, Sugar Quota Board
representing the National Federation of Sugarcane Planters

(SGD.) MANUEL ELIZALDE
Member, Sugar Quota Board
representing the
Philippine Sugar Association

Republic of the Philippines
Department of Commerce and Industry
SUGAR QUOTA ADMINISTRATION
Diliman, Quezon City

Philippine Sugar Order No. 4
Series of 1970-1971

January 12, 1971

WHEREAS, on December 29, 1970, the Sugar Quota Board approved Philippine Sugar Order No. 3, Series of 1970-71, directing the Sugar Quota Administration to collect a stabilization fee of P1.00 on every picul of sugar produced from January 1, 1971 to December 31, 1971, 50% of the proceeds of which shall accrue to an Amelioration Fund to be distributed as bonuses to workers and employees in the sugar industry and the other 50% to accrue to a Trust Fund to finance social and economic development programs for the sugar industry, and to hold in trust and turn over all the proceeds of the said collection to the Board of Trustees of Sugar Industry Social and Economic Development Foundation, which shall administer both Funds;

WHEREAS, after the approval of the aforesaid Sugar Order, the attention of the Sugar Quota Board was called by various planter groups to the fact that under the previous voluntary social amelioration program of the sugar industry of collecting P3.00 on every picul of domestic sugar produced to be distributed as bonuses to workers and employees of the sugar industry, their workers and laborers received bigger cash bonuses than they would receive under the Amelioration Fund provided by the said Surgar Order;

WHEREAS, the first phase of the work to be undertaken by the proposed Sugar Industry Social and Economic Development Foundation would consist merely in making studies and formulating plans for social and economic development projects for the benefit of the industry, which activities would not require a very big capital outlay;

WHEREAS, in the case of the sugar mills, the wages paid by

most, if not all, of the sugar mills are on the same basis as industrial workers and are relatively higher than the wages given to farm workers in the sugar industry, for which reason the mills should be given enough flexibility of allocating certain percentages of their contribution to the said Amelioration Fund for projects which would be more beneficial to their workers and employees in accordance with agreement entered into with their respective labor unions;

NOW, THEREFORE, pursuant to the power vested with us, it is hereby ordered that the penultimate paragraph of Philippine Sugar Order No. 3, Series of 1970-71, dated December 29, 1970, be amended, as it is hereby amended, to read as follows:

"NOW, THEREFORE, by virtue of the authority vested in us and in pursuance of the legitimate objectives presented by the acknowledged leaders of the Philippine sugar industry, and to promote the stability of this industry, which will be in the national interest, it is hereby ordered that the Sugar Quota Administration collect a stabilization fee of One Peso (P1.00) per picul on all sugar produced from January 1, 1971 up to and including December 31, 1971, ninety percent (90%) of the proceeds of which shall accrue to an Amelioration Fund to be distributed as bonuses to the sugar industry workers and employees and the remaining ten percent (10%) to accrue to a Trust Fund to finance social and economic development programs for the sugar industry, and to hold in trust and turn over all the proceeds of the said collection to the Board of Trustees of a Sugar Industry Social and Economic Development Foundation, which shall administer the said Amelioration Fund and Trust Fund; Provided, however, that mill companies may allocate certain percentages of their respective contributions to the Amelioration Fund above-mentioned for projects which they may consider more beneficial to their workers and employees in accordance with agreement entered into with respective labor unions."

(SGD.) JOSE A. UNSON
Administrator
Chairman, Sugar Quota Board

(SGD.) JAIME C. DACANAY
Member, Sugar Quota Board
Representing the National Federation of Sugarcane Planters

(SGD.) MANUEL ELIZALDE
Member, Sugar Quota Board
Representing the Philippine Sugar Association

Republic of the Philippines
Department of Commerce and Industry
SUGAR QUOTA ADMINISTRATION
Diliman, Quezon City

Philippine Sugar Order No. 3
Series of 1971-1972

December 23, 1971

WHEREAS, on December 29, 1970, the Sugar Quota Board promulgated Philippine Sugar Order No. 3, series of 1970-1971, and amended by Philippine Sugar Order No. 4, dated January 12, 1971, series of 1970-1971, on representations made by the acknowledged leaders of the sugar industry that it was the earnest desire of the industry to more effectively implement the above-mentioned program voluntarily and collectively through a Sugar Quota Board Order for the collection of a stabilization fee of P1.00 per picul on all sugar produced from January 1, 1971 to December 31, 1971, ninety percent (90%) of the proceeds of which shall accrue to an Amelioration Fund to be distributed as bonuses to the sugar industry workers and employees and the balance of ten percent (10%) to accrue to a Trust Fund which shall be used to finance social and economic development programs for the sugar industry, and for both funds to be administered by the Board of Trustees of a Sugar Industry Social and Economic Development Foundation;

WHEREAS, implementing rules and regulations have since then been issued by the Sugar Quota Administration;

WHEREAS, the Sugar Industry Foundation, Inc., a non-stock, non-profit corporation to exist for a period of fifty years, has been formally organized on June 30, 1971, subject to and in conformity with the aforementioned Sugar Orders and, among others, for the purpose of providing a formal institutional medium, to initiate, sponsor, assist or finance programs and projects for the social and economic development, promotion and advancement of the living conditions of the workers engaged in

the sugar industry as well as their families, and to give effect to and accomplish the legitimate objectives of the acknowledged leaders of the Philippine sugar industry in promoting the stability of this industry for the benefit of the country;

WHEREAS, the acknowledged leaders of the industry have made representations on the further need to continue the implementation of the program hereinabove mentioned through the extension of the provisions of the aforementioned sugar orders;

NOW, THEREFORE, pursuant to the powers vested in us and in pursuance of the legitimate objectives presented by the acknowledged leaders of the sugar industry, and to promote the stability of this industry, which will be in the national interest, it is hereby ordered that the Sugar Quota Administration shall continue to collect a stabilization fee of one peso (P1.00) per picul on all sugar produced until such time as this Order shall have been revoked, for purposes already stated in the aforementioned Orders.

It is hereby further ordered that the Sugar Quota Administration issue the necessary implementing rules and regulations in order to effectively enforce the aforesaid collections. Likewise, implementing rules on the manner of distributing ninety percent (90%) of the proceeds of collection shall be issued in the future.

This Order shall continue to be in full force and effect until revoked by subsequent order.

(SGD.) JOSE A. UNSON
Administrator
Chairman, Sugar Quota Board

(SGD.) MANUEL ELIZALDE
Member
Philippine Sugar Association

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