

OVERVIEW OF THE SUGARCANE INDUSTRY

Updated September 2018

I. PLANTATION AREAS AND FARM PRODUCTIVITY

The total sugarcane plantation area for crop year (CY) 2017-2018 was 418,256 hectares (has.). As shown in Figure 1, the plantation area decreased by over 3000 hectares compared to CY 2016-2017. The said decrease in the plantation areas may be accounted for by the conversion of sugarcane plantations to plantations for other crops. Approximately 66% of the total sugarcane area in the country is situated in the Visayas Region, 20% in Mindanao, 9% in South Luzon, and the remaining 5% in North Luzon.

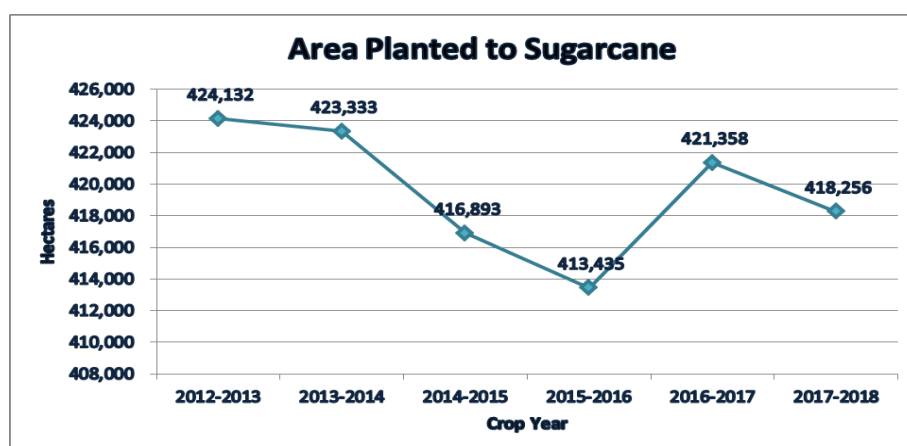


Figure 1. Total plantation area from CY 2012-2013 to CY 2017-2018

In terms of farm productivity (measured by the quantity of cane output per unit area, TC/Ha.), as seen in Fig.2, yield in CY 2017-2018 had significantly decreased compared to the 66.46 tc/ha record of the previous year. The decrease in productivity was due to the higher amount of rainfall during the milling season.

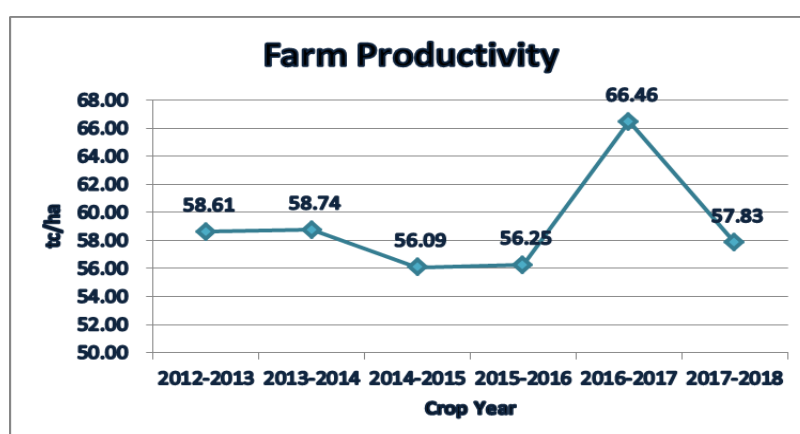


Figure 2. Farm productivity from CY 2012-2013 to CY 2017-2018

II. FARMERS AND WORKERS

Majority of sugarcane farmers are considered small farmers (farms are 5 has. or below). In CY 2016-2017, as shown in Figure 3, 85% are small farmers, 14% are cultivating 5.01 to 50.00 hectares and only 1% have 50.01 hectares and above.

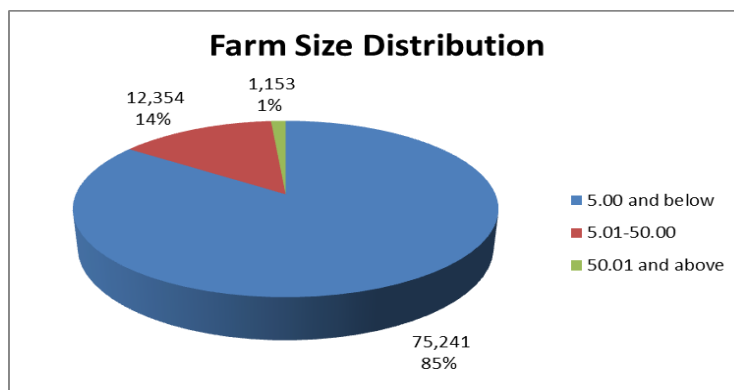


Figure 3. Farm Size Distribution, CY 2016-2017

Republic Act 6982 or the Sugar Amelioration Act of 1991 was passed in order to uphold the rights of the industry workers and augment their income to improve their way living. A National Tripartite Council in the Sugar Industry known as the Sugar Tripartite Council (STC) was also established in order to ensure the effective implementation of the economic and social programs for the workers. This is being implemented by the Department of Labor and Employment, in partnership with the Sugar Regulatory Administration being a member of the council, the Sugar Industry Foundation Inc., the planters' associations and federations, and the sugar millers and refiners. A lien of P10.00 per picul of sugar is currently implemented to fund the various welfare programs for the sugar industry workers and P13.43 per ton cane for the bioethanol workers. Around P360 million are collected annually to support the social amelioration program for the 700,000 industry workers.

III. PRODUCTION

In CY 2017-2018, raw sugar production dropped significantly to 2,133,146 MT. This is in consequence of the decrease in the sugarcane plantation area previously mentioned above. Figure 4 below shows the production from CY 12-13 to CY 17-18.

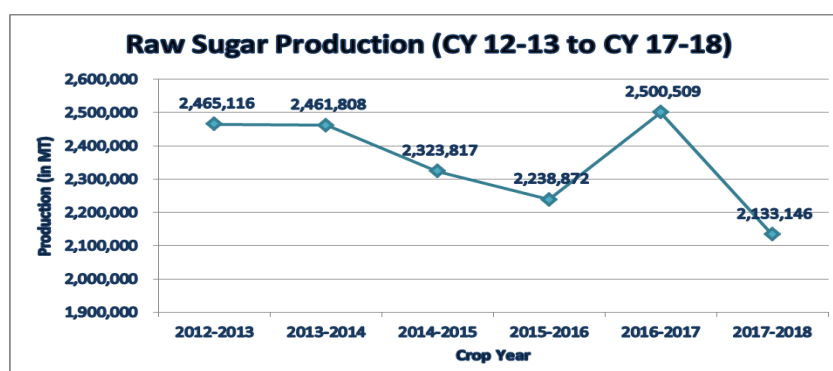


Figure 4. Raw Sugar Production from CY 2012-2013 to CY 2017-2018

IV. PROCESSING FACILITIES

In CY 2017-2018, there were 27 operational mills and 8 sugar refineries. Seven mills are situated in Luzon, 12 in Negros Island, 3 in Panay, 2 in Eastern Visayas, and 4 in Mindanao. The mill districts have their respective Mill District Development Council (MDDC) composed of representatives from the mills, planters' association, Philippine Sugar Research Institute and SRA created to oversee and implement programs and projects for the development of the industry. The MDDCs were later on transformed into SEC-registered foundations or Mill District Development Council Foundation, Inc. (MDDCFI) in order to avail of the ACEF grant in 2011.

The sugarcane industry is also an important player in the production of bioethanol and at present, there are a total of 10 operating bioethanol distilleries and 6 power generating plants. The Biofuels Act of 2006 (RA 9367) expanded the mandate of SRA to develop and implement policies supporting the Philippine Biofuels Program and ensure increased productivity and sustainable supply of biofuel feedstocks.

V. PROGRAMS FOR THE SUGARCANE INDUSTRY

For so many decades without government support on infrastructure development and other major support programs, Republic Act 10659, otherwise known as Sugarcane Industry Development Act (SIDA), was passed in 2015. The main objective of this law is to promote the competitiveness of the sugarcane industry through mandated programs and appropriations. It is composed of five main programs namely: Human Resource Development Program, Research, Development, and Extension Program, Block Farm Program, Socialized Credit under the Farm Support and Farm Mechanization Program, and Infrastructure Support Program. In 2017, P1.4M was allocated to SIDA in the General Appropriations Act.