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POLICY

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Sugar Regulatory Administration Import Clearance Program for High Fructose Corn Syrup

Report Categories:

Trade Policy Monitoring

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Report Highlights:

On February 20, 2017, the Philippine Sugar Regulatory Administration (SRA) issued Sugar Order No. 3 (SO No. 3), Series of 2016-17, or the “Guidelines on the Issuance of Clearance for Release of Imported High Fructose Corn Syrup (HFCS) and Chemically Pure Fructose. The Order took effect on March 10, 2017. According to SRA, SO No. 3 was necessary because of expanding HFCS imports into the Philippines that have disrupted the domestic market for sugar.

General Information:

On February 20, 2017, the Philippine Sugar Regulatory Administration (SRA) issued Sugar Order No. 3 (SO No. 3), Series of 2016-17, or the “Guidelines on the Issuance of Clearance for Release of Imported High Fructose Corn Syrup (HFCS) and Chemically Pure Fructose. The Order took effect on March 10, 2017.

According to SRA, SO No. 3 was necessary because of expanding HFCS imports into the Philippines that have disrupted the domestic market for sugar. The SRA reported complaints that unregulated HFCS imports were displacing the use of locally-produced sugar, threatening farmer livelihood and the local industry as a whole.

HFCS entering the Philippines must first be classified by the SRA as either “B” for domestic market, “C” for reserve, or “D” for world market. Only HFCS classified as “B” can be withdrawn for consumption.

An importer or consignee then needs to apply for clearance to release the imported HFCS. Along with a letter of application, the following additional requirements must be submitted:

- Bill of Lading
- Certificate of Origin
- Certificate of Analysis
- Notarized declaration as to whether the HFCS was produced using genetically-engineered materials or not
- Copy of payment for SRA clearance fee of P600/MT (\$12/MT)

Additionally, any movement or transport of imported HFCS will require a shipping permit (which includes a P20/MT (\$0.40) fee paid to SRA.)

The complete text of SO No. 3 is available here:

<http://www.sra.gov.ph/wp-content/uploads/2017/02/2016-2017-SO3-GUIDELINES-ON-THE-ISSUANCE-OF-CLEARANCE0001.pdf>

According to the Sugar Solidarity Against HFCS (SSA-HFCS, a broad coalition within the sugar industry), from 2011 to 2016, beverage makers and food processors imported almost 800,000 metric tons of HFCS into the country, displacing the demand for 23 million 50 kg bags of locally-produced sugar and depriving the country, particularly the sugar industry, of P35.2 billion in potential income. SSA-HFCS also claims that for Crop Year 2016-17, HFCS importation has driven down sugar prices from a high of more than P1,800 per 50 kg bag in September 2016 to less than P1,500 per 50 kg bag in December 2016, translating to potential revenue losses of about P20 billion for the current crop year. (P50 = \$1.)

According to sugar producer organizations, the importation of HFCS as an artificial sweetener has caused a dramatic drop in prices, equivalent to what SSA-HFCS reported. These organizations further contend that based on records from the Bureau of Customs, roughly 235,000 MT of HFCS, equivalent to 352,000 metric tons of sugar, entered the country in 2016, translating to a loss of P10.5 billion to the sugar industry. HFCS is significantly cheaper than locally-produced sugar.

Data from the Global Trade Atlas shows that the majority of HFCS imported by the Philippines is from China and South Korea. U.S. imports have declined dramatically since 2014 and were marginal in 2016.

Philippines Import Statistics							
Commodity: 170260, Fructose, Nesoi (Other Than Chemically Pure), And Fructose Syrup Containing In The Dry State More Than 50% By Weight Of Fructose, Excluding Invert Dug							
Calendar Year: 2014 - 2016							
Partner Country	Unit	2014		2015		2016	
		USD	Quantity	USD	Quantity	USD	Quantity
World	T	56167704	130827	69108939	125069	29533509	63184
China	T	22076744	46690	45953412	79575	22755686	52827
Korea South	T	18660418	38164	18923161	32919	3894300	9171
Belgium	T	246554	52	228390	41	2466152	777
United States	T	15121508	45771	3743454	12163	275710	264
Israel	T	0	0	0	0	57964	41
Finland	T	0	0	0	0	52569	41
Singapore	T	4765	3	0	0	17430	25
Taiwan	T	55697	144	69761	172	13381	38
France	T	0	0	0	0	264	0
Germany	T	0	0	33236	10	53	0
Korea North	T	0	0	157524	188	0	0
Malaysia	T	1477	2	0	0	0	0
Spain	T	541	1	0	0	0	0
Source of Data: Philippine Statistics Authority							

