

MANILA UNLOADS SUGAR STOCKS TO CURB PRICE RISE.By **Chaitanya Kalbag**, Reuters

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MANILA, July 17 - The Philippines' Sugar Regulatory Administration (SRA) has ordered all its reserve stocks and sugar earmarked for the world market to be diverted onto the domestic market in a bid to bring down rising domestic prices, SRA board member Bibiano Sabino told Reuters.

Under an order signed yesterday by SRA Chairman Arsenio Yulo, 200,400 tonnes of sugar set aside for the world market will now be diverted to domestic consumers, Sabino said.

This represents 15 pct of the 1.33 million tonnes produced domestically in the 1986/87 year ending August 31.

The Manila Bulletin quoted Yulo as saying millers and traders were holding back releases in the domestic market and had stockpiled nearly 350,000 tonnes of the previous domestic allocation of 721,440 tonnes.

As a result, raw sugar had soared from about 170 pesos per picul (64 kg) last year to 440 pesos per picul, Yulo said.

"The return of free enterprise in the sugar industry has been marked by considerable speculation," Sabino said.

"This atmosphere is healthy, but it needs to be corrected by putting in more stocks."

A senior SRA official said speculation among traders and millers had been sparked by the diminishing area devoted to sugar planting. The official said area dropped to 267,000 hectares in 1986 from 495,674 in 1981.

The decline has worsened because commercial and rural banks stopped advancing production loans due to uncertainty about the fate of sugar plantations under the government's proposed land reform program, the official said.

The program aims to limit agricultural land holdings to seven hectares.

The official said that alongside a steep drop in world sugar prices, Philippine production had also declined sharply from a high of 3.17 million tonnes in 1975/76 to 1.33 million tonnes in the current crop year.

Sabino said the SRA's action would not affect sugar set aside for export to the U.S. under the quota system.

He said 11 pct of this year's output, or 146,000 tonnes, had been allocated to the U.S. market.

The International Sugar Organisation (ISO) said last month sugar exports from the Philippines fell to 230,122 tonnes in 1986, nearly half of 1985 exports of 594,845 tonnes.

The ISO said exports fell because countries including China, Hong Kong, India, Japan, New Zealand and Sri Lanka, which were customers in 1985, did not buy sugar from the Philippines last year.

Philippine sugar output fell to 1.51 million tonnes in the 1985/86 crop year from 1.66 million tonnes a year earlier, the ISO said.

Sabino said half the 200,000 tonnes would immediately flow into the domestic market while the rest would be added to reserve stocks. Another 53,000 tonnes of sugar in reserve stocks would also be released for domestic sales.

"The net effect will be to flood the domestic market with at least 150,000 tonnes immediately," Sabino said.

The action was in response to President Corazon Aquino's concern over sugar prices, which had risen from about seven pesos per kilogram last year to about 11 pesos this week.

