



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA 1099

15 October 2002

CUSTOMS MEMORANDUM ORDER
NO. 40-2002

**Subject: SPECIAL SAFEGUARD DUTY ON
ONIONS UNDER HS 0703.10.00**

Pursuant to instructions contained in the 1st Indorsement, dated 20 September 2002, of Sec. JOSE ISIDRO N. CAMACHO, Department of Finance, relative to the Department Order No. 3, which was issued 30 August 2002 by the Department of Agriculture pursuant to R.A. 8800, it is hereby directed that all importations of onions with HS 0703.1000 from all countries shall be imposed an additional Special Safeguard Duty to be computed following the formula illustrated in Annex A of the Department Order No. 3, copy attached. Moreover, covered shipments entered into/withdrawn from warehouses in the Philippines for consumption shall, in addition to the regular Customs duties due thereon, be subject to the aforesaid safeguard duty, on a per shipment to shipment basis.

All concerned Customs offices/units are enjoined to coordinate with the appropriate DA offices/units for the proper application of the formula.

Lastly, pursuant to Section 23 (c) of the same R.A. 8800, the shipments of onions that are in transit prior to the publication of this Order shall be exempted from the imposition of safeguard duty, provided they arrive before the effectivity of the same.

This Order supersedes CMO No. 39-2002 on the same matter.

This Order shall take effect fifteen (15) days after the publication and shall remain in force until revoked.

Please be guided accordingly.


ANTONIO M. BERNARDO
Commissioner



Republic of the Philippines
DEPARTMENT OF FINANCE

Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004


1st Indorsement
20 September 2002



DMC-342

Respectfully referred to the Commissioner of Customs, Manila, for implementation and appropriate action is the within Department Order No. 3 dated 30 August 2002 issued pursuant to the provisions of R.A. 8800 by the Department of Agriculture re: Imposition of Special Safeguard Duty on Imported Onions with HS Code 0703.1000.


Preferential attention hereto will be appreciated.


JOSE SIDRO N. CAMACHO
Secretary
LINE-1437-0012/2002

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URGENT



BUREAU OF CUSTOMS
Office of the Commissioner
Manila, Philippines

NO4830

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30 August 2002

DEPARTMENT ORDER
 No. 3

Commissioner ANTONIO M. BERNARDO
 Bureau of Customs

To: Secretary JOSE ISIDRO N. CAMACHO
 Department of Finance

Subject: **IMPOSITION OF SPECIAL SAFEGUARD DUTY ON IMPORTED ONIONS WITH HS CODE 0703.1000**

Dear Commissioner Bernardo:

Pursuant to Republic Act 8800, referred to as the Safeguard Measures Act (chapter III, sections 21 and 23), we are requesting for the imposition of special safeguard (SSG) duty on onion imports with HS Code 0703.1000 over and above the regular customs duty of 50%. The amount of SSG duty to be collected shall be on a shipment by shipment basis. The computation of SSG duty is illustrated in Annex A.

This request is being made because the trigger price of the said agricultural product which is P74.21 per kg. (published August 7, 2002) has been breached or that, the average c.i.f. import price of onion from January to July 2002 which is P6.55 per kg. has gone below the trigger price. Likewise, it can be noted that volume of onion imports in 2001 is higher than the previous two years and monthly imports since March 2002 has been increasing (See Annex B).

May we further request that the imposition of the SSG duty be made effective immediately.

We look forward to your favorable and immediate action on this.

Thank you.

Very truly yours,

Leonardo Q. Montemayor
LEONARDO Q. MONTEMAYOR
 Secretary

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DEPT. OF FINANCE
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Annex A

Determination of the Special Safeguard Duty Based on Price Test
(Per Section 24 (b) of Chapter III of SA 1990)

This illustrates the method of computing the SSG duty to be applied when the c.i.f. import price falls below the trigger price. The SSG duty to be imposed shall be computed based on the price difference, or the amount obtained after subtracting the c.i.f. import price, as follows:

Price Difference (PD), in % of trigger price (TP)	SSG duty
PD < or = 10%	0.00
10 < PD <= 40%	$[30\% \times (PD - (10\% \times TP))]$
40 < PD <= 60%	$[50\% \times (PD - (40\% \times TP))] + [30\% \times (PD - (10\% \times TP))]$
60 < PD <= 75%	$[70\% \times (PD - (60\% \times TP))] + [50\% \times (PD - (40\% \times TP))] + [30\% \times (PD - (10\% \times TP))]$
PD > 75%	$[90\% \times (PD - (75\% \times TP))] + [70\% \times (PD - (60\% \times TP))] + [50\% \times (PD - (40\% \times TP))] + [30\% \times (PD - (10\% \times TP))]$

1. Compute the difference between CIF Price (P) and the Trigger Price (TP)

e.g. if current CIF price (P) is equal to P6.55, then

$$TP - P = P74.21 \text{ per kg.} - P6.55 \text{ per kg.} = P67.65$$
2. Compute the price difference rate with respect to the trigger price $[(TP - P) / TP]$

e.g. $[(74.21 - 6.55) / 74.21] = 91.17\%$
3. Since the price difference is 91.17% (greater than 75%), the SSG duty shall be computed as follows:

e.g. SSG Duty = 90% of $[(TP - P) - (75\% \text{ of } TP)] +$
 70% of $[(TP - P) - (60\% \text{ of } TP)] +$
 50% of $[(TP - P) - (40\% \text{ of } TP)] +$
 30% of $[(TP - P) - (10\% \text{ of } TP)] +$

thus, SSG duty = $0.90 [(74.21 - 6.55) - (75 \times 74.21)] +$
 $0.70 [(74.21 - 6.55) - (60 \times 74.21)] +$
 $0.50 [(74.21 - 6.55) - (40 \times 74.21)] +$
 $0.30 [(74.21 - 6.55) - (10 \times 74.21)] +$
 $= 10.80 + 15.19 + 18.99 + 18.07 = P64.05$

Therefore in this example, where c.i.f. import price is P6.55 per kg., the SSG duty which shall be collected over and above the regular customs duty is P64.05

OMO-39-0

Annex B

Volume of Onion Imports
1999 to 2002

Year	Volume (in kg.)	CIF Value (Php)	Unit Price (Php)
1999	18,119,158	105,879,299	5.84
2000	12,730,534	80,182,550	6.30
2001	22,257,754	133,459,610	6.00
Year 2002	3,052,257	19,995,048	6.55
January	1,518,968	9,043,389	5.95
February	116,347	730,550	6.28
March	46,637	236,005	5.06
April	120,000	574,689	4.79
May	144,000	1,077,874	7.49
June	552,000	4,513,191	8.16
July	554,305	3,819,290	6.89

Source of data: Bureau of Customs