



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

1 December 2004

CUSTOMS MEMORANDUM ORDER
NO. 37-2004

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



Pursuant to the 1st Indorsement dated 22 November 2004 of Undersecretary MA. GRACIA M. PULIDO-TAN, Department of Finance, directing the immediate implementation of Department Order No. 2 dated 16 November 2004 issued by the Department of Agriculture in accordance with 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 said Department Order No. 2, 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 Moreover, covered shipments entered into/withdrawn from warehouses in the Philippines for consumption shall, in addition to the regular Customs duties due thereon, be subject to the aforesaid safeguard duty, on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.

It is understood that shipments of onions which are in transit prior to the publication of this Order shall be exempted from the imposition of Special Safeguard Duty, provided they arrive before the effectivity thereof.

This Order supersedes CMO No. 40-2002 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.


GEORGE M. JEREOS
Commissioner




Republic of the Philippines
DEPARTMENT OF FINANCE

Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004

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UND-37-04
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1st Indorsement
22 November 2004

Respectfully referred to the **Commissioner of Customs, Manila**, for immediate implementation and appropriate action, the within Department Order No. 2 dated 16 November 2004, with *Annexes A and B*, of the Secretary of the Department of Agriculture requesting 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"**, effective immediately. Please refer to the attached *Annex A* of the said Department Order for the computation of the applicable SSG duty.

Preferential attention hereto will be appreciated.


Ma. Gracia M. Pulido-Tan
Undersecretary



Republic of the Philippines
DEPARTMENT OF AGRICULTURE
Office of the Secretary
Elliptical Road, Diliman, Quezon City

DEPARTMENT OF AGRICULTURE
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In reply, use the code
Fax: 02-861-0400
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16 November 2004

DEPARTMENT ORDER
No. 02

Commissioner **GEORGE JEREOS**
Bureau of Customs



Thru: **Secretary JUANITA D. AMATONG**
Department of Finance

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

Dear Commissioner Jereos:

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 June 2004 which is P8.11 per kg, has gone below the trigger price (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,

ARTHUR C. YAP
Secretary

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
RECORDS DIVISION

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LOURDES B. PLECHAS
OFFICER-IN-CHARGE
RECORDS DIVISION

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Annex A

MD-37-04

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Determination of the Special Safeguard Duty Based on Price Test
(Per Section 24 (b) of Chapter III of RA 8800)

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% x (PD - (10% x TP))]
40 < PD <= 60%	[50% x (PD - (40% x TP))] + [30% x (PD - (10% x TP))]
60 < PD <= 75%	[70% x (PD - (60% x TP))] + [50% x (PD - (40% x TP))] + [30% x (PD - (10% x TP))]
PD > 75%	[90% x (PD - (75% x TP))] + [70% x (PD - (60% x TP))] + [50% x (PD - (40% x TP))] + [30% x (PD - (10% x TP))]

1. Compute the difference between CIF Price (P) and the Trigger Price (TP)
e.g. if current CIF price (P) is equal to P8.11, then
 $TP - P = P74.21 \text{ per kg.} - P8.11 \text{ per kg.} = P66.10$
2. Compute the price difference ratio with respect to the trigger price $[(TP - P) / TP]$
e.g. $[(74.21 - 8.11) / 74.21] = 89.07\%$
3. Since the price difference is 89.07% (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 = $0.90 [(74.21 - 8.11) - (.75 \times 74.21)] +$
 $0.70 [(74.21 - 8.11) - (.60 \times 74.21)] +$
 $0.50 [(74.21 - 8.11) - (.40 \times 74.21)] +$
 $0.30 [(74.21 - 8.11) - (.10 \times 74.21)] +$
 $= 9.40 + 15.10 + 18.21 + 17.60 = P60.31$

Therefore in this example, where c.i.f. import price is P8.11 per kg., the SSG duty which shall be collected over and above the regular customs duty is P60.31.

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Annex B

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**Volume, Value and Unit Price of Onion Imports
2001 to 2004**

Year	Volume (in kg.)	CIF Value (PhP)	Unit Price (PhP)
2001	17,925,108	135,818,139	7.58
2002	6,751,575	51,879,989	7.68
2003	11,584,228	91,939,692	7.94
Average	12,086,970	93,212,607	7.71
Year 2004	749,640	6,376,783	8.51
January	194,000	1,583,493	8.16
February	-	-	-
March	-	-	-
April	-	-	-
May	54,000	723,755	13.40
June	501,640	4,069,535	8.11

Source: National Statistics Office

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
RECORDS DIVISION

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