



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

01 October 2002

**CUSTOMS MEMORANDUM ORDER**

NO. 39-2002

Subject: SPECIAL SAFEGUARD DUTY ON  
ONIONS UNDER HS 0703.1000

Pursuant to instructions contained in the 1<sup>st</sup> 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.

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

Upon the effectivity of this Order, covered shipments entered into/withdrawn from warehouses in the Philippines for consumption shall, in addition to the regular Customs duties due thereon, be subject to the aforestated safeguard duty, on a per shipment to shipment basis.

This Order shall take effect immediately and shall remain in force until revoked.

Please be guided accordingly.

**ANTONIO M. BERNARDO**  
Commissioner

Enclosures:

*1<sup>st</sup> Indorsement of DoF/20 September 2002*  
*Department Order 3 of DA/30 August 2002*  
*Annex A - Determination of SSG Based on Price Test*  
*Annex B - Volume of Onion Imports, 1999-2002*

Cc: *Sec. Jose Isidro N. Camacho, DoF*  
*Sec. Leonardo Montemayor, DA*



Republic of the Philippines  
**DEPARTMENT OF FINANCE**

Roxas Boulevard Corner Pablo Ocampo, Sr. Street  
Manila 1004

*Atty. ...*



*JMO-39-02*

**1<sup>st</sup> Indorsement**  
20 September 2002

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  
*File - 1427-2001/2002*

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*URGENT*



BUREAU OF CUSTOMS  
Office of the Commissioner  
Account Executive  
  
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Republic of the Philippines  
**DEPARTMENT OF AGRICULTURE**  
 Office of the Secretary  
 Elliptical Road, Diliman, Quezon City

*CMO-39-02*

*2.*

30 August 2002

DEPARTMENT ORDER  
 No. 3

Commissioner ANTONIO M. BERNARDO  
 Bureau of Customs

Thru: Secretary JOSE ISIDRO N. CAMACHIO  
 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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 CUSTOMS & TARIFF DIV

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Annex A

3.

**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%	$[30\% \times (PD - (10\% \times TP))]$
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 ratio 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 =  $0.90 [(74.21 - 6.55) - (.75 \times 74.21)] +$   
 $0.70 [(74.21 - 6.55) - (.60 \times 74.21)] +$   
 $0.50 [(74.21 - 6.55) - (.40 \times 74.21)] +$   
 $0.30 [(74.21 - 6.55) - (.10 \times 74.21)] +$   
 $= 10.80 + 16.19 + 18.99 + 10.07 = P64.05$

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

Omnib-39-02.

Annex B

4.

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
<b>Year 2002</b>	<b>3,052,257</b>	<b>19,995,048</b>	<b>6.55</b>
January	1,518,968	9,043,389	5.95
February	116,347	730,550	6.28
March	46,637	236,065	5.06
April	120,000	574,689	4.79
May	144,000	1,077,874	7.49
June	552,000	4,513,191	8.18
July	554,305	3,819,290	6.89

Source of data: Bureau of Customs