

IMPOSITION OF SPECIAL SAFEGUARD DUTY ON IMPORTED ONIONS

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The Hon. Commissioner George Jereos
Bureau of Customs
Manila

Through:
The Hon. Secretary Juanita D. Amatong
Department of Finance

Subject: Imposition of Special Safeguard Duty on Imported Onions

Dear Commissioner Jereos:

Greetings from the Department of Agriculture!

Pursuant to Republic Act 8800, the Safeguard Measures Act (Chapter III, Sections 21 and 23), we request the imposition of the appropriate special safeguard (SSG) duty on onion imports (HS Code 0703.1000) over and above the regular customs duty of 50%. The 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 on the basis of the trigger price of the product (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. is below the trigger price (Annex B).

May we further request that the imposition of the SSG duty be made effective immediately after internal procedures in the Bureau relative to this request have been completed.

Thank you and we look forward to your favorable and immediate action on this request.

Adopted: 19 Oct. 2004

(SGD.) ARTHUR C. YAP
Secretary

Annex A

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 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 P8.11, then

TP - P = P74.21 per kg. - P8.11 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.

Annex B

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

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March

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April

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May

54,000

723,755

13.40

June

501,640

4,069,535

8.11

Source: National Statistics Office

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