

# **DEPARTMENT OF TRADE AND INDUSTRY**

**SAFEGUARD MEASURES CASE NAME:**

**APPLICATION OF PUYAT STEEL  
CORPORATION ON PREPAINTED  
GALVANIZED IRON (PPGI) AND  
PREPAINTED ALUMINUM ZINC (PPGL)**

## **PUBLIC VERSION**

**SGM CASE NO. : SG04-2020**

**DATE : 24 September 2021**

**REPORT ON THE PRELIMINARY FINDINGS  
APPLICATION FOR SAFEGUARD MEASURES ON  
PREPAINTED GALVANIZED IRON (PPGI) AND  
PREPAINTED ALUMINUM ZINC (PPGL)**

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SAFEGUARD MEASURES ON PREPAINTED GALVANIZED IRON (PPGI) AND  
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**I. INTRODUCTION**

This is a report on the preliminary determination conducted by the Department of Trade and Industry (DTI) under Section 7 of Republic Act (RA) 8800, the Safeguard Measures Act, on the petition for safeguard measures filed by Puyat Steel Corporation (Puyat Steel). The products subject of the petition are Prepainted Galvanized Iron (PPGI) and Prepainted Aluminum Zinc (PPGL) including other coated products and painted strips which are classified under the 2017 ASEAN Harmonized Tariff Nomenclature (2017 AHTN) Codes:

PPGI/PPGL	Other Coated Products	Painted strips
7210.70.11	7210.90.10	7212.40.11
7210.70.19	7210.90.90	7212.40.12
7210.70.90		7212.40.19
7210.70.91		7212.40.91
7210.70.99		7212.40.92
		7212.40.99

This report addresses the issue on whether the evidence submitted by the domestic industry, importers, exporters and other interested parties show that increased imports are the substantial cause of, or threaten to substantially cause serious injury to the local industry. For easy reference, the term “PPGI and PPGL” which cover PPGI, PPGL including other coated products and painted strips will be used in this report.

**A. The Philippine Industry's Petition**

**A.1 Parties to the Petition - Domestic Industry/Petitioner**

**A.1 Party to the Petition - Domestic Industry/Petitioner**

Section 4 (f) of RA 8800 otherwise known as the Safeguard Measures Act (SMA), defines "domestic industry" as referring to the "**domestic producers, as a whole, of like or directly competitive products manufactured or produced in the Philippines or those whose collective output of like or directly competitive products constitutes a major proportion of the total production of those products**".

Further, Section 6 of the SMA provides that any person belonging to or representing a domestic industry may file for a safeguard measures application, to wit:

SECTION 6. Initiation of Action Involving General Safeguard Measure. — Any person, whether natural or juridical, **belonging to or representing a domestic industry** may file with the Secretary a verified petition requesting that action to be taken to remedy the serious injury or prevent the threat thereof to the domestic industry caused by increased imports of the product under consideration

Puyat Steel Corporation produces, manufactures, processes, leases, buys, sells, distributes, exports, imports and otherwise deals in goods, product wares and merchandise of every class and description, such as but not limited to galvanized iron sheets, all kinds of steel products, hardware, construction materials, supplies, and woodworks, machineries, implements, ornaments of all kinds, fixtures and industrial materials. Their head office is in Makati City and their manufacturing plant is located in Pampanga.

Puyat Steel being a part of and belonging to the domestic industry, and having a material interest in the subject issue, can file a verified petition.

Other producers of PPGI and PPGL are Sonic Steel Industries Inc., Union Galvasteel and Excel Coil Coating Corporation.

## **A.2. Industry Overview**

The Philippine iron and steel industry is a critical component in achieving inclusive economic growth and sustainable development. The industry provides necessary inputs for the construction of infrastructure, power generation and distribution, transportation facilities and vehicles, manufacturing machinery and equipment – all of which are vital for a nation's long-term growth. The industry's outputs are utilized by both commercial and industrial enterprises, such as electronics, appliance manufacturing, and shipbuilding, among others.

The Philippine iron and steel industry aims to contribute to the country's sustainable development by manufacturing world-class products for the industry and society and sees itself as a majority producer of high-quality and safe steel products for domestic users by 2030. This is achieved when the industry is able to supply 70% of the tonnage of required apparent steel consumption.<sup>1</sup>

## **A.3. Importers and Exporters of PPGI and PPGL**

Puyat Steel Corporation provided the lists of importers and exporters of PPGI and PPGL products during the period of the investigation (POI). Further, an additional list of importers and exporters have been identified based on the Bureau of Customs Single Administrative Documents (BOC-SAD). These lists are attached as Annexes A and B.

## **A.4. Others**

DTI notified other interested parties such as consumer groups and industry associations regarding the application for safeguard measure investigation and requested them to submit their positions thereof. The list of associations and consumer groups is attached as Annex C.

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<sup>1</sup> <http://industry.gov.ph/industry/iron-and-steel/>

## **B. Role of DTI under RA 8800 (The Safeguard Measures Act)**

### **B.1 Examination of Evidence to Justify Initiation of Investigation**

In establishing whether there is sufficient evidence to justify the initiation of the investigation, the Secretary relied on Section 6 paragraph 3 of RA 8800 and its IRRs. The said provision provides, *"the Secretary shall review the accuracy and adequacy of the evidence adduced in the petition to determine the existence of a prima facie case that will justify the initiation of a preliminary investigation within five (5) days from receipt of the petition."*

### **B.2 The Meaning of Preliminary Investigation in the Context of the Safeguard Measures Law**

In making a preliminary determination, Section 7 of RA 8800 states that:

*"Not later than thirty (30) days from receipt of the petition...the Secretary, shall on the basis of the evidence and submission of the interested parties, make a preliminary determination that increased imports of the product under consideration are a substantial cause of or threaten to substantially cause, serious injury to the domestic industry. In the process of conducting a preliminary determination, the Secretary shall notify the interested parties and shall require them to submit their answers within five (5) working days from the date of transmittal to the respondent or appropriate diplomatic representative of the country of exportation or origin of the imported product under consideration."*

Further, the law also provides:

*"Upon a positive preliminary determination that increased importation of the product under consideration is a substantial cause of, or threatens to substantially cause, serious injury to the domestic industry, the Secretary shall, without delay, transmit its records to the Commission for immediate formal investigation."*

Rule 7.1 of the IRR essentially restates the law to wit:

*"Not later than thirty (30) calendar days from receipt of the properly documented application xxx, the Secretary shall, on the basis of the petition, the answers of the respondents, and the respective supporting documents or information, make a preliminary determination that increased imports of the product under consideration are a substantial cause of, or threaten to substantially cause, serious injury to the domestic industry."*

## II. THE EVIDENCE PRESENTED BY THE INDUSTRY

### A. The Product Subject to the Petition

Section 4 (h) of RA 8800 defines like product as *"a domestic product which is identical, i.e. alike in all respects to the imported product under consideration, or in the absence of such a product, another domestic product which, although not alike in all respects, has characteristics closely resembling those of the imported product under consideration"*.

Section 4 (e) of RA 8800 further provides, *"directly competitive product shall mean domestically produced substitutable products"*.

A comparison between the imported PPGI and PPGL and the locally produced PPGI and PPGL is required to determine if these are like or directly competitive products.

#### A.1 Domestic Product

The subject products are Prepainted Galvanized Iron (PPGI) and Prepainted Aluminum Zinc (PPGL). PPGI is 100% coated in Zinc while PPGL is coated in 55% Aluminum, 43.4% Zinc and 1.6% trace elements. It is four times more corrosion resistant than ordinary galvanized steel. The reason for its unparalleled protection is because of the metallic coating alloy which is composed of:



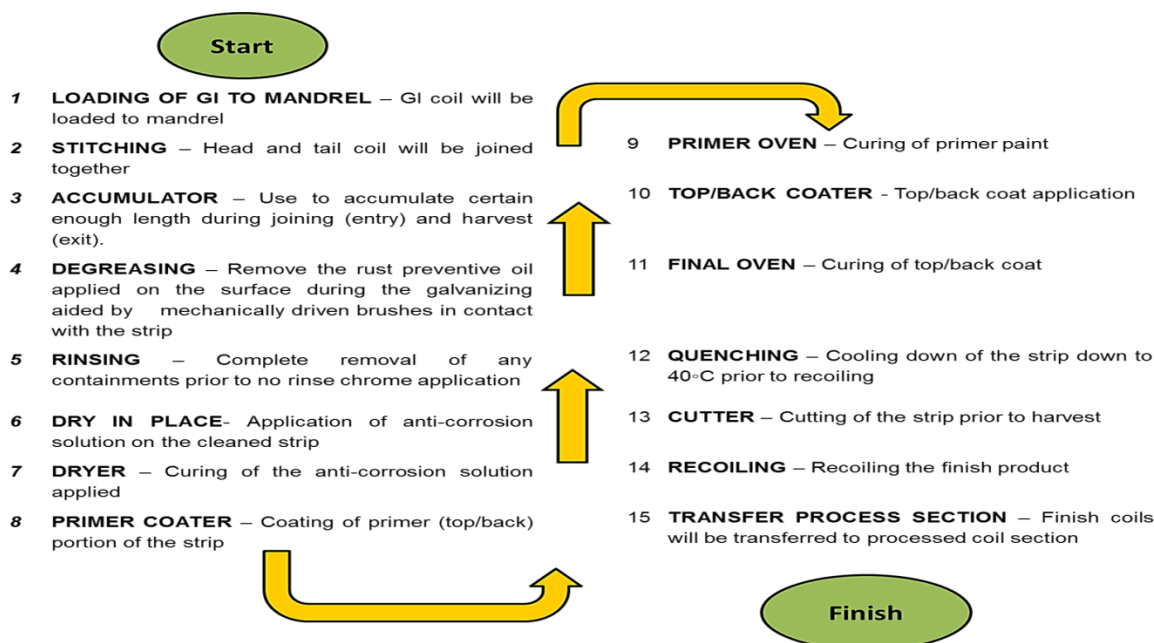
#### A.1.a Product Specifications

PPGL( AL-ZN)		PPGI (ZN)	
Thickness	.40, .50 and .60	Thickness	.40, .50 and .60
Width*	915mm-1220mm	Width*	880,990mm-1220mm
Coating	AZ60-AZ180	Coating	Z60-Z180
Sheet length	2440mm and custom	Sheet length	2440mm and custom
Base Metal	Superlume (GL)	Base Metal	Ultra bond (GI)
Surface Reflection	Glossy	Surface Reflection	Glossy
Surface Treatment	Chemical Passivated or Resin Coated	Surface Treatment	Chemical Passivated or Resin Coated
Standards	ASTM ISO JIS	Standards	ASTM ISO JIS
Yield Strength	275-550 Mpa	Yield Strength	275-550 Mpa
Temper	Full Hard & Annealed	Hardness	Full Hard & Annealed

According to Puyat Steel, the scope of the products under investigation for PPGI and PPGL covers PPGI and PPGL for roofing application with thickness of 0.8mm and below and width of 600mm to 1,250mm. These are imported in the form of PPGI and PPGL coils and sheets.

## A.2 Production Process

The main raw material of the product is GI. Below is the illustration of the production process of PPGI and PPGL.



## A.3. Uses and Applications

PPGI and PPGL are like Galvanized Iron and Aluminum Zinc coated steel, except they have been pre-painted. PPGI and PPGL come in a variety of colors which make them suitable for all kinds of roofing and sidings, flashings, wall cladding, gutters, curtain walls, floor decks, purlins and hip caps.

## A.4. Distribution Channel

Below is the illustration of the domestic industry’s distribution channel.



## B. Imported Product

## B.1 Tariff Schedule of PPGI and PPGL

AHTN	Description	MFN	ATIGA	AANZFTA		AIFTA			AJCEPA		AKFTA	PJEP	ACFTA			
		2017-2020			2014-2020		2014-2018	2019	2020	2014-2018	2014-2020	2014-2018	2017			
7210.70	- Painted, varnished or coated with plastics:															
7210.70.11	--- Painted	10	0	ex1 7210.70.10	Plated or coated with tin, lead or chromium oxide or with chromium and chromium oxide	5				7210.70.10	-- Containing by weight less than 0.6% of carbon and of a thickness of 1.5 mm or less	0	10 - 5	0		
				ex2 7210.70.10	Not clad, plated or coated with metal, of a	10-8*										
				ex3 7210.70.10	Other	0										
7210.70.19	--- Other	10	0									10 - 5	0			
PPGI/ PPGL	7210.70.90	--- Other	10	0	ex1 7210.70.90	Not clad, plated or coated with metal, of a	0	7210.70.90	9.29-8.39	8.21	8.04			0		
					ex2 7210.70.90	Not clad, plated or coated with metal, of a thickness more than 1.5 mm but less than 4.75 mm or exceeding 125 mm; plated or coated with zinc or aluminium (other than electrolytically plated or coated); plated or coated with other metals, of a thickness not exceeding 1.2 mm	0								0	
					ex3 7210.70.90	Other	0									
7210.70.91	--- Painted	10	0									10 - 5	0			
7210.70.99	--- Other	10	0	ex3 7210.70.90	Other	0		9.29-8.39	8.21	8.04			10 - 5	0		

Source: Classification based on The Philippine Tariff Finder (PTF) of the Tariff Commission. Retrieved from <http://tariffcommission.gov.ph/finder>

## B.2 Tariff Schedule of Painted Strip

AHTN	Description	MFN	ATIGA	AANZFTA		AIFTA			AJCEPA		AKFTA	ACFTA	PJEP A	
				2017-2020	2014-2020	2014-2018	2019	2020	2014-2018		2017	2017	2014-2018	
7212.40	- Painted, varnished or coated with plastics:													
	Containing by weight less than 0.6% of carbon	10	0											
7212.40.11	--- Hoop and strip, of a width not exceeding 400 mm	10	0	7212.40.10	0	7212.40.10	6	5	5	7212.40.10	0	0	0	7212.40.10 0
7212.40.12	--- Other hoop and strip	10	0				6	5	5	0	0	0	0	0
7212.40.19	--- Other	10	0			7212.40.90	6	5	5	7212.40.90	0	0	0	7212.40.90 0
7212.40.91	--- Hoop and strip, of a width not exceeding 400 mm	10	0				6	5	5	0	0	0	0	0
7212.40.92	--- Other hoop and strip; universal plates	10	0				6	5	5	0	0	0	0	0
7212.40.99	--- Other	10	0	7212.40.90	0	7212.40.90	6	5	5	7212.40.90	0	0	0	7212.40.90 0

Source: Classification based on The Philippine Tariff Finder (PTF) of the Tariff Commission. Retrieved from <http://tariffcommission.gov.ph/finder>

AHTN ASEAN Harmonized Tariff Nomenclature  
MFN Most Favored Nation  
AANZFTA ASEAN-Australia/New Zealand Free Trade Agreement  
ACFTA ASEAN-China Free Trade Agreement  
AJCEPA ASEAN-Japan Comprehensive Economic Partnership Agreement  
AKFTA ASEAN-Korea Free Trade Agreement  
PJEP A Philippines-Japan Economic Partnership Agreement  
ATIGA ASEAN Trade in Goods  
AIFTA ASEAN-India Free Trade Agreement



### B.3 Tariff Schedule of Other Coated Products

	AHTN	Description	MFN	ATIGA	AANZFTA		AIFTA			AJCEPA	PJEPA	AKFTA	ACFTA		
			2017-2020			2014-2020		2014-2018	2017	2017	2014-2018	2014-2018	2017	2017	
OTHER COATED PRODUCTS	7210.90	--- Others													
	7210.90.10	--- Containing by weight less than 0.6% of carbon and of a thickness of 1.5mm or less	3	0	ex1 7210.90.10	Plated or coated with tin, lead or chromium oxide or with chromium and chromium oxide	2	-	3	3	3	2-0	2-0	0	0
	7210.90.90	--- Other	3	0	ex1 7210.90.90	Plated or coated with tin, lead or chromium oxide or with chromium and chromium oxide	2	7210.90.90	3	3	3	0	2-0	0	0
					ex2 7210.90.90	Other	2	-	-	-	-	-	-	-	

Source: Classification based on The Philippine Tariff Finder (PTF) of the Tariff Commission. Retrieved from <http://tariffcommission.gov.ph/finder>

AHTN	ASEAN Harmonized Tariff Nomenclature
MFN	Most Favored Nation
AANZFTA	ASEAN-Australia/New Zealand Free Trade Agreement
ACFTA	ASEAN-China Free Trade Agreement
AJCEPA	ASEAN-Japan Comprehensive Economic Partnership Agreement
AKFTA	ASEAN-Korea Free Trade Agreement
PJEPA	Philippines-Japan Economic Partnership Agreement
ATIGA	ASEAN Trade in Goods
AIFTA	ASEAN-India Free Trade Agreement

### C. Comparison between Imported and Domestic Product

Locally produced and imported galvanized products are like products because of the following characteristics:

- i. same tariff classification
- ii. same raw materials
- iii. similar production processes
- iv. same applications and end use

### D. Product Exclusions

The product under investigation is limited to materials used for roofing with thickness of 0.8 mm and below and a width of 600mm to 1,250 mm and does not include the following:

- Raw materials such as heavy gauges used for floor decks and purlins, 100% coated aluminum steel sheets, tin plates and tin free steel, polypropylene laminated steel sheet (PLT) and tinsplate/tin free steel products laminated with polyethylene terephthalate film (PET film) or polypropylene film (PP film) by thermal processing; and

- All materials which are not used for roofing i.e. materials used for the manufacture of automobile bodies, motorcycles, home appliances, computers, food cans, and other non-roofing fabrications.

### **III. THE PROCESS OF PRELIMINARY INVESTIGATION**

#### **A. Acceptance of the Petition and Decision for Preliminary Investigation**

In accepting the petition of the Philippine prepainted GI and GL industry, the Secretary was guided by Rule 6.4a of the IRR of RA 8800 which provides that:

*“The Secretary shall, within five (5) calendar days from the date of his letter of acceptance of the properly documented application referred to in Rule 6.3.d, examine the accuracy and adequacy of the evidence submitted to determine the existence of a prima facie case that will justify the initiation of a preliminary investigation. In assessing the sufficiency of evidence provided in the application, the Secretary shall satisfy himself that based on the documents available to him, he can determine that the increased imports of the product under consideration are the substantial cause of the serious injury or threat thereof to the domestic producers of the product under consideration.”*

On 10 June 2020, the Secretary officially informed Puyat Steel that their petition has been accepted as a properly documented application. On 15 June 2020, the Secretary issued a report on the initiation of the safeguard investigation.

#### **A.2 Preliminary Investigation Proper**

##### **A.2.a Notice to Parties and Due Process**

On 17 June 2020, Notices of Initiation were published at the Business Mirror and Manila Standard as provided under Rule 6.5a of the IRR which states that:

*“Within two (2) calendar days after the Secretary makes the decision to initiate a preliminary investigation, the Secretary shall cause the publication of the notice of initiation of preliminary investigation in two (2) newspapers of general circulation. The date of publication shall be considered as day one (1) of the initiation of investigation.”*

From 22-29 June, 07 July and 17 August 2020, individual notices were sent to the domestic industry, the diplomatic or official representatives of the concerned governments of the identified exporting countries, importers, exporters and associations. The importers and exporters were requested to submit their responses to the questionnaires as well as evidence and information relevant to the said investigation within five (5) working days from receipt of notice as provided under Section 7 of RA 8800 and its IRR.

DTI experienced delays in the transmittal of the notification to interested parties because of the quarantine measures imposed to contain the pandemic. However, while the notices were delayed for reasons beyond DTI's control, respondents were not deprived of due process as they were granted extension of time to submit their views, comments, and the accomplished questionnaires which were all considered in the preliminary determination.

## A.2.b Submission of Evidence and Position Papers

As provided under Rule 6.5b of the IRR:

*“The respondents are required to submit within five (5) working days from the receipt of such notice their responses or comment and other evidence and information to dispute all allegations contained in the petition. The notice shall be deemed to have been received five (5) working days from the date on which it was transmitted to the respondent or the appropriate diplomatic or official representative of the country of export or origin of the product under consideration. In cases where the number of known interested parties is so large that it is impractical to provide a non-confidential copy of the documents to each of them, a copy will be given to the government of the country of export or origin and/or to the representative organizations. These documents shall also be made available to other interested parties upon request.”*

## A.2.c Importers’ Responses to the Questionnaire

The following are the identified importers that submitted responses to the Questionnaire:

### 1) Philmetal Products, Inc.

On 08 July 2020, Philmetal Products, Inc., submitted its reply stating the following comments:

Volume	<ul style="list-style-type: none"> <li>• A perusal of the volume of imports stated in the Initiation Report can hardly show any increase. As a matter of fact, the Initiation Report shows that only two (2) out of five (5) years are marked by increases of PPGI/PPGL import volumes. Based on the Initiation Report figures on import volumes in absolute terms, a decrease in imports was actually registered for three (3) years; by 6% between 2014 and 2015; by 15% between 2016 and 2017; and most recently, by 9% between 2018 and 2019 (for January to November, which is almost the whole year.</li> <li>• The mere fact of the decrease in 2015, 2017, and 2019 (as of November 2019) militates against any finding of an increase in imports under the Safeguard Measures Act.</li> <li>• The 46% 2016 increase in import volume by absolute terms, can be explained by the decrease in domestic production</li> </ul>
Causal Link	<ul style="list-style-type: none"> <li>• There is no causal link between any increase in imports of PPGI/PPGL and any supposed injury of the Petitioners.</li> <li>• Even assuming that the Petitioners established serious injury or threat thereof, they still failed to show that the same was substantially caused by the increase in importation.</li> <li>• As to the Inventory of Goods - The increase in finished goods inventory in 2017 and 2018 coincides with the increases in production and capacity utilization. Both by 15% and 0.33% in 2017 and 2018, respectively. The Petitioners failed to show that the</li> </ul>

	<p>increase in inventory is directly and exclusively attributable to price undercutting or price depression.</p> <ul style="list-style-type: none"> <li>• As to the EBIT – Any fall in EBIT cannot be automatically attributed to increased imports. EBIT is a measure of the profitability of a company’s core operations, hence, a decline in EBIT may very well be a result of factors other than an increase in imports, including but not limited to the cost of raw materials and the efficiency of a company’s operations.</li> </ul>
Serious Injury	<ul style="list-style-type: none"> <li>• There is no sudden, recent, sharp or constant surge in imports of PPGI/PPGL, that causes serious injury to the domestic industry. The Petitioners have not shown any serious injury or threat of serious injury.</li> <li>• There is no threat of serious injury because the current economic contraction is expected to lower the importation of PPGI/PPGL.</li> <li>• There is no serious injury because key indicators such as market share, salaries, capacity utilization, production, prices and productivity all remain healthy.</li> <li>• As to Market Share – The data cited in the Initiation Report shows no serious deterioration in the position of the domestic industry. The indexed growth of imports and domestic production moved along a similar trend, with a gap that was narrow and fairly consistent over the POI. Because the total apparent Philippine market has also stayed within a narrow range (a 20-pt. range between 2014 and 2018), it can be concluded that there is no staggering loss of market share on the part of the domestic industry.</li> <li>• The Initiation Report noted only two (2) supposed years of decline, <i>i. e.</i>, in 2014 and 2018.</li> <li>• As to Domestic Sales – The indexed data shows insignificant changes in sales volume and sales value. The supposed decreases are neither sharp nor consistent to show a declining trend. The decrease of 5.2% in 2015 cannot be of such magnitude to show any injury to the domestic industry. On the other hand, the decrease of 14.78% in 2016 was offset by an increase of 12.57% the very next year. Moreover, there can hardly be any drastic decline between 2017 and 2018 when the decrease in sales value was by a measly 2.31%.</li> <li>• The decline in sales volume and sales value were not significant impairment in the position of the domestic industry. The drastic reduction in domestic production could very well explain the 14.78% decrease in domestic sales in the very same year.</li> <li>• As to Production Volume and Capacity Utilization – Both production volume and capacity utilization showed growth over the POI except for 2016. This indicate a bullish outlook and denigrates from the Petitioners’ claim that they were suffering from significant impairment in their position.</li> <li>• As to Return on Sales – Return on sales increased by 22% and 50% in 2017 and 2018-the most recent years in the POI.</li> </ul>

	<ul style="list-style-type: none"> <li>• As to Salaries – Salaries during the POI increased by as much as 3 index points between 2014 and 2018, and 8% between 2017 and 2018.</li> <li>• Price Suppression – There was no price suppression during the POI. While a modest price depression was recorded at less than 1% for both 2015 and 2017, it is worth noting that the average selling price of the domestic industry even increased by 2 index points during the POI, and by 3.70% between 2017 and 2018, the most recent years of the POI.</li> <li>• While there is a drop in EBIT during the POI, it is worth noting that the indexed figures was consistently positive, even when importations were highest in 2016. In the absence of a contrary data, this indicates that the Petitioners continue to accumulate operating income and is not suffering year-to-year losses.</li> </ul>
Public Interest	<ul style="list-style-type: none"> <li>• The imposition of safeguard measures would be contrary to the public interest and will derail the much-needed economic recovery from the havoc of COVID-19.</li> <li>• The imposition of safeguard duty on PPGI/PPGL would be contrary to the public interest considering the contraction resulting from the COVID-19 Pandemic. Increasing the cost of PPGI/PPGL imports would be an additional burden on consumers and will neutralize any forthcoming economic stimulus.</li> <li>• The imposition of safeguard measures will have a multiplier effect that will neutralize any economic stimulus of the government.</li> <li>• Apart from increasing costs to end-users, safeguard measures could deter the inflow of much-needed PPGI/PPGL, thereby decreasing the supply at this time when affordable access to crucial input is important.</li> </ul>
Other Issues/ General Comments	<ul style="list-style-type: none"> <li>• The Application by the Petitioners is in breach of standards set by the WTO particularly as to unforeseen developments.</li> <li>• Neither the Application nor the Initiation Report offer a meaningful evidence demonstrating that certain unforeseen developments resulted in increased imports of the product under investigation.</li> <li>• The safeguard measure cannot be imposed out of sheer protectionism. Consistent with its exceptional nature, strict compliance with the requirements set by the Safeguard Measures Act and the WTO Agreement on Safeguards must be exacted.</li> <li>• In any event Provisional Measures should not be imposed as none of the requisites for its imposition obtain, regardless of the merit of the Application.</li> </ul>

## 2) Colorsteel Systems Corporation

On 15 July 2020, Colorsteel Systems Corporation submitted its reply stating the following comments:

Product Quality Requirements	<ul style="list-style-type: none"> <li>• The Petitioners cannot cater to all the quality requirements of consumers, especially those industries requiring more stringent quality specifications.</li> <li>• Many rollformers use hot-dipped galvanized Structural Grade Quality coils for steel decking and structural light gauge framing, which products, while covered by the Petitioners' application for safeguard measure, are not manufactured by the Petitioners and not available in the country.</li> <li>• Petitioners in fact revealed in their Adjustment Plan that their current quality and capability may not be able to cover all the special and higher quality requirements especially those from the specialized industries.</li> </ul>
Serious Injury	<ul style="list-style-type: none"> <li>• There is no serious injury as claimed by the Petitioners.</li> <li>• Analysis of the Petitioner' Income Statements establishes the following: <ul style="list-style-type: none"> <li>- Puyat Steel on the other hand, has been reporting a positive net income over the years (2013 to 2017). The big decrease in net income from 2016 to 2017 is highlighted only by the decline of its Gross Profit Ration citing the increase of its material cost and other inefficiencies in its cost of goods as primary reasons.</li> <li>- Petitioner's FS indicated a high cost of sales which in effect decreased their Gross Profit Margin. This could be attributed to the high cost of materials (Cold-Rolled Coils) which are also imported since the Philippines has no capacity to produce these raw materials.</li> </ul> </li> <li>• It is also notable that the Petitioners are expanding and further investing on sizeable projects which are inconsistent with the claim of serious injury.</li> <li>• The Petitioners were also able to finance huge amounts of investments and extravagant marketing activities and programs over the years which are inconsistent with serious injury.</li> </ul>
Capacity	<ul style="list-style-type: none"> <li>• The Petitioners do not have the capacity to supply the Philippine Market requirements.</li> <li>• Based on the data presented in the Initiation Report: <ul style="list-style-type: none"> <li>- The pre-painted GI and GL of both Petitioners have a combined rated capacity of 150,000 MT from 2014 to 2018 but the actual annual PH Market is 264,703 MT, 230,292 MT, 283,259 MT, 260,598 MT, and 268,416 MT for years 2014, 2015, 2016, 2017 and 2018 respectively.</li> </ul> </li> <li>• The fact that the Petitioners cannot supply sufficiently the PH Market requirements, justifies the increase in imports in all the Petitions. Without the imports, there could have been a crisis in the supply situation of Galvanized Iron (GI) Sheets, coils and strips, Aluminum Zinc (GL) sheets, coils and strips and pre-painted galvanized iron (PPGI) and pre-painted aluminum zinc (PPGL). Projects would have been stalled.</li> </ul>

	<ul style="list-style-type: none"> <li>• PPGI/PPGL is already greatly deficient as early as start of 2014. <ul style="list-style-type: none"> <li>- The Petitioner in their Adjustment Plan specifically cited the addition and improvement in their existing CGL and CCL lines to upgrade on capacity and efficiency as well as adding a new CGL line by 20124.</li> </ul> </li> <li>• Insufficient domestic capacity forced the local industry to import in order to cope with the increasing market demand. Imports proved to be highly competitive which favored the consumers. This justifies the price suppression issue raised as due to efficiency of foreign mills being more competitively priced. Local manufacturers should adjust and continuously improve their quality, efficiency and cost to be able to compete internationally.</li> <li>• Further, there was an abrupt increase in the importation by the Petitioner starting 2016 particularly for GI and GL. Within this period, the capacity of the domestic industry is already greatly lagging behind the Apparent Philippine Market.</li> </ul>
Other Issues/ General Comments	<ul style="list-style-type: none"> <li>• The Petitioner Puyat Steel is not the “domestic industry.” Puyat does not speak for the industry by claiming injury.</li> <li>• Limiting trade will limit income generation of our government. The estimated annual VAT collection from the importation of GL, GI and PPGL and PPGI based on 2018 figures, is Php 2,300,000,000.00 more or less.</li> <li>• The proposed safeguard measure will result to monopolization and unfair competition. The Petitioners are manufacturers of coils that are likewise engaged in the downstream business of roll forming. If a safeguard measure will be implemented, the cost of imported materials will increase and the rollformers will be forced to purchase their coils needs from the Petitioners. Naturally, the Petitioners will prioritize their roll forming units and will sell to rollformers at a higher price, thus pricing the latter, out of the market.</li> <li>• The proposed safeguard measure will limit consumers’ choices to existing products of the Petitioners which could be inferior in quality to those imported.</li> <li>• A safeguard measure will result to an increase in the cost of production for rollformers and therefore would increase the prices of roofing products. This could result to the reduction of costs by the rollformers in terms of its manpower requirements and subcontractors for trucking and installation services.</li> <li>• Instead of a safeguard measure DTI needs to impose a mandatory and rigid product standard for roofing, steel decking and framing products using GI, GL and pre-painted GI and GL coils.</li> <li>• Government should curb smuggling since this is the primary reason why the price of roofing products is volatile. Legitimate businesses are hard pressed in protecting their sales as their prices are undercut by smuggled GI products.</li> </ul>

### 3) DN Group

On 26 June 2020, DN Group requested to extend the submission of responses to importer's questionnaire until 30 July 2020. On 24 July 2020, DTI received the position/comments of DN Group. The following are their comments:

<p>Imports  Market Size/Market Share</p>	<ul style="list-style-type: none"> <li>Total imports of CRCs, GI/GL and PPGI/PPGL have dramatically increased by 75.4% or by 581,102MT from 2014 to 2019.</li> <li>Overall, while market size had grown dramatically from 2014 to 2019, GI/GL have the lion's share of the increase, garnering as much as 60% of total imports of CRC, GI/GL and PPGI/PPGL in 2019.</li> <li>The combined share of Puyat Steel and Sonic Steel of 28% in 2014 on total imports of CRC, GI/GL and PPGI/PPGL have gone down to 16.4% share to total imports by 2019. In relative terms or volume-wise, their total imports have slightly gone up by 3.2% by 2019.</li> </ul>																											
<p>Finished Goods (FG) Inventory</p>	<ul style="list-style-type: none"> <li>The rise and fall of FG inventory level could be affected by so many factors and not necessarily on account of increasing imports of steel products. Factor attributable to it is simply a management decision to stock up on FG in anticipation of seasonal upswing of construction activities or in expectation of increasing world and eventually domestic prices. Management could decide to increase its stocks of FG inventories, and vice-versa in the event of price downfall.</li> <li>Anticipated preventive maintenance or competitor's aggressive sales moves could also result to increase in FG inventories.</li> <li>On the other hand, machine breakdown of a competitor could eventually result to depleting the FG inventories.</li> </ul>																											
<p>Cost of Production</p>	<ul style="list-style-type: none"> <li>A stable cost of production could depend on a number of external and internal factors. On the external side, cost of raw materials like zinc, CRC/GI coils, etc., could readily affect one's cost.</li> <li>Internally, having a good purchaser who has the connections and ability on price trends based on certain external events that could easily spell the difference between having windfall profits or losing money.</li> </ul>																											
<p>Price Undercutting</p>	<table border="1" data-bbox="435 1630 1382 1742"> <thead> <tr> <th colspan="2">Local Prices</th> <th colspan="4">Imported Prices Landed</th> </tr> <tr> <th colspan="2">Unpainted Sheets</th> <th colspan="2">Pre-painted Sheets</th> <th colspan="2">Unpainted</th> <th>Pre-painted</th> </tr> <tr> <th>0.30 mm</th> <th>0.40 mm</th> <th colspan="2"></th> <th>0.30 mm</th> <th>0.40 mm</th> <th></th> </tr> </thead> <tbody> <tr> <td>P31.00</td> <td>P50.00</td> <td colspan="2">P112.00 to P131.00</td> <td>P 26.00</td> <td>P 45.00</td> <td>P52.50 to 53.50</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>The landed prices for GI/GL and PPGI/PPGL are very much lower compared to the current domestic selling prices. For unpainted sheets of 0.30mm and 0.40mm, both are higher by 19.2% and 41.1% respectively.</li> <li>While in the Pre-painted sheets, domestic prices are as high as 113.3% to 144.9%. This partly explains why importers, traders and rollformers have mushroomed.</li> </ul>	Local Prices		Imported Prices Landed				Unpainted Sheets		Pre-painted Sheets		Unpainted		Pre-painted	0.30 mm	0.40 mm			0.30 mm	0.40 mm		P31.00	P50.00	P112.00 to P131.00		P 26.00	P 45.00	P52.50 to 53.50
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Profitability	<ul style="list-style-type: none"> <li>• For the period 2014 to 2018, Sonic Steel has been posting healthy revenues and margin. But their provision for taxes seem to be slightly smaller compared to the revenues they have been generating. Its net profit margins are improving from 0.5% in 2014 to 0.8% by 2018.</li> <li>• For Puyat Steel, it has consistently posted 1-2% of net profit margins over the same period. Its revenues grew by 3.4% from 2015 to 2017 and net income by an outstanding 31.6%.</li> <li>• Its working capital leverage ratio from 2014 to 2016 have indicated that it has been generating enough revenues to grow its assets through profits. However, its 2017 performance indicated a slight regression that may be due to additional borrowings.</li> <li>• Likewise, its working capital ratio has shown its manageability despite a slight deterioration in 2017. At 1:1 ratio, Puyat Steel is trying to catch up in paying its bills.</li> </ul>
Expansion	<ul style="list-style-type: none"> <li>• Despite the Petitioners' point of view that trade liberalization has negative effects whereby imports are increasing, the Petitioners are aggressively gearing for expansion in the next 2-8 years as proposed to BIS-DTI in their petition for a safeguard measure.</li> <li>• Despite the bleak scenario depicted by the Petitioners in their Petition for a safeguard measure, they seem to be so positive and confident about the future of the local steel and iron sector by investing huge amounts of money in expanding their operations both upstream and downstream.</li> <li>• Puyat Steel for its part also embarked on the construction of its continuous sandwich panel plant and is looking at completing the same by next year.</li> </ul>
Other Issues/ General Comments	<ul style="list-style-type: none"> <li>• Puyat Steel and Sonic Steel are not the "domestic industry" as they claim to be. They are only two (2) of the eight (8) existing manufacturers/galvanizers in the country today.</li> <li>• Technical Smuggling – The real issue that the flat products sector of iron and steel industry is facing, is really that of a rampant and unabated technical, if not outright smuggling of galvanized/galvalume coils and sheets as well as pre-painted coils and sheets. Some of the importers/traders have registered ghost addresses or addresses that are non-existent and purposely did not declare the proper description of the in order to avoid paying the right duties and taxes. A large percentage of these importations are undervalued and the corresponding taxes are lower than what should have been paid to the government.</li> <li>• In addition, import entries declared by importers/traders reflect CFR value that are US \$200-300 per MT, which is lower than the BOC values. A few importers/traders may upgrade their declared CFR prices, but a large number of these import entries, have been going out of the ports at horrendously low CFR prices.</li> <li>• Product Standards – Implementation of the roofing standards particularly for unpainted roofing sheets, by the Bureau of Philippine Standards (BPS) of DTI has been found wanting. The implementation of the Philippine roofing unpainted standards has not been fully enforced. Hence, the prevalence of sub-standard roofing products.</li> <li>• Likewise, for years the pre-painted industry players have also been clamoring for a review and revision of the pre-painted coils and sheets standards. In fact, some industry players have formally submitted letters of request to convene the</li> </ul>

	<p>technical committee on pre-painted roofing sheets, however, the same was not given priority by the BPS. If only BPS-DTI will fully enforce the roofing standards and BOC-DOF seriously curb illicit trade and collect the right customs revenues, there is no reason for any safeguard measure.</p>
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#### 4) Katana Tradegrade Incorporated

On 26 June 2020, Katana Tradegrade Incorporated requested for an extension to submit its response to the Importer's Questionnaire. The deadline was extended to 15 July 2020. Katana Tradegrade submitted the following comments:

Product Quality Requirements	<ul style="list-style-type: none"> <li>• The Petitioners cannot cater to all the quality requirements of consumers, especially those industries requiring more stringent quality specifications.</li> <li>• Many rollformers use hot-dipped galvanized Structural Grade Quality coils for steel decking and structural light gauge framing, which products, while covered by the Petitioners' application for safeguard measure, are not manufactured by Puyat Steel and Sonic Steel and not available in the country.</li> <li>• GI, GL, PPGI/PPGL coated steel coils are not only used in the construction industry (in which the Petitioners' current lines are more equipped to cater to), they are also used in some specialized industries, such as: Automobile, Appliance and Electronics Industries.</li> <li>• Admittedly, the Petitioners in their "Adjustment Plans" revealed that their current quality and capability may not be able to cover all the special/higher quality requirements including those of the specialized industries.</li> </ul>
Serious Injury	<ul style="list-style-type: none"> <li>• There is no serious injury as being claimed by Puyat Steel and Sonic Steel.</li> <li>• The Income Statement of Puyat Steel on the other hand, has been reporting a positive net income over the years (2013 to 2017). The big decrease in net income from 2016 to 2017 is highlighted only by the decline of its Gross Profit Ratio citing the increase of its material cost and other inefficiencies in its cost of goods as primary reasons.</li> <li>• The FS of Petitioners indicated a high cost of sales which in effect decreased their Gross Profit Margin. This could be attributed to the high cost of materials which are also imported since the Philippines has no capacity to produce these raw materials. This cannot be blamed on the importations of GI/GL and PPGI/PPGL.</li> <li>• Based on the Cash Flow Statements of the Petitioners from SEC, it is questionable that Puyat Steel and Sonic Steel were able to finance huge amounts of investments over the years, which is inconsistent with serious injury.</li> <li>• The two Petitioners were also able to finance extravagant marketing activities and programs with sizeable amount of funding which are also inconsistent with serious injury.</li> </ul>
Capacity	<ul style="list-style-type: none"> <li>• The Petitioners Puyat Steel and Sonic Steel do not have the capacity to sufficiently supply the Philippine Market requirements.</li> </ul>

	<ul style="list-style-type: none"> <li>• The incapacity to sufficiently supply the PH Market justifies the increase in imports in all petitions, as without the imports there could have been crisis in the supply situation and projects would have been stalled. Prices would certainly had gone up and the construction industry would not have grown consistently which will likewise affect the economy in general.</li> <li>• PPGI and PPGL is already greatly deficient as early as the start of 2014. This might be the reason why the Petitioners identified in their “Adjustment Plans” the addition and improvement in their capacities, particularly a new CGL line by 2025 for Sonic and improvement in existing CGL and CCL lines and a new CGL line by 2024 for Puyat.</li> <li>• The insufficient domestic capacity forced the local industry to import. Imports proved to be highly competitive which favored the consumers. This justifies the price suppression issue raised as due to the efficiency of foreign mills being more competitively priced.</li> </ul>
<p>Other Issues/ General Comments</p>	<ul style="list-style-type: none"> <li>• The Petitioners Puyat Steel and Sonic Steel, are not the “domestic industry.” They do not speak for the whole industry.</li> <li>• Economic Effects- The proposed safeguard measure will result to monopolization and unfair competition. The Petitioners are local manufacturers of coils that are likewise engaged in the downstream business of roll forming. Puyat Steel has several roll forming plants in the country. Sonic Steel has an affiliate company Steeltech that likewise has many roll forming facilities in different parts of the country.</li> </ul> <p>If a safeguard measure will be implemented, the cost of imported materials will increase and the rollformers will be forced to purchase their coil needs from the Petitioners. Naturally, the Petitioners will prioritize their roll forming units and will sell to rollformers at a higher price, thus, pricing the latter out of the market. Traders such as Katana will not be able to sell anymore.</p> <p>This was the primary reason why the rollformers resorted to importation which resulted to a balanced market due to the healthy competition in the industry. Similarly, the consumers benefited due to pricing not controlled by the manufacturers that are at the same time rollformers.</p> <ul style="list-style-type: none"> <li>• The proposed safeguard measure will limit the consumer choice to the existing products of the Petitioners which may be inferior to those imported at the same price but with better quality.</li> <li>• A safeguard measure will result to increase in cost of production for rollformers and will therefore increase the process of roofing products.</li> <li>• Mandatory Products Standards- Instead of a safeguard measure, the DTI needs to impose a mandatory and rigid product standard for roofing, steel decking, and framing products using GI/GL and pre-painted GI/GL coils. To level the playing field, local and imported coils must adhere to the standards and specifications so that there will be a fair pricing in the market.</li> <li>• Smuggling- The government should curb smuggling since this is the primary reason why there is a volatile price of the roofing products. Sales prices of legitimate businesses are being undercut by smuggled GI products.</li> </ul>

**5) Mechatrends Contractors Corporation**

On 06 July 2020, DTI received the position/comments of Mechatrends Contractors Corporation and stated that the company is not into trading and imports are for the company's own use and project installation.

**6) Regan Industrial Sales, Inc., Supreme Steel Pipe Corporation, and Kirin Resources, Inc.**

On 07 July 2020, DTI received the position/comments of Regan Industrial Sales, Inc., Supreme Steel Pipe Corporation, and Kirin Resources, Inc. The following are their comments as represented by the Philippine Iron and Steel Traders Association (PISTA):

- Regan Company imports the subject materials because of lack of supply and orders are not delivered on time.
- The company has initiated a value-added program where GI coils are being used and converted to usable shapes for light structures such as Purlins. Unfortunately, the GI sheets locally produced are not suitable for such application, as they are too thin and specifically made for roofing. Regan's application is different.
- The company caters to employment that is representative of the masses and ensure that the demand is served to non-traditional areas.
- The company looks forward to receiving other support from the government such as strengthening the domestic entrepreneurial sector to create demand in the provinces, instead of imposing safeguard measures.

**7) Asia Shipping Corporation**

On 08 July 2020, Asia Shipping Corporation informed DTI that the products indicated in the application of Puyat Steel and Sonic Steel are not among the products being imported. Asia Shipping further stated that the steel they are importing have different AHTN Codes than the ones indicated in the complaint/application. All imports are for the use of the company's shipping business and not for sale or retail.

**8) G. T. K. Trading**

On 10 July 2020, DTI received the position/comments of G. T. K. Trading and stated that the company is not covered under the investigation because the product the company imported is a specialty coated finished product, and is not being manufactured here in the Philippines. GTK commented that the imported product is intended for the manufacture of magnetic whiteboard and magnetic blackboard and not for resale or construction use.

### 9) Sprint Industrial and Development Corporation

On 13 July 2020, Sprint Industrial and Development Corporation requested for an extension to submit its response to the Importer's Questionnaire until 24 July 2020. On 21 July 2020, Sprint Industrial submitted the following comments:

Product	<ul style="list-style-type: none"> <li>Sprint Industrial is a corporation engaged in warehouse leasing with a construction department that consumes the product being investigated.</li> <li>As an end user of the subject product, imported products has a price advantage over the locally manufactured product.</li> </ul>
Import Volume/Value	<ul style="list-style-type: none"> <li>The company imported x x x of the subject product in 2016 and 2018, valued at x x x and x x x, respectively.</li> <li>No projections for 2021 and 2022</li> </ul>
Inventories	<ul style="list-style-type: none"> <li>Year End Inventory recorded at xxx in 2016, xxx in 2017 and xxx 2019</li> </ul>
Serious Injury/ Profitability	<ul style="list-style-type: none"> <li>The imported products are for self-consumption of the company and for its construction and warehouse business. It does not sell the products.</li> <li>No profit, as the company does not sell pre-painted galvanized iron but consume it as an end-user.</li> </ul>
Others/General Comments	<ul style="list-style-type: none"> <li>Sprint Industrial does not affect the Petitioners as it does not compete with them.</li> <li>The company is an end-user of the subject product and is willing to buy from the local manufacturers if they could make their prices competitive enough.</li> </ul>

### 10) House Technology Industries Pte., Ltd.

On 13 July 2020, House Technology Industries Pte. Ltd., informed DTI that the company is engaged in manufacturing of various housing components which are solely exported to Japan and US. Products are not intended for marketing nor shall be for commercial or sale distribution. The company further stated that the recorded importations in year 2016 and 2018 classified under AHTN Codes 7210.70.90 and 7210.90.90 which is a return item from their exported products and a sample item from their supplier. Shipment is one-time and at present no shipment of the said items are being expected.

### 11) VCY Sales Corporation

On 15 July 2020, VCY Sales Corporation through its Counsel, Paner & Ypil (formerly Paner Hosaka & Ypil) submitted comments on the said investigation. The following are VCY Sales' comments:

Volume	<ul style="list-style-type: none"> <li>There is no increase in imports of like or directly competitive products.</li> <li>The data provided by the Petitioner as regards the import volume for the period 2014 to 2018 are not duly substantiated and/or supported by evidence. Even if the data provided were true, a perusal of the data shows that there was only a very minimal increase in the importation. In fact, in 2017, there was a significant decrease in importation.</li> </ul>
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Serious Injury	<ul style="list-style-type: none"> <li>Failed to show/indicate the presence and extent of the supposed serious injury or threat suffered by it or by the domestic industry and the causal relationship between the alleged increase importation of the products to the alleged injury to the domestic industry.</li> </ul>
Inventories	<ul style="list-style-type: none"> <li>The Petitioners failed to show that it has experienced rapid accumulation of their inventories vis-à-vis the subject products and/or it has suffered reduction in profit because of the importation of the subject products.</li> <li>On the contrary, as to Puyat Steel, production increased in 2016 and 2018 and domestic sales increased from 2016 to 2018. Such factual circumstances of rapid accumulation of inventories and reduction in sales are specially required under the IRR of RA 8800.</li> <li>The Puyat Steel application in fact indicates that consumption of subject products actually increased by 21% in 2018, which is indicative of a growing demand of the subject products.</li> </ul>
Profitability	<ul style="list-style-type: none"> <li>Puyat Steel's earnings before interest and taxes (EBIT) of the domestic industry exhibited a fluctuating trend (page 15 of the Application/Petition).</li> <li>The Petitioners likewise failed to show the causal relationship between the alleged increase in importation and the alleged injury.</li> </ul>
Employment	<ul style="list-style-type: none"> <li>Employment in Puyat Steel also experienced an increase since 2016, with only a slight decline in 2017 (page 16 of the Application/Petition), while labor productivity continues to increase since 2016 (page 17 of the Application/Petition).</li> </ul>
Public Interest	<ul style="list-style-type: none"> <li>The Petitioners failed to state ultimate facts that would establish the requirements that the application of safeguard measures shall be in the public interest.</li> <li>The Petitioner Puyat Steel is asking for measures in order to "level the playing field," however, imposing safeguard measures will discourage businesses from even joining the playing field, but it will instead compel existing businesses to increase prices, which is inimical to public interest.</li> <li>Considering the adverse economic impacts of the COVID 19 pandemic that have befallen the Philippines, the imposition of a safeguard measures at this time is insensitive, irresponsible, and prejudicial to the plight of struggling businesses consumers and other end-users.</li> <li>Prayed that the application of the domestic industry be terminated and/or the present application be denied.</li> </ul>

## 12) Calamba Steel Center, Inc.

On 16 July 2020, DTI received the accomplished questionnaire of Calamba Steel Center, Inc. The following are its comments:

Philippine Market/ Serious Injury	<ul style="list-style-type: none"> <li>GI and PPGI are not products that can be used by all manufacturers. Each application requires a different type/specification and size /width of GI and PPGI. Puyat Steel, Sonic Steel and all the other local galvanizers can only produce standard sized GI and PPGI for the roofing and construction industry.</li> </ul>
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	<ul style="list-style-type: none"> <li>• Company customers are manufacturers of electric home appliances, computer parts, electronic parts and automobile parts. The final products and parts which are produced by our customers are not only distributed locally in the Philippines but also widely exported. All of these end-users cannot use the locally produced GI and PPGI due to quality considerations. Hence, there is no competition between the market of local galvanizers and the market of coil centers like us.</li> <li>• If safeguard measures are imposed on all GI and PPGI imports, our customers will lose their competitiveness and will simply move to other countries with less import restrictions.</li> </ul>
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### 13) Century Peak Corporation (CPC)

On 17 and 24 July 2020, CPC requested an extension to submit its comments and was granted until 10 August 2020 to submit its accomplished questionnaire. On 03 August 2020, DTI received the accomplished importer's questionnaire of Century Peak Corporation (CPC) with the following comments:

Distribution Channel	<ul style="list-style-type: none"> <li>• The Corporation is not engaged in the selling/dealership of any of the subject imported items, the purchase of CPC is merely intended for its infrastructure development, solely intended for maintenance and essential developments.</li> <li>• As per CPC's available records, the company has only made a single related purchase in the past five (5) years. If in case later it appears that importation is made by CPC, the items are most probably not related to the subject investigation, considering that most of CPC's purchases are from local/domestic.</li> </ul>
Imported Product	<ul style="list-style-type: none"> <li>• In comparison, the imported materials tend to be cheaper than the domestically supplied materials, which basically provides a logical gauge for the preferences in the purchases.</li> <li>• One more factor that could give a favorable preference to the imported materials is the ability of the foreign supplier to satisfy the specification requirements of a client such as the bending, specialized angles, thickness and size specifications and the like. Due to the limitation in the offers of domestic supplier regarding this, the option would be to resort to other suppliers who are capable of delivering them bearing the distinct specification requirements of a client.</li> <li>• Another would be the capability of these suppliers to make a delivery within the timeline and schedules of a client. As for purchasing engagements, foreign suppliers tend to give better terms in the contracts, making flexible arrangements for the terms of payment and warranties.</li> </ul>
Import Volume/Value	<ul style="list-style-type: none"> <li>• There was only one (1) purchase that was made by the company. This was a single bulk purchase considering all other purchases were made from the local suppliers.</li> <li>• CPC's projections for succeeding purchases will mainly rely on the capability of local suppliers to make such materials available once the necessity arise. The main reason for these purchases, if in case made, is to avoid any undue delay in the projects of the company which in turn would most definitely lead to damages and losses.</li> </ul>

Philippine Market/ Serious Injury	<ul style="list-style-type: none"> <li>• The Applicant may be right that there may be a possibility that the importations could result to an injury to the Philippine Market, however, the most effective tool to prevent this from happening is by raising the competitiveness level of the local suppliers.</li> <li>- Local suppliers should make it a point that they maintain efficiency in providing a sufficient supply of merchandise to meet local demands, if not it is more likely that infrastructure projects here in the country would be stalled. The local project owners are just forced to purchase overseas just to avoid any undue delay in their constructions.</li> <li>- Local suppliers should provide win-win terms focusing on competitiveness of price, reasonable terms of payment and guarantee in the delivery of supplies with haste.</li> <li>• CPC believes that there is no need for a higher importation measures as a solution, if it will only mean that it will indulge in a non-progressive approach for the local suppliers. The solution is for the local suppliers to step up their game.</li> <li>• In case heavier tax measures will be imposed, it is tantamount to saying that there is an intention to derail the country's infrastructure development as it will only mean a monopoly by suppliers lacking the reasonable competitive edge in the market.</li> </ul>
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#### 14) MM Steel Service Center Corporation

On 17 July 2020, MM Steel Service Center Corporation, a steel service center in the Philippines submitted responses to the Importer's Questionnaire. The following are its comments:

Product	<ul style="list-style-type: none"> <li>• According to the company, they imported the subject product mainly for automotive and home appliances application with thickness ranging from 0.8 – 2.0mm while the domestic product with material thickness of around 0.13 – 0.20mm for roof usage. The thickness of the material required for automotive and home appliances application is different from domestic product. The steel products used for automotive and home appliances have strict quality (i.e. quality/chemical components and mechanical properties) control which cannot be replaced by domestic steel products</li> </ul>
Serious Injury	<ul style="list-style-type: none"> <li>• No serious injury.</li> <li>• The domestic steel makers are producing items for construction usage only. The materials that MM Steel are importing from foreign countries are for automotive and home appliances usage only, which does not affect the domestic steel makers or the Petitioners.</li> </ul>
Other Issues/ General Comments	<ul style="list-style-type: none"> <li>• Imported materials are not affecting domestic steel makers as they are for automotive and home appliances usage, and should be out of the scope.</li> <li>• Moreover, MM Steel is a PEZA company and its products are not sold in the Philippines, and thus, should be out of the scope too.</li> <li>• The domestic products are mainly for construction usage such as roof and wall with a different thickness from those imported.</li> </ul>



	<ul style="list-style-type: none"> <li>On the other hand, the imported materials are of high-quality level (chemical components and mechanical properties) steel products used for automotive and home appliances with strict quality control that cannot be replaced by domestic products.</li> </ul>
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### 15) Jacintocolor Steel, Inc.

On 21 July 2020, DTI received the accomplished importer's questionnaire of Jacintocolor Steel, Inc. with the following comments:

Product	<ul style="list-style-type: none"> <li>Imported products are with supplier- controlled specifications and quality. <ul style="list-style-type: none"> <li>Hot-Dipped Galvanized Iron (GI) Coils</li> <li>Pre-painted Galvanized Iron (PPGI) Coils</li> <li>Pre-painted Aluminum Zinc (PPGL) Coils</li> <li>Raw materials for colored roofing and accessories, steel framing and steel decking products.</li> </ul> </li> <li>Domestic or locally manufactured coils are fresh and easily monitored for its compliance to local and international quality standards.</li> </ul>
Import Volume/Value/ Inventory and Costs	<ul style="list-style-type: none"> <li>Average of x x x MT/year</li> <li>Year-end inventory – xxx</li> <li>COS – 80% of the Revenue</li> </ul>
Philippine Market/ Serious Injury	<ul style="list-style-type: none"> <li>Some steel companies provide under gauge materials that is killing the domestic market. Hence, standard quality should be implemented.</li> </ul>

### 16) Jocelyn Forge, Inc.

On 22 July 2020, Jocelyn Forge, Inc. requested for an extension to submit its comments and was given until 11 August 2020. On 12 August 2020, DTI received the position/comments of Jocelyn Forge, Inc. and stated the following:

Products Imported	<ul style="list-style-type: none"> <li>Pre-painted Galvanized Steel Coil (PPGI) 72107011</li> <li>Hot Rolled Steel Stripped in Coil (GI) 72104911</li> <li>Hot Rolled Galvanized Steel Sheet (GI) 72111419</li> <li>The difference between the imported products and those manufactured by the domestic industry is that the former specifically conform to correct gauge/thickness. Imported products are thicker and more durable than those manufactured by the domestic industry.</li> </ul>
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Serious Injury	<ul style="list-style-type: none"> <li>This is not applicable as the company does not sell the subject imported products, as roofing sheet in the local market. The company only uses the imported products for roof repair in its factory and warehouse. Imports of GI is being used as per material requirement specifications of Meralco for a finished product such as electrical meter box enclosure.</li> </ul>
Other Comments	<ul style="list-style-type: none"> <li>For the imported PPGI products, they are procured for the purpose of factory rehabilitation of roofing, furlin, gutters and sidings. It is also used in the expansion of factory building being built in the company's provincial operations.</li> <li>For the imported GI products, the same are being used for the end products to be used by the electrical company such as Meralco and nationwide electric cooperatives. The specifications of the imported products are specifically required by the end-user. As a producer of electrical components, the company is securing the safety and durability that depends on the best quality of raw materials in manufacturing the company's products, that is, electric meter box, electronic polyphase cabin box and pull box for electrical components.</li> </ul>

### 17) St. Louise Prime Builders & Development Corporation (SLPBDC)

On 24 July 2020, SLPBDC informed DTI that the products they imported are pre-painted Galvanized Iron (PPGI) coil under AHTN Code 7210.70.91 in 2017. It further explained that they import the said product because the cost is cheaper than those from the domestic source and the company does not sell the imported products in the domestic market.

### 18) Tower Steel Corporation, Galvaphil, Inc., and AC Steel Industries, Inc.

On 24 July 2020, DTI received position/comments from Tower Steel Corporation, Galvaphil, Inc., and AC Steel Industries, Inc. The following are their comments:

Capacity	<ul style="list-style-type: none"> <li>As established by data, the local production cannot meet local demand. The imposition of safeguard measures will perpetuate the shortage of PPGI/PPGL and other coated products or painted strips in the domestic market and the imposition will benefit only the Petitioners and a handful of other companies to the serious detriment of the consumers whose welfare should be the main priority of the government.</li> </ul>
Injury	<ul style="list-style-type: none"> <li>The PPGI/PPGL industry did not suffer overall impairment in operations. There were recorded increases in the sales, production, capacity utilization, employment and productivity of the domestic industry. Inventory was maintained at reasonable levels relative to production and sales. Moreover, the selling prices were kept at levels which allowed them to fully recover their costs of production.</li> <li>Under the DTI's report on the evidence of serious injury, the importation of PPGI/PPGL supposedly contributed to serious injury in the Philippine Steel Industry. However, according to Table 5 of DTI report, despite decreasing the domestic sales volume and value of the domestic market through the POI significantly increased in 2017. If the increase in import volume caused serious injury in the domestic market, the sales volume should have consistently and drastically decreased all throughout the POI. Moreover, there was a remarkable increase in 2017.</li> </ul>

Production Rate and Capacity Utilization	<ul style="list-style-type: none"> <li>The general trends of the total domestic steel production/ manufacture volume and the capacity utilization rate of the domestic market, were actually increasing from 2014 to 2018.</li> <li>With the domestic sales volume and value, it is evident that the domestic steel manufacturing and capacity utilization were not gravely affected by steel importation, and that any decrease in sales volume and value during the POI cannot be directly attributed as an effect of importation which merely increased due to high demand.</li> </ul>
Inventory	<ul style="list-style-type: none"> <li>Domestic inventory of finished products was maintained at reasonable levels vis-à-vis demand for steel. There were also no significant changes in costs to produce; in fact, production costs fell in 2015 when import was supposedly high, and the increase thereafter were gradual and not significant.</li> </ul>
Employment	<ul style="list-style-type: none"> <li>The employment did not show a drastic or sudden drop. Employment's decreasing trend cannot be attributed as a direct effect of importation because, as the data showed, domestic salaries and wages were generally increasing.</li> </ul>
Earnings/Returns and Cost of Production	<ul style="list-style-type: none"> <li>Contrary to the initial findings, the decreasing gross profits in 2015 and 2016 could not have been brought about by the effect of importation on the cost of raw materials or increase of inventory. As shown by Table 10 of the DTI Report on Earnings Before Interest and Taxes, the selling, general and administrative expenses were higher than the cost of goods. However, earnings were maintained at levels that covered these expenses.</li> <li>Likewise, earnings were low even when inventories were decreasing in 2015 and 2016. It was likewise, an oversimplification to say that imported PPGI/PPGL undercut the domestic product during the period of investigation because even the Applicants Puyat Steel and Sonic Steel actually benefited as actual importers of finished products. This is in line with the Department's conclusion that the imported products did not really prevent domestic manufacturers from increasing their selling price.</li> <li>Data shows that raw material inputs constitute an average of 90% of the cost of production for the POI while overhead cost was at 10% average. While these factors alone do not equate to inefficiency and being uncompetitive vis-à-vis imported products, the fact as admitted by Sonic Steel that "all raw materials for the production of PPGI/PPGL are imported", leaves Sonic Steel without any leeway in the pricing of its products, with imported raw materials virtually dictating the price of its products. The same could be said of Puyat Steel which, although it claimed to be the source of its raw material, it referred to as "Galfan coil," it is beyond dispute that the ultimate source thereof are imported CRCs, GIs or GLs.</li> </ul>
Causal Link	<ul style="list-style-type: none"> <li>There is no serious injury or any injury thereof was not directly linked with import volume of PPGI/PPGL products during the POI.</li> <li>The increase in import figures during the POI did not cause serious injury to the domestic market because micro-level business indicators were maintained. Specifically, there was an increase in earnings and returns during the POI for the Petitioners.</li> <li>Moreover, according to certain industry experts, the steel and iron industry's weakness, has resulted from the unsuccessful</li> </ul>

	<p>restructuring and consolidating of a domestic steel industry after the financial crisis in 2008. The turn to imports was thus, not unexpected nor detrimental as it logically followed the need of the market for steel</p>
<p>Requirement of “Like” or “Directly Competitive” Products</p>	<ul style="list-style-type: none"> <li>• Applicants make the accusation that serious injury to the domestic industry was caused by the increased import volume of PPGI/PPGL and other coated products and painted strips described as “100% coated in Zinc and coated 55% Aluminum, 43.4% Zinc and 1.6%trace elements. The product specifications however, limits the coverage to PPGI/PPGL with thickness not exceeding .6mm.</li> <li>• Many of the PPGI/PPGL however and other coated products and painted strips under the AHTN codes covered are described to be “painted, varnished or coated with plastics” as well as “hip or strip, of a width not exceeding 400 mm, among others. Aside from the said differences, the data from imports under the AHTN include products that have more than .6 mm thickness, i. e., “of a thickness of 1.5 mm or less”, “of a thickness of more than 1.5 mm but less than 4.75 mm” or “of a thickness not exceeding 1.2 mm.</li> <li>• Clearly, there are dissimilarities between the products sought to be protected and the products that are supposedly suffering injury. This is a fatal defect in the subject Applications.</li> </ul>
<p>Surge</p>	<ul style="list-style-type: none"> <li>• The Applications’ data show that there is no consistent increasing trend and no significant surge in the imports of PPGI/PPGL and other coated products and painted strips during the POI (from 2014 to 2018), with even two years where the imports went down.</li> <li>• The imports are misinterpreted because it has lumped together importations which are differently sub-categorized and intended for different applications. Importantly, the increase in imports throughout the years of POI is not sweeping enough as to warrant the grant of safeguard measures.</li> </ul>
<p>Other Issues/ General Comments</p>	<ul style="list-style-type: none"> <li>• The imposition of safeguard measures will violate the “sound industrial policy” required under the law, as it will lead to unfair and undeserved advantage for a handful of companies to the detriment of the consuming public.</li> <li>• The application for safeguard measures was filed under a different pre-pandemic world where there was no unprecedented economic crisis. Whatever figures submitted by Puyat and Sonic Steel for the years from 2015 to 2019, have been rendered irrelevant and are now deemed unreliable to be used as basis to predict any trend and to formulate actions that will impact so many steel-user industries.</li> <li>• Puyat Steel has filed a rehashed and recycled Application because its previous Application for Safeguard Measures had already been dismissed with Res Judicata effect. The current Application is a mere repetition of the previously denied Application with the similar facts and circumstances.</li> <li>• For the DTI Secretary to impose import quantity restrictions or higher tariff, can become a monkey-wrench recklessly thrown and that can knock down any hope of recovery for steel-user industries whose business operations have all virtually grounded to a complete stop.</li> </ul>

	<ul style="list-style-type: none"> <li>• Since both local and foreign economies grounded to a halt, there is no reliable data upon which the DTI Secretary can assess the sufficiency of the production supply of Puyat Steel and Sonic Steel and its group, the level of surge in the domestic demand, among other factors.</li> <li>• Imposition of provisional measure will result in or exacerbate the current economic crisis, possible retaliatory measures, including withholding of raw materials supplies which will further dampen the already negative growth prospects of the construction/housing industry brought about by the closure of businesses, increased unemployment, and economic uncertainties.</li> <li>• Puyat Steel likewise, comes to court with unclean hands because it is a heavy importer of the very product it is complaining against, that is, galvanized iron sheets, coils and strips.</li> <li>• Probable Inferior Quality – While it may not be the case, with all the raw materials being imported and composing 95% of its production cost for GL and 90% for GI, PPGI/PPGL, exacerbated by high overhead cost, the only way that competitive pricing can be achieved by the Petitioners is by coming out with products with thinner metal base but within the allowance granted by the regulations.</li> </ul> <p>To prevent superior imported products through the imposition of safeguard measures is to reward inferior local products, and the same will be injurious to local consumers because they will be forced to buy these inferior local products.</p> <ul style="list-style-type: none"> <li>• Smuggling – Whatever injury that is being claimed by Sonic Steel, may be due to smuggling. The damage being caused by smuggled steel products comes due to their low pricing as compared to domestically processed products and legitimately imported ones. The imposition of Safeguard Measures is not the solution to the problem of smuggling but to implement reforms in Customs.</li> </ul> <p>A study by the Center for Research and Communication Foundation, Inc., revealed that the Philippine has fell victim to the smuggling of goods worth P904.6 Billion from 2011 to 2015. This included the steel industry which was estimated to have been victim to smuggling of steel products worth P106.1 Billion.</p> <p>Smuggled steel products do not undergo legitimate quality check, that is why there needs to be an overhaul in the Customs processes since smuggling has caused a great deal of serious injury to the Philippine steel industry.</p> <ul style="list-style-type: none"> <li>• Unreliable and Misleading Data – Data from BIS, the BOC and those from the Applicants Puyat Steel and Sonic Steel, are unreliable, contrasting, misleading and some may even be misrepresented. There is a failure to disclose relevant data and information in the Applications of Puyat Steel and Sonic Steel by redacting almost all disclosed information, including those not pertaining to Sonic Steel's business. This may be seen as an attempt to favor the Applicant.</li> </ul>
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## 19) Philippine Steelframing Corporation

On 28 July 2020, DTI received the position/comments of Philippine Steelframing Corporation and stated the following comments:

Product	<ul style="list-style-type: none"> <li>• The Petitioner cannot cater to all the quality requirements of consumers, especially those industries requiring more stringent quality specifications.</li> <li>• Many rollformers use hot-dipped galvanized structural grade quality coils for steel decking and structural light gauge framing, which product, while covered by the Petition for safeguard measure, are not manufactured by the Petitioners and not available in the country.</li> <li>• GI, GL and PPG/PPGL coated steel coils are not only used in the construction industry, they are likewise used in some specialized industries such as automobile, Appliance and Electronics industries.</li> <li>• Admittedly, the Petitioners revealed that their current quality and capability may not be able to cover all the special/higher quality requirements including those of specialized industries mentioned in their adjustment plans and upgrade.</li> </ul>
Capacity	<ul style="list-style-type: none"> <li>• The Petitioners Puyat Steel and Sonic Steel do not have the capacity to supply the Philippine Market requirements.</li> <li>• The incapacity of the Petitioners to supply the PH market justifies the increase in imports in all petitions, as without the imports there could have been a crisis in the supply situation of GI sheets, coils and strips, GL sheets, coils and strips and PPGI/PPGL. Projects would have been stalled, citing the law of supply and demand, prices would have gone up. The construction industry would not have grown consistently, which would have affected the economy in general.</li> <li>• Imports proved to be highly competitive, which favored the consumers, allowing a healthy competition to work in their interest as to pricing and availability of supply. This justifies the price suppression issue raised due to the efficiency of foreign mills being more competitively priced. Thus, the local suppliers should adjust. As this is really a consequence of trade liberalization, local manufacturers should continuously improve their quality, efficiency and cost to be able to compete internationally.</li> <li>• Another point to raise is the importation of GI, GL, and PPGI/PPGL by the Petitioners. There was an abrupt increase in the importation by the Petitioners starting 2016 particularly for GI and GL. This is very critical period as this is the period when the capacity of the domestic industry is greatly lagging behind the PH market.</li> </ul>
General Comments	<ul style="list-style-type: none"> <li>• Limiting trade will limit the income generation of the government with the annual estimated VAT collection form the importation of GI, GL and PPGI/PPGL based on 2018 figures is at 2,300,000,000.00 more or less.</li> <li>• Economic Effects – The proposed safeguard measure will result to monopolization and unfair competition. The Petitioners are local manufacturers of coils who are likewise engaged in the downstream business of roll forming. Puyat steel has several roll forming plants in the country. Sonic Steel has an affiliate company Steeltech that likewise has many roll forming facilities in different parts of the country.</li> </ul>

	<ul style="list-style-type: none"> <li>- If a safeguard measure will be implemented, the cost of imported materials will increase and the rollformers will be forced to purchase coils needs from the Petitioners. Naturally, the Petitioners will prioritize their roll forming units and will sell to rollformers at a higher price, thus pricing the latter out of the market. This was the primary reason why the rollformers resorted to importation which resulted to a balanced market due to the healthy competition in the industry. Similarly, the consumers benefited due to pricing not controlled by the manufacturers who are at the same time rollformers.</li> <li>- The proposed safeguard measure will limit the consumer choice to existing products of the Petitioners which could be inferior to those imported by other outfits at the same price but with better quality.</li> <li>- The safeguard measure may result also to increase in cost of production which could lead to increase in prices of the roofing materials and for the rollformers to reduce their costs in terms of manpower requirements.</li> <li>• Mandatory Product Standards – Instead of a safeguard measure, the DTI need to impose a mandatory and rigid product standard for roofing, steel decking and framing products using GI/GL and pre-painted GI/GL coils. In order to level the playing field, local and imported coils must adhere to the standards and specifications so that there will be a fair pricing in the market beneficial to the consumers and to the players in the industry.</li> <li>• Smuggling – The government should curb smuggling since this is the primary reason why there is a volatile price of the roofing products. Legitimate businesses are hard pressed in protecting their sales as their prices are undercut by smuggled GI products.</li> </ul>
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## 20) United Pentagon Steel Forming & Trading Corporation

On 06 August 2020, DTI received the position/comments of United Pentagon Steel Forming & Trading Corporation and stated the company is not into trading and imports are for own use and project installation.

Products involved	<ul style="list-style-type: none"> <li>• Galvanized Iron (GI) Sheets and Coils</li> <li>• Pre-painted Galvanized Iron (PPGI)</li> <li>• Pre-painted Aluminum Zinc (PPGL)</li> <li>• Other Coated Products and Painted Strips</li> </ul>
Serious Injury/ General Comments	<ul style="list-style-type: none"> <li>• It is the company's view that to come under the pretext of "injury" or "loss" to domestic industry, is not relative. Some factors should be taken into consideration which have led to the importations: <ul style="list-style-type: none"> <li>- The issue of Supply and Demand – A big factor contributing to the "supply meets demand" principle is the shifting of wood product users to steel. Voluntarily or involuntarily, such as due to log ban definitely increased consumers turning to steel as an alternative.</li> <li>- Cost Benefit Effectiveness – This factor allows the company to consider whether innovation (shifting) is better than the status quo.</li> <li>- Functional Benefits – Petitioners may very well be aware of the cost cutting benefit of using steel in construction, i. e., trusses rather than using the conventional wood. Co-relative with the construction benefit is the</li> </ul> </li> </ul>

	<p>functional benefit. Steel may have longer life span. Termite/bug free construction is a primordial concern in using steel.</p> <ul style="list-style-type: none"> <li>• While it may be true that importation of the above-mentioned products/materials may cause an injury to the domestic industry in which the Petitioners are well known to be engaged with, the injury is not per se relative and can be prevented by taking a positive and pro-active action and reaction to the increasing demands and the factors that affects the demands. Focusing on the demands may deter the importation of such products from other countries.</li> <li>- If the demands are taken cared of and the importation still persist, then the government is empowered to impose the necessary measures, as provided under RA 8800, to protect local manufacturers.</li> </ul>
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## 21) MUTI Group of Companies (Marbel Universal Trading)

On 17 August 2020, DTI received the position of MUTI Group of Companies (Marbel Universal Trading) and explained that the Board of Directors decided to waive their right to submit their comments and recommendations. MUTI further stated that the company will fully abide and adhere to whatever the DTI/government will decide on the matter. MUTI companies are importing roofing materials for the sole use in the construction of MUTI's low-cost socialized housing projects. The relatively low cost of inputs in the housing units due to importation of roofing GI sheets enable MUTI to lower the prices of its housing units and make them affordable to poor Filipino families.

## 22) Nautilus Shipyard & Repair, Inc.

On 24 August 2020, DTI received the position/comments of Nautilus Shipyard & Repair, Inc., the company claimed that they are not importing Pre-painted Galvanized Iron (PPGI) and Pre-Painted Aluminum Zinc (PPGL). The company is engaged in ship building and ship repair but the customers supply the materials such as ABS steel plates and MS steel plates for replacement of rusted boat hull while on drydock.

## 23) Century Pacific Food Packaging Ventures, Inc.

On 01 September 2020, Century Pacific Food Packaging Ventures, Inc. requested extension to submit its comments and was granted until 07 September 2020. On 08 September 2020, DTI received the accomplished importer's questionnaire of Century Pacific Food and stated that they are engaged in tin can manufacturing plant that produces cans for tuna and other meat products. The products they imported are coils with different thickness and width, electronic tinplates (ETP)/TFS Coils with thickness range from 0.14mm to 0.20mm, Lithograph Sheets, Galvanized Tab and Aluminum Tab Coils, Galvanized Tab (0.30mm x 72.46mm) and Aluminum Tab (0.46mm x 72.46mm)

## 24) MDC Build Plus, Inc.

On 02 September 2020, DTI received the accomplished importer's questionnaire and indicated that MDC Build Plus, Inc, buys local galvanized steel coils from time to time. However, for bulk orders, MDC imports from China. It solely uses the imported steel coils for its metal forming plant and does not sell commercially. MDC presented the steel coils the company purchased locally and imported from 2016 to 2020.



## A.2.d Exporters' Responses to the Questionnaire

Identified exporters submitted responses to the DTI Exporter's Questionnaire as follows:

### 1. JFE Steel Corporation

On 30 July 2020, JFE Steel Corporation submitted its comments through its Counsel Sycip Salazar Hernandez & Gatmaitan. The following are JFE Steel Corporation's comments:

Ownership details	<ul style="list-style-type: none"> <li>JFE Steel is a wholly owned subsidiary of JFE Holdings, Inc. (i.e., JFE Holdings, Inc. owns 100% of the shares in JFE Steel).</li> </ul>
Articles produced and/or sell	<ul style="list-style-type: none"> <li>JFE Steel produces Heavy plates, Hot—rolled sheet and coils, Cold—rolled sheet and coils, Coated sheet and coils (galvanized, tin plated and chromium plated), Electrical Steel, Bars and Rods, H shaped and beams, Rails, Stainless steel sheet and coils, Steel pipes, and Iron powder.</li> </ul>
Exported Product(s)	<ul style="list-style-type: none"> <li>JFE's products fall under AHTN codes that are not subject of the investigation. In the "Report on the initiation of a preliminary investigation on the application for safeguard measures on the importation of galvanized iron (GI) sheets, coils and strips from various countries" dated 15th June 2020 ("Report"), subject products are classified under 10 AHTN codes (7210.41.11, 7210.41.19, 7210.41.91, 7210.41.99, 7210.49.91, 7210.49.99, 721 2.30.1 2, 721 2.30.13, 7212.30.1 9, 7212.30.99) and import volumes in the Report are only for products covered by those AHTN codes.</li> <li>As such, with regard to Harmonized System code 7210.49, products with a carbon content of less than 0.6% classified under AHTN codes 7210.49.11, 7210.49.12, 7210.49.13, and 7210.49.19 are not subject to the current investigations.</li> <li>On their two-year projection, they do not plan to change export quantities to the Philippine market.</li> </ul>
Philippine Market/Serious Injury	<ul style="list-style-type: none"> <li>They focus on specific markets in the Philippines such as the automobile and home appliance markets and are not familiar with the general market situation in the Philippines. Those products are not supplied by Philippine steel manufacturers.</li> <li>JFE Steel neither competes with nor causes any injury to the Philippine steel industry.</li> <li>Japan' s export volume of the subject products to the Philippines did not increase during the period of investigation. However, the export volumes of companies from other countries to the Philippines appear to have dramatically surged. The latter may be the cause of any alleged injury to the Philippine steel industry.</li> </ul>
General Comments	<ul style="list-style-type: none"> <li>The majority of Japanese GI products exported to the Philippines (unlike those exported from China) are not classified under the 10 AHTN codes.</li> <li>In the Report, importations of GI sheets, coils and strips used for the production of automobiles, motorcycles, home appliances, computers and tin cans were excluded from the volume of imports.</li> </ul>

	<ul style="list-style-type: none"> <li>• The applicant's products are used mainly for construction-related purposes. In contrast, JFE's products exported to the Philippines are mainly used for automobiles, motorcycles, and home appliances. Their customers need to meet stringent quality specifications for the materials they use. This makes Japanese products used for the manufacture of automobile and home appliance more suitable as production inputs. Those products are not manufactured by Puyat Steel Corporation (Puyat), and other local galvanizers. Therefore, their products exported to the Philippines do not compete with GI manufactured by the applicant and local galvanizers.</li> <li>• They have patented galvanized products, known as ECOGAL-Neo™. Their customers need to meet stringent quality specifications for the materials they use. This makes their products more suitable as production inputs. As these products are patented, local manufacturers do not manufacture the same products.</li> <li>• Imports by enterprises registered with the Philippine Economic Zone Authority (PEZA) and Customs Bonded Warehouses (CBW) in the Philippines are excluded from the scope of the investigation.</li> <li>• Even as they submit that their products should be excluded from the scope of the present investigation (as they do not compete with locally-manufactured GI), the importation of GI products from Japan has caused no injury to the Philippine steel industry, because most of their products exported to the Philippines are used for automobiles and home appliances or are patented, and they are not supplied by Philippine steel manufacturers.</li> <li>• For the foregoing reasons, they request DTI not to impose any safeguard measures on the exportation of their products to the Philippines.</li> </ul>
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## 2. Kobe Steel, Ltd.

On 30 July 2020, Kobe Steel Ltd. submitted its comments through its Counsel Sycip Salazar Hernandez & Gatmaitan. Kobe Steel, Ltd. is a producer of steel and aluminum. Kobe Steel, Ltd. also engages in other businesses, i.e., advanced material, welding, machinery, engineering, and electric power. The following are their comments:

Imported Product(s)	Kobe Steel, Ltd. did not export to the Philippines any of the products covered by the investigation during the period of investigation. Further, it does not currently export these products to the Philippines.
Philippine Market/Serious Injury	Kobe Steel, Ltd. has no comments on the claim of serious injury except to say that any injury (assuming there was such injury) could not have been caused by Kobe Steel, Ltd. as it did not export the products subject of the investigation to the Philippines during the period of investigation and does not currently export them to the Philippines.

### 3. Nippon Steel Corporation (NSC)

On 30 July 2020, NSC submitted its comments through its Counsel Sycip Salazar Hernandez & Gatmaitan. NSC is engaged in steelmaking and steel fabrication, engineering and construction, chemicals, new materials, and system solutions. The following are their comments:

Articles produced and/or sell	<p>Steel Materials:          Bars and shapes, Flat -rolled products, Pipes and tubes, Railway/Automotive/Machinery parts, Specialty steel, Secondary steel products.          Pig iron, steel ingots and others          Businesses incidental to steel making and steel fabrication          Others</p>
Projected shipments to the Philippines in the next two (2) years.	<ul style="list-style-type: none"> <li>• Would continue at a similar level to the recent shipments. However, NSC is expecting a severe decrease in shipments of their products to the Philippines due to the Covid-19 crisis in the Philippines and are unable to foresee when the demand for NSC's products in the Philippines will recover to pre-COVID-19 levels.</li> <li>• In their Flash Report on Consolidated Financial Results for Fiscal 2019 (April 1, 2019—March 31, 2020) "The global economic outlook is becoming more uncertain due to the worldwide spread of COVID-19 in addition to the growing prevalence of protectionist policies. The outlook for the Japanese economy is also clouded by the global economic trend and the COVID-19 pandemic. Global economic conditions have also led to a further decrease in domestic and overseas steel demand in all industries. In the first quarter of fiscal 2020, the spread of the COVID-19 caused automobile manufacturing activity to stall, which further reduced steel demand. Concerning the Company's production and shipment, the operating rate is expected to be around 60% of its quarterly crude steel production capacity in the first quarter. The impact of COVID-19 is expected to persist in the second quarter. As the steel market remains sluggish both in Japan and overseas and there is a strong sense of uncertainty about the future, conditions will warrant continued monitoring. At present, the extent and duration of the COVID-19 pandemic are unpredictable, and this will make it impossible to formulate earnings forecast for the Company for fiscal 2020 with any realistic degree of accuracy."</li> </ul>
Philippine Market/Serious Injury	<ul style="list-style-type: none"> <li>• NSC's products are ultimately sold to a limited number of Japanese companies in the Philippines and Philippine companies which process automobile parts, home appliances, food cans, and other similar items.</li> <li>• Their products SuperDyma and ZAM for construction purpose are patented, domestic producers cannot and do not manufacture them. These products are used in more severe environment which require resistance to corrosion and edge corrosion.</li> <li>• Other NSC products used for construction are all exported to an enterprise registered with the Philippine economic Zone Authority (PEZA).</li> <li>• Required to meet special specifications designated by the customers, and do not compete with domestic products.</li> <li>• If imports of NSC's products would be prohibited or restricted by any safeguard measure, the automobile, home appliances and can</li> </ul>

	<p>manufacturing industries in the Philippines will be seriously injured since they are highly dependent on NSC's products and cannot procure any substitutable products from domestic producers. This could ultimately lead to a shut-down of their facilities and serious injury to the industrial sector.</p> <ul style="list-style-type: none"> <li>• Domestic products and NSC's products are not like or directly competitive because: <ul style="list-style-type: none"> <li>- Applications and functions are basically different</li> <li>- Qualities of raw materials are significantly different</li> <li>- Production processes are partly different</li> </ul> </li> </ul>
General Comments	<ul style="list-style-type: none"> <li>• Submitted clarification of the scope of the SG investigation</li> <li>• Request for Exclusion of Certain Products from the Scope <ul style="list-style-type: none"> <li>- Products mainly used by the home appliance, car manufacturing and can manufacturing sectors</li> <li>- Subject Products mainly used by the construction sector.</li> </ul> </li> </ul>

#### 4. Nam Kim Steel Joint Stock Company

On 25 August 2020, Nam Kim Steel Joint Stock Company submitted its comments. Nam Kim Steel stated that the company is engaged in the manufacturing of metal products, production of steel tole: galvanized, aluminium-zinc alloy coated, steel sheets (galvalume), steel sheets coated, galvanized coating, production of iron, steel, cast iron, production of steel pipes, steel and rolled steel products, cold rolled steel, galvanized steel, black steel tape, galvanized steel tape. Also, the company is into trading in real estate, land use rights of ownership, use or rental home, wholesale of metals and metals ores, details: wholesale iron and steel, mechanical processing, handling, and metal coating (not processing at its headquarter location). Nam Kim Steel produces and sells various types of aluminium-zinc coated steel, zinc coated steel (galvanized), prepainted coated steel and galvanized steel pipe. The following are Nam Kim Steel's comments:

Philippine Market/Serious Injury:

- The Philippines industry has not shown a clear decline in consumer demand.
- Some spec and grade cannot be provided by local manufacturers.
- From 2017 until now, only exported to Philippines total 5 shipments with small quantity.

Nam Kim Steel emphasized that the total quantity exported by Viet Nam is below the negligible threshold of 3% of total exports to the Philippine market and as a developing country, Viet Nam requested to be excluded from the scope of the safeguard measures investigation.

## 5. Hoa Sen Group (HSG)

On 25 August 2020, HSG submitted its accomplished exporter's questionnaire. HSG's principal activities are:

- Manufacturing all kinds of steel sheets:
  - Cold rolled coils
  - Galvanized steel sheets and Aluminum-zinc alloy coated steel sheets (NOF technology)
  - Hot dip galvanized steel sheets
  - Pre-painted galvanized steel sheets and Pre-painted aluminum-zinc coated steel sheets
- Manufacturing and trading building materials
- Manufacturing black steel pipes, galvanized steel pipes, other metal and alloy coated steel pipes Manufacturing steel purlins, galvanized purlins, other alloy coated purlins.
- Manufacturing building materials products such as plastic pipes, fittings for water service, electricity and Manufacturing other building materials products.

HSG's manufactured products and/or sell are:

- Galvanized Steel Sheet (GI): Being manufactured by the advanced and environmentally friendly NOF technology of Danieli (Italy).
- Pre-Painted Galvanized Steel Sheet (PPG): The variety of colors and sizes of Hoa Sen pre-painted galvanized steel sheet always meets customers' needs, ensure high quality under many countries' standards.
- Aluminum-Zinc Alloy Coated Steel Sheet (GL): Being manufactured by the modern NOF technology line.
- Pre-Painted Aluminum-Zinc Alloy Coated Steel Sheet (PPGL): The application of the leading technology of coating on aluminum-zinc alloy base enables it to paint two identical surfaces
- Hot Dip Galvanized Steel (HGI): Hoa Sen hot dip galvanized steel always meets standards of many countries.
- Galvanized Steel Pipe: Hoa Sen galvanized steel pipe has clean and smooth surface, steady thickness, high plasticity and good adhesion.
- Hot Dip Galvanized Steel Pipe: Hoa sen Hot-Dip Galvanized steel Pipe is the top Choice of mass consumers. Being manufactured through following process: pipe shaping, surface pick-ling and cleaning, surface treatment, hot-dip galvanizing.

HSG cited the following factors that affect the Philippine Industry:

- Other factors considered relevant to the claims of serious injury.
  - The expansion of Philippines Steel Industry does not meet the size of market.
  - No trade barrier
  - The asymmetry between export quantity of Vietnam to Philippines and other ASEAN countries

## **A.2.e Foreign Embassies**

The following foreign embassies submitted their comments relevant to the investigation:

### **1. Ministry of Commerce of the Kingdom of Thailand, Department of Foreign Trade (DFT)**

On 24 June 2020, DFT submitted its letter requesting exclusion of imports from Thailand of PPGI and PPGL from the imposition of measures in accordance to Article 9.1 of the WTO Safeguard Agreement since their imports from 2014 to November 2019 were below 3%.

### **2. Taipei Economic and Cultural Office in the Philippines (TECO)**

On 24 June and 7 July 2020, TECO and Bureau of Foreign Trade, Ministry of Economic Affairs submitted their position requesting for exclusion pursuant to Article 9 of the WTO Agreement on Safeguards which states that safeguard measures shall not be applied against products from developing countries which imports do not exceed 3%. Imports from Taiwan have been below the 3% de minimis threshold in recent years.

### **3. Ministry of International Trade and Industry Malaysia**

On 25 June 2020, the Ministry of International Trade and Industry Malaysia expressed the interest of the Government of Malaysia to participate in the investigation.

### **4. Embassy of Brazil**

On 26 June 2020, the Embassy of Brazil requested to register the Government of Brazil as an interested party to participate in the investigation.

### **5. Republica Dominicana**

On 1 July 2020, the Dominican Republic requested exclusion from the preliminary safeguard investigation on PPGI and PPGL pursuant to Article 9 of the Safeguard Agreement. Based on their trade statistics, the Dominican Republic did not export any of the products under investigation.

### **6. Embassy of Mexico**

On 3 July 2020, the Embassy of Mexico in the Philippines transmitted letters from International Commercial Practices Unit of the Secretariat of Economy of Mexico requesting exclusion of the imports of the product originating in Mexico pursuant to Article 9.1 of the WTO Agreement on Safeguards.

According to the Government of Mexico based on the System of Tariff Information Via Internet (SIAVI), the United Nations (UN) Comtrade Database and the Trade Map System, there is no record of Mexican exports to the PH for PPGI and PPGL January 1, 2015 to December 31, 2019.

## **7. Government of Indonesia (GOI) - Directorate General of Foreign Trade**

On 3 July 2020, the Government of Indonesia - Directorate General of Foreign Trade submitted its position requesting for exclusion of the subject products from Indonesia pursuant Article 9.1 of the WTO Agreement on Safeguards which states that safeguard measures shall not be applied against products from developing countries which imports do not exceed 3%, provided that developing country members with less than 3% import share collectively account for not more than 9% of the total imports. Based on export data administered by Indonesia Statistics Agency as well as confirmed by Philippine Customs Bureau, the share of imports of the subject products from Indonesia accounted for below 3%.

## **8. Ministry of Industry and Trade of Viet Nam, Trade Remedies Authority of Viet Nam (TRAV)**

On 8 July 2020, TRAV submitted its position requesting for exclusion of Vietnamese producers/exporters of PPGI and PPGL pursuant to the provision of Agreement on Safeguards. Imports originating from Viet Nam within the recent past (i.e.2019) were negligible (1.02% of total PH imports) and its impact was absolutely insignificant to cause or threaten to cause serious injury to the domestic industry.

In addition, TRAV found that it is not suitable to choose POI of 2014 to 2018 because this period is too far from the initiation date (15 June 2020), hence, 2019 import data and injury evidences should be included in the POI for consideration.

## **9. Government of the Republic of Korea**

On 24 July 2020, the Korean Government submitted its position requesting for full consideration of the following:

DTI to clarify, in the form of public notice, the scope of product under consideration by explicitly stating that GI, GL, and PPGI/PPGL used for the production of automobiles, motorcycles, home appliances, computers and tin cans are excluded from the scope of product under consideration for the present investigation, including notice of a preliminary determination if taken. Amendment of the initiation reports could also be considered as a possible option; and exempting from tax and trade regulations of imports of companies registered under Philippine Economic Zone Authority (PEZA) pursuant to Section 8 of RA 7916 which provides that "Ecozone" shall be managed and operated by the PEZA as separate customs territory.

### **A.2.f Association**

#### **1. Japan Iron and Steel Federation (JISF)**

On 16 July 2020, JISF (the representative body of the Japanese steel industry, which members consist of the country's major iron and steel producers, trading companies and organizations engaged in steel distribution) submitted its preliminary comments concerning the situation which would cause negative impact on the sustainable supply of raw materials from the Japanese steel industry that is required by the manufacturing sectors in the Philippines.

Specifically, JISF requested to exclude from the scope of products in the SGM investigation the imports of steel products used in the manufacturing of automobiles, motor cycles and home appliances, as well as imports by the registered enterprises in PEZA and Custom Bonded Warehouse (CBW) in the Philippines. In addition, they requested to officially announce the exact scope of products, including applications, type of imports and product specifications that are not subject to the scope of investigation.

## **2. Philippine Association of Black Iron and Galvanized Iron (BI-GI) Pipes and Tubes Manufacturers, Inc.**

On 22 July 2020, the Philippine Association of BI -GI Pipes and Tubes Manufacturers, Inc. (an industry association member of the Philippine Chamber of Commerce and Industry (PCCI) and the United Port users Confederation of the Philippine (UPC), which is committed to promote consumer welfare and protection through the production of high quality steel pipe products compliant to existing standards) expressed its support on the move of the government to protect local industries, the Philippine economy, and ultimately the labor force. However, the association submitted its position requesting that the Preliminary Investigation on the Application of SG Measures on PPGI and PPGL from various countries be limited only to the concern of Puyat Steel Corporation and Sonic Steel Industries only, more particularly on roofing materials/products.

Specifically, the importation of raw materials which are being utilized by the Members in manufacturing steel pipes falling under AHTN Codes 7210.11.00, 7210.11.10, 7210.20.90, 7210.30.00, and 7210.30.99 (properly described as Coated/Plated with Zinc), should be excluded and must not be affected by the investigation.

Other Issues and Concerns:

- Materials mentioned above might be affected in one way or the other. They want to maintain stable/equitable price of their steel pipe products
- There is correlation on the use of raw materials in the production of steel pipes and tubes and for roofing materials classified under AHTN 7210. Both steel pipes and tubes and roofing materials are categorized as “flat products”. The big difference may appear only about standards and thickness.
- The Application which indicated “Steel Industry” is a misnomer as the term covers steel bars, steel angle bars, steel pipes and tubes, and roofing materials, thus, the said Application should be referred to as “Application of the Puyat Steel Corporation and Sonic Steel Industries...”
- The local steel pipe industry is one of the many local industries seriously affected by smuggling in all its forms and the continued proliferation of uncertified and substandard steel pipe products in the domestic market.

Points to Consider:

- The subject proponents should provide a summary of their past records of importation showing volume and value to check if there is any valuation issue to point at.



- The applicants should justify whether they are seriously threatened by increased imports: incurred so much losses, reduced substantial number of workers and actual plant utilization dwindled, among others.
- Imposition of SG measures is irrelevant which will only aggravate the already volatile Philippine economy due to both man-made and non-man-made domestic problems.
- Both Puyat Steel Corporation and Sonic Steel Industries are not only the players in the Philippine Steel Industry.

### 3. Philippine Association of Steel formers Inc. (PASI)

On 28 July 2020, the PASI (a non-stock and non-profit association, composed of suppliers of quality roofing and other construction materials that cater to residential, commercial, industrial, and institutional projects) through its Legal Counsel, Villaraza and Angangco submitted its comments requesting for the dismissal of the application for SGM on the importation of GI Sheets, Coils and Strips; GL Sheets, Coils and Strips; and PPGI and PPGL from various countries with the following arguments:

- The Applicants do not represent majority of the domestic industry for the subject products as required by Sec 6 of the Safeguard Measures Act
- Even assuming arguendo that the applicants have the requisite standing to institute the instant application,
  - a. There is no injury, much less any serious injury, to the domestic steel industry caused by the increase in importation of the subject products
  - b. No threat of serious injury to the domestic steel industry that would warrant the imposition of safeguard duties
  - c. Even assuming arguendo that there is serious injury or threat thereof, the Applicants failed to establish any causal link between increased imports and serious injury or threat thereof to the domestic industry.
- No basis to impose provisional SG duties since there is no critical circumstance which would warrant imposition
- Imposition of SG would weaken competitive pressure, which would consequently have an adverse effect on the public and private sectors, or the economy as a whole, considering that a myriad of other industries heavily rely on the steel industry.

Specifically, the following are their position:

<p>Nature of the Subject Products</p>	<ul style="list-style-type: none"> <li>• As the Philippines has no integrated steel manufacturing capability since the closure of National Steel Corporation, domestic manufacturers engaged in the roofing business import their respective raw materials, such as cold rolled coils, or GI/GL coated sheets and strips for further processing in their respective plants and facilities.</li> <li>• Other companies in the downstream classified as roll-formers and steel formers directly import GI, PPGI and PPGL sheets and strips from various countries to be further processed, cut and formed into roof profiles from standard to long sizes for sale to wholesalers, hardware retailers, and end-consumers.</li> <li>• Manufacturing the subject products involves an intricate process of the metal roofing value chain, from raw materials to intermediate, to finished products.</li> </ul>
<p>a. Volume of Importation</p>	<ul style="list-style-type: none"> <li>• During the POI, the rate and volume of importation of the subject products have been relatively stable. The rate and amount of the increase in imports of GI and PPGI/PPGL fluctuates during the POI.</li> </ul>

	<ul style="list-style-type: none"> <li>• During the POI, the Applicants imported a significant volume of the subject products which comprised of over 20% of the total imports, which only reveals that there is a need to augment the supply of the domestic market.</li> </ul>
b. Evidence of Serious Injury	<ul style="list-style-type: none"> <li>• As shown in the data, no significant impairment can be said to have been caused to the domestic industry given that, there is, in fact, a recorded increase in terms of market share, production, profits, and labor productivity during the POI, which indicate that while there are periods within the POI when these indicators dip, the domestic industry is able to instantly recover.</li> <li>• Despite the increase in importation of the subject products, the factors such as market size, market share, profitability, cost of production, prices, among others, have had a fluctuating trend instead of a constantly decreasing trend with notable increases during the POI, 2014 to 2018. Thus, there is no overall impairment to the position of the domestic steel industry.</li> </ul>
c. The Applicants failed to establish causal link between the increase importation and the supposed threat of serious injury (assuming arguendo that there is threat of serious injury)	<ul style="list-style-type: none"> <li>• Notably, the Applicants themselves admit that the decline in the gross profit and net profit with respect to PPGI and PPGL is due to several factors other than the price of imported products, such as increase in the cost of raw materials.</li> <li>• The reason for the high cost of production of Puyat Steel is their failure to undertake improvements in their facilities for cost-efficient operations. As shown in its adjustment plan, it has yet to undertake projects that will improve its production rate.</li> <li>• Any injury to the domestic industry is clearly attributable to, among others, the lack of facilities and projects that would improve the domestic industry's market share in relation to importers.</li> <li>• Moreover, the data show that during the years when there was a decrease in imports of subject products, there was likewise decrease in domestic sales of the same, which negates any causal link.</li> <li>• The volume of importation of subject products during the POI exhibited a fluctuating trend which is contrary to the WTO jurisprudence which emphasized that increased imports must be recent enough, sudden enough, sharp enough and significant enough.</li> </ul>
d. Capacity to Supply the Market	<ul style="list-style-type: none"> <li>• Based on the estimates of capacities and capabilities of local companies (Galvanizing and Color Coating Capacity), it appears that the actual combined capacities of both applicants are less than what they claim. Moreover, out of all the companies with galvanizing and color coating capabilities, only the Applicants sought relief through SG, thus, they cannot represent the domestic industry. The combined galvanizing capacity of the Applicants is only 600,000MT or 48.9% of the total domestic market. Meanwhile, to total color coating capacity of the Applicants is only 160,000MT, or 50% of the total domestic market.</li> </ul>
e. Financial Performance	<ul style="list-style-type: none"> <li>• Based on Sonic Steel Annual Financial Statements (submitted to SEC), revenue grew by 34.36% while its net income surged by more than 60% over 5 years (2014 to 2018). Clearly, the upward trend of gross profit, sales, and ultimately, the net income of Sonic Steel easily negate any claim that is supposedly suffering from any injury from the alleged surge of imports.</li> <li>• Puyat Steel showed positive recovery after a quasi-reorganization and a write-down of assets in 2014. Revenue from 2015 to 2017 grew and operating income was generally better at 16.4% annually for 3 years. It was hurt by non-operating costs in 2017 which are unrelated to increased imports. Nevertheless, the net income is positive.</li> </ul>

f. There is no basis to impose provisional SG duties	<ul style="list-style-type: none"> <li>• There is no allegation, much less proof, of any critical circumstances that would warrant the imposition of provisional SG duties as fluctuating trend of the evidence presented cannot be considered prima facie evidence that increased imports are substantial cause to serious injury or threat thereof.</li> <li>• There is no damage to the industry that would be difficult to repair considering that there is no damage to begin with.</li> <li>• There is absolutely no rapid accumulation of inventories and reduction in sales and profit margins.</li> </ul>
g. Public Interest	<ul style="list-style-type: none"> <li>• To grant the application for safeguard duties would only serve to reinforce such dominant position and violate RA 10667 (Philippine Competition Act) which seeks to prevent economic concentration which will control the production, distribution, trade, or industry that will unduly stifle competition, lessen, manipulate or constrict discipline of free markets.</li> <li>• Imposition will hinder competitive discipline, and may encourage possible abuse of market power, weaken competitive pressure and endanger the realization of huge benefits by both public and private.</li> <li>• Importers have devised ways and taken certain risks to ensure cheaper freight and landing costs such as buying voluminous amount when prices are low and getting bigger discounts when more is imported.</li> <li>• Increased in imports is due to the fact that the domestic industry cannot supply all the demand. In fact, Sonic Steel is a major importer of the subject GI and GL products.</li> <li>• The applicants are not using the best technology in the industry to ensure lower cost in production.</li> <li>• The end-consumers will be ultimately affected by the imposition as prices will increase.</li> <li>• The non-imposition of SG measures will aid in keeping the market open for trade and will prevent imposition of unnecessary measure that distort or disrupt trade which are in line with the Declaration of the Special ASEAN Summit on Coronavirus Disease 2019.</li> </ul>
Other issues	<ul style="list-style-type: none"> <li>• Indeed, the same basis for the denial of Puyat Steel's prior application for the imposition of SGM on the subject products remain true to date</li> <li>• In 2014, Puyat Steel filed an application for the imposition of safeguard measures and Sonic Steel notably opposed this for legal and humanitarian reasons. In the Department Order dated 2 February 2015, it was decided that the petition does not merit the conduct of a formal investigation despite the significant increase in imports of PPGI sheets and coils due to the robust operations of the petitioner during the POI.</li> </ul>

#### 4. Tin Can Makers Association of the Philippines, Inc. (TCMAPI)

On 18 August 2020, TCMAPI submitted their position on initiation of preliminary safeguard measures investigation on PPGI/PPGL from various countries. They strongly protested the inclusion of the following AHTN Codes since inclusion of these will severely affect the domestic tin can manufacturers and end consumer products such as canned tuna, canned meat products, and canned milk:

1. HS Code 7212.40.19 – includes Lacquered Galvanized Steel Tab Stock in Coils used in the manufacture of Pull Tabs of Easy Open Ends for food cans;
2. HS Code 7210.70.91- includes Lacquered Tinplate and TFS used in the manufacture of can bodies and lids for the food industry among others; and

3. HS Code 7210.70.99 – includes Laminated TFS and Tinplate used in the manufacture of can bodies and lids for the food industry among others.

They further stated that the above commodities are very different from the products that are the subject of the case filed and the coating properties and material specifications are suitable and specific only for the food packaging industry. In addition, Lacquered Galvanized Steel Tab Stock in Coils and Laminated TFS and Tinplate are not produced locally.

#### **5. China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters (CCCMC)**

On 3, 14 and 22 September 2020, Britanico Sarmiento and Ringer Law Offices, the Legal Counsel of CCCMC requested documents as well as provided their position to terminate the investigation of the Safeguard Measures on the Importation of Prepainted Galvanized Iron (PPGI)/Prepainted Aluminum Zinc (PPGL) and other coated products from various countries:

- Petitioner’s insufficient disclosure, or the summaries of confidential information in the Report on the Initiation of the Investigation does not contain sufficient details to permit a reasonable understanding, both of which harm the right of defense of the interested parties, including Chinese exporters/producers and industry organizations;
- Prerequisites for applying a safeguard measure have not been established, i.e., no rapid and recent increase in imports; no signs of serious injury; even there is serious injury, no causal link; and no threat of injury;
- Implementation of provisional or the definitive safeguards measures will harm the public interests of Filipino end users;
- Implementation of provisional or the definitive safeguards measures does not comply with the obligations of the Philippines as a WTO Member;
- If the provisional or definitive SG measure is applied, CCCMC requested to exclude the following products which cannot be produced or rarely produced by the Philippine domestic industry and these products are not “like product” and do not compete with domestic products, instead, become a useful supplement to the Philippine market:
  - PPGI and PPGL for household appliances
  - PPGI and PPGL with thickness of 0.3-0.35mm (thin sheet products);
  - PPAM products

#### **6. Federation of Philippine Industries (FPI)**

On 11 August 2020, FPI submitted their position welcoming DTI’s determination of the existence of a prima facie case that justified the initiation of a preliminary investigation for the SG measures application on PPGI-PPGL, GI and GL as a progressive and much needed development for the ailing downstream flat steel industry and appealing for critical and crucial government intervention now before it becomes too late for the domestic flats industry.

Pending said investigation, numerous importers have taken advantage of the interim period prior to the imposition of any provisional SG to amass huge volumes of PPGI-PPGL,GI and GL. Hence, any further delay in the grant of SG will surely negate the positive impact it may have. Also, the pandemic has worsened the plight of the Philippine downstream flat steel industry by being on shutdown for at least 2 months due to ECQ.

**For the Public Interest:**

- The imposition of SG measure is one of the tools that can in the meantime protect the local manufacturing industry from this import surge as shown that our market shrunk and it will further shrink in view of the influx of imported goods.
- The provision of SG measures to the downstream flats steel industry will prove beneficial for the economy as a whole with the long-term effect of providing substantial employment opportunities, attracting significant investments to open up the upstream steel industry, and income generation for the government. Moreover, other players who were former manufacturers but have become importers will be attracted and encouraged to venture into this downstream sector. This leads to providing employment which will be the catalyst to fuel the economy especially at this pandemic.
- The moment the downstream industry is fully developed, a driving force will urge significant upstream investors to enter the picture via iron-making, establishment of rolling mills and eventually blast furnaces because there is a downstream industry which can absorb their investment thereby propelling the economy forward. Thus, the country will experience the multiplier effect of positive stimuli for poverty alleviation, economic advancement, and industrial development. Ultimately, the country will be less reliant on extensively imported inputs and will inevitably be self-sufficient in terms of production in the downstream flats industry, most specially on roofing needs.

On 1 December 2020, FPI reported that at present, the downstream flats industry is in critical condition as domestic market is flooded with the influx of cheap PPGI/PPGL, GI and GL imports. With this, the galvanizing and steel manufacturing industry is seriously considering closing their establishments unless their application for SG measures is granted.

- FPI reiterated their observation that numerous importers have taken advantage of the interim period prior to the imposition of any provisional safeguard measures to amass huge amounts of the said metal products enough to tide them through the anticipated 200-day imposition. The industry is witnessing more than a three- fold surge in the influx of imports. As it were, these imports are cheaply priced because they do not conform to standards.
- They reiterated that the provision of SG measures will prove beneficial for the economy as a whole. In addition, flooding of the market with substandard products will be discouraged, if not lessened.
- To deny the domestic flats industry's application for safeguard is akin to sentencing this industry's death. The local industry will never be able to recover and its last standing members will be forced to shut its operations down and to possibly resort to importation.

Thus, FPI expressed their full support for the grant of the SG measure application of the domestic flats industry and joined them in the clamor for prompt and immediate critical

and crucial government intervention during this unprecedented and most challenging time.

### **A.3. Additional Documents Requested from the Petitioner**

On 24 June, 17, 20 July 2020, 01, 04 and 28 September 2020, the petitioners informed DTI that the scope of the products under investigation for PPGI and PPGL are for roofing application with thickness of 0.8mm and below and a width of 600mm to 1,250mm. Also, petitioners submitted updated data/information on operations, i.e. domestic sales, cost of production, actual production, rated capacity, profit and losses, number of employees, inventory, among others, and clarification on products subject to the investigation.

On 14 January 2021, Sonic Steel Industries Inc. wrote DTI-BIS, withdrawing its safeguard measures application on the importation of galvanized iron (GI), Aluminum Zinc (GL), Prepainted Galvanized Iron (PPGI) and Prepainted Aluminum Zinc (PPGL) from various countries effective immediately. Citing that the issuance of DAO No. 20-10 has made the application an exercise in futility, if not moot and academic considering that the bulk of the surge in imports in GI, GL, PPGI and PPGL are below a minimum total coated thickness of 0.4mm. DTI granted Sonic Steel Industries Inc. request to withdraw its safeguard measures application.

## **IV. APPRECIATION OF AVAILABLE EVIDENCE**

Rule 6.5.c of the IRR states:

*“Whenever any interested party fails to respond adequately or is unable to produce information requested, refuses access to, or otherwise does not provide any other information within the period allowed for the investigation, or otherwise significantly impedes the investigation, the preliminary determination of the conditions required in a safeguard investigation shall proceed on the basis of facts derived from the evidence at hand. Even though the information provided by an interested party may not be complete in all respects, this shall not be disregarded provided the interested party is deemed to have acted to the best of his ability.”*

The DTI evaluated and considered all the information provided by the interested parties.

## **V. SAFEGUARD MEASURES: PARAMETERS FOR EVALUATION**

### **A. The Concept and Purpose of Safeguards**

Section 2 of RA 8800 provides that *"the state shall promote the competitiveness of domestic industries and producers based on sound industrial and agricultural development policies, and the efficient use of human, natural and technical resources. In pursuit of this goal and in the public interest, the state shall provide safeguard measures to protect domestic industries and producers from increased imports which cause or threaten to cause serious injury to those domestic industries and producers."*

### **B. The Elements Required by Law**

As stated under Section 5 of RA 8800 and its IRRs *"the Secretary shall apply a general safeguard measure upon a positive final determination of the Commission that a product is being imported into the country in increased quantities, whether absolute or relative to the domestic production, as to be a substantial cause of serious injury or threat thereof to the domestic industry; however, in the case of non-agricultural products, the Secretary shall first establish that the application of such safeguard measures will be in the public interest"*.

### **C. Relevant Provisions**

Section 6 paragraphs 1 and 2 of RA 8800 states that *"any person, whether natural or juridical, belonging to or representing a domestic industry may file with the Secretary a verified petition requesting that action be taken to remedy the serious injury or prevent the threat thereof to the domestic industry caused by increased imports of the product under consideration."*

*The petition shall include documentary evidence supporting the facts that are essential to establish:*

- (1) an increase in imports of like or directly competitive products;*
- (2) the existence of serious injury or threat thereof to the domestic industry; and*
- (3) the causal link between the increased imports of the product under consideration and the serious injury or threat thereof"*.

Rule 6.2 a of the IRRs of RA 8800 further provides that *"any person whether natural or juridical, belonging to or representing a domestic industry, may file a written application using a proforma protestant's questionnaire which shall include evidence of (i) an increase in the volume of imports of the like or directly competitive products, (ii) the existence of serious injury or threat thereof to the domestic industry; and (iii) causal link between the increased imports of the product under consideration and the serious injury or threat thereof. The applicant shall submit four (4) copies of the application, including annexes, two (2) copies of which shall contain the non-confidential summaries of the information submitted"*.

#### **D. Period of Investigation (POI)**

The POI covered imports of PPGI and PPGL, other coated products and strips which entered the Philippine market from 2014 to 2018. The said data were updated until July 2020. All import data were sourced from the Bureau of Customs.

#### **E. Determination of Increased Volume of Imports**

Rule 7.2 a of the IRRs of RA 8800 provides that *“the Secretary shall essentially determine whether there has been an increase in the volume of imports, in particular, either in absolute terms or relative to production in the Philippines, The Secretary shall evaluate import data for the last five (5) years preceding the application to substantiate claims of significant increase in import volume. Provided, however, that in some cases, the period may be adjusted to cover a shorter period, if necessary, in order to take into account other considerations that will ensure the appropriateness of the chosen period, e.g., seasonality of product, availability of data or facility in verification of data.”*

#### **F. Volume of Imports**

During the initiation of investigation, DTI excluded some import transactions of PPGI and PPGL, other coated products and painted strips not covered by the investigation. These imports were excluded because they have different specifications, uses and applications (i.e. raw materials used for automobiles, home appliances, motorcycles, computers, tin cans. fabrication, etc.).

In the preliminary determination, DTI considered the documents and information received from interested parties (i.e. exporters, importers, associations, embassies etc.). Thus, additional import transactions not covered by the scope of investigation were excluded from import data.

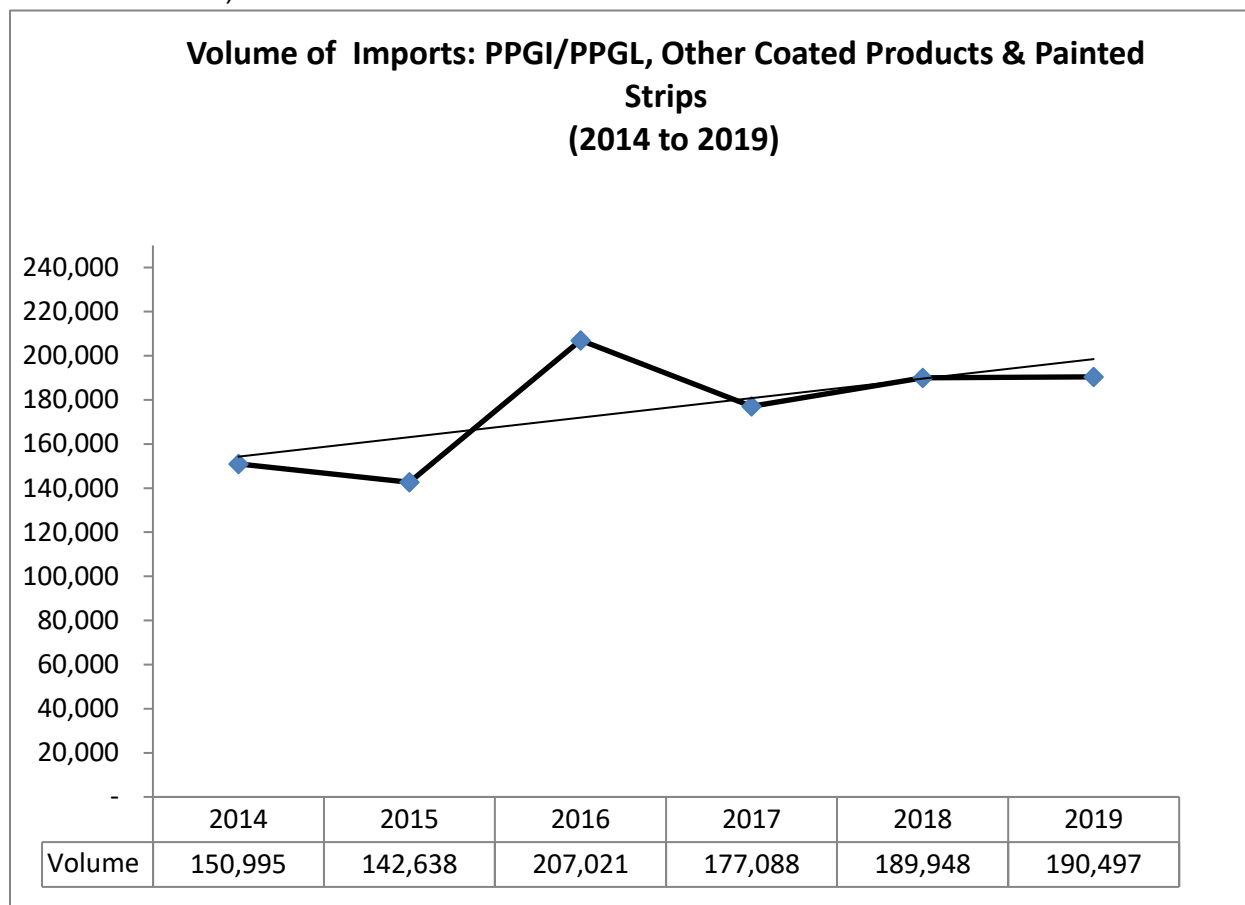
DTI excluded the imports made by Puyat Steel to properly assess the increase in imports that causes serious injury to the domestic industry. Also, the industry performance indicators (i.e. share of domestic market taken by imports, sales, production, profits and losses etc.) relevant to the overall operation of the industry were also evaluated for the same period.



## 1. Absolute Terms

### 1.a. Import Volume – PPGI/PPGL, other coated products and strips

Table 1: Import Volume of PPGI/PPGL, other coated products, and strips - 2014 – July 2020) in MT



Year	2014	2015	2016	2017	2018	2019	2020 (Jan. – Jul)
Volume (MT)	150,995	142,638	207,021	177,088	189,948	190,497	79,036
Absolute (Increase Decrease)	-	(8,357)	64,383	(29,933)	12,860	549	-
% Change	-	-6%	45%	-14%	7%	0.29%	-

Source: Bureau of Customs (SAD- IEIRD)

The volume of imports in 2014 was registered at about 151,000 MT. In 2015, imports declined by 6% over the previous year. Imports in 2016 sharply increased to approximately 207,000MT indicated a 45% increase over 2015 level and fell by 14% in 2017. In 2018, imported PPGI and PPGL increased to about 190,000MT or a 7% increase and further by 0.29% in 2019. Imports in January to July 2020 was 41% of 2019.

## 1. Share of Imports (by Country)

### 1.1 Major Source - PPGI/PPGL, other coated products and strips

Table 2: Share of Imports (by Country) PPGI/PPGL, other coated products & strips (2014 – 2019) in MT

Country	2014	% Share	2015	% Share	2016	% Share	2017	% Share	2018	% Share	2019	% Share
<b>PROC</b>	146,604	97.09	138,356	97.00	202,351	97.74	171,387	96.78	183,899	96.82	188,328	98.86
<b>Viet Nam</b>	2,932	1.94	2,916	2.04	3,226	1.56	4,857	2.74	5,924	3.12	1,804	0.95
<b>Major Sources</b>	<b>149,536</b>	<b>99.03</b>	<b>141,272</b>	<b>99.04</b>	<b>205,577</b>	<b>99.30</b>	<b>176,244</b>	<b>99.52</b>	<b>189,823</b>	<b>99.93</b>	<b>190,131</b>	<b>99.81</b>

Source: Bureau of Customs (SAD-IEIRD)

PROC accounted for a significant share of the Philippines' PPGI and PPGL imports by source country at about 96% to 98% during the POI.

Viet Nam share of imports to the Philippines accounted for 1.94% in 2014 to 3.12% in 2018.

### Other Sources

Below are the other sources of PPGI/PPGL, other coated products and strips during the POI:

COUNTRY	2014	% Share	2015	% Share	2016	% Share	2017	% Share	2018	% Share	2019	% Share
<b>Rep. of Korea</b>	137	0.09	518	0.36	1,219	0.59	355	0.20	89	0.05	182	0.10
<b>Chinese Taipei</b>	94	0.06	94	0.07	2	0.001	212	0.12	25	0.01	72	0.04
<b>Singapore</b>	-	-	5	0.004	-	-	-	-	-	-	67	0.04
<b>Japan</b>	44	0.03	228	0.16	17	0.01	175	0.10	10	0.01	-	-
<b>Italy</b>	-	-	-	-	-	-	-	-	-	-	4	0.002
<b>Malaysia</b>	-	-	-	-	-	-	45	0.03	1	0.001	-	-
<b>Thailand</b>	23	0.02	41	0.03	9	0.005	-	-	-	-	-	-
<b>UAE</b>	-	-	-	-	-	-	3	0.001	-	-	-	-
<b>Sweden</b>	-	-	-	-	-	-	55	0.03	-	-	-	-
<b>Dem People's Rep. of Korea</b>	-	-	7	0.005	193	0.09	-	-	-	-	-	-
<b>United States</b>	-	-	-	-	1	0.0004	-	-	-	-	-	-
<b>Germany</b>	-	-	38	0.03	-	-	-	-	-	-	41	0.02
<b>Hong Kong</b>	-	-	151	0.11	-	-	-	-	-	-	-	-
<b>India</b>	-	-	-	-	-	-	-	-	1	0.0003	-	-
<b>Austria</b>	-	-	-	-	3	0.001	-	-	-	-	-	-
<b>Australia</b>	1,160	0.77	285	0.20	-	-	-	-	-	-	-	-
<b>Total:</b>												
<b>Other Sources</b>	<b>1,459</b>	<b>0.97</b>	<b>1,366</b>	<b>0.96</b>	<b>1,444</b>	<b>0.70</b>	<b>844</b>	<b>0.48</b>	<b>125</b>	<b>0.07</b>	<b>366</b>	<b>0.19</b>

Source: Bureau of Customs (SAD-IEIRD)

## 1.2. Relative Terms

Table 3: Comparison of Volume of Imports to Domestic Production of PPGI/PPGL, Other coated products and strips (2014-2019) in MT

Year	Imports (in units)	Domestic Production (in units)*	Share of Imports to Domestic Production (%)
2014	150,995	100	xxx
2015	142,638	99	xxx
2016	207,021	82	xxx
2017	177,088	73	xxx
2018	189,948	69	xxx
2019	190,497	60	xxx

Sources: Bureau of Customs (BOC-SAD-IEIRD) – Import Volume  
Puyat Steel Corporation – Domestic Production  
\*Figures indexed due to confidentiality

The ratio of imports to production ranged from 409% to 784% during the POI. The share of imported PPGI and PPGL to domestic production recorded its highest in 2016 and 2018. In 2019, imports relative to domestic production significantly increased.

## V. EVIDENCE OF SERIOUS INJURY

Rule 3.1 of the IRRs of RA 8800 provides that “a general safeguard measure under Chapter II of these IRRs shall apply where there is an increase in the quantity of a product being imported, whether absolute or relative to the domestic production, which is determined to be a substantial cause of serious injury or threat thereof to the domestic industry”.

Section 4 (o) of RA 8800 also provides that “a serious injury shall mean a significant impairment in the position of the domestic industry after evaluation by competent authorities of all relevant factors of an objective and quantifiable nature having a bearing on the situation of the industry concerned. In particular, the rate and amount of the increase in imports of the product concerned in absolute and relative terms, the share of the domestic market taken by increased imports, changes in levels of sales, production, productivity, capacity utilization, profit and losses, and employment”.

Section 12 of RA 8800 further provides that “in reaching a positive determination that the increase in the importation of the product under consideration is causing serious injury or threat thereof to a domestic industry producing like products or directly competitive products, all relevant factors having a bearing on the situation of the domestic industry shall be evaluated. These shall include, in particular, the rate and amount of the increase in imports of the products concerned in absolute and relative terms, the share of the domestic market taken by the increased imports, and changes in the level of sales, production, productivity, capacity utilization, profits and losses, and employment.

*Such positive determination shall not be made unless the investigation demonstrates on the basis of objective evidence, the existence of the causal link between the increased imports of the product under consideration and serious injury or threat thereof to the domestic industry. When factors other than increased imports are causing injury, such injury shall not be attributed to increased imports.”*

## A. Share of the Domestic Industry

### 1) Market Size and Market Share

#### 1.1 Market Size and Share – PPGI/PPGL, other coated products and strips

Table 4: Total Apparent Philippine Market (in MT) – PPGI/PPGL, other coated products and strips and Domestic Sales

YEAR	Imports		Domestic Sales Volume*	Total Apparent Philippine Market*	% Increase/ Decrease	% Share to Philippine Market		
	Importers	Domestic Industry				Imports		Domestic Sales
						Importers	Domestic Industry	
2014	150,995	20,450	100	100	-	xxx	xxx	xxx
2015	142,638	-	92	85	(15%)	xxx	-	xxx
2016	207,021	-	76	113	33%	xxx	-	xxx
2017	177,088	-	67	97	(14%)	xxx	-	xxx
2018	189,948	-	63	102	6%	xxx	-	xxx
2019	190,497	-	54	101	(1%)	xxx		xxx

Sources: Bureau of Customs (BOC-SAD-IEIRD) – Import Volume  
Puyat Steel Corporation – Domestic Sales Volume  
\*Figures indexed due to confidentiality

The total apparent Philippine market showed a fluctuating trend during the POI. Total Philippine market declined by 15% in 2015 but recovered by 33% in 2016. It declined again by 14% in 2017 but improved by 6% in 2018 and slightly declined by 1% in 2019

The share of imports dominated the Philippine market from 2014 to 2018. This resulted to the decline in the share of the domestic manufacturer from 2014 and a further drop in 2018. In 2019, it recorded its lowest share.

## B. Domestic Sales

Table 5: Domestic Sales Volume and Value

Year	Sales Volume (in MT)*	% Increase (Decrease)	Sales Value (in Php Million)*	% Increase (Decrease)
2014	100	-	100	-
2015	92	(7.93)	90	(10.28)
2016	76	(17.73)	75	(16.75)
2017	67	(11.17)	68	(8.95)
2018	63	(6.12)	68	(0.32)
2019	54	(14.14)	58	(15.12)

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

The PPGI and PPGL volume of sales exhibited a declining trend from 2014 to 2019 at 8%, 18%, 11%, 6% and 14%. The same trend was exhibited in sales value during the POI and in 2019. Sales value declined year-on-year by 10%, 17%, 9%, 0.32% and further by 15%. The highest sales was recorded in 2014.

## C. Production

Table 6: Total Production

Year	2014	2015	2016	2017	2018	2019
Production (MT)*	100	99	82	73	69	60
% Increase (Decrease)	-	(0.67)	(17.68)	(10.94)	(5.23)	(12.88)

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

The production volume of PPGI and PPGL followed the declining trend of sales. Production declined year-on-year by 1% in 2015, 18% in 2016, 11% in 2017, 5% in 2018 and further declined by 13% in 2019.

## D. Capacity Utilization

Table 7: Capacity Utilization

Year	Installed/Rated Capacity (in MT)*	Actual Production (in MT)*	Capacity Utilization Rate (%)	% Increase (Decrease)
2014	100	100	58.48	
2015	100	99	58.08	(0.67)
2016	100	82	47.81	(17.68)
2017	100	73	42.58	(10.94)
2018	100	69	40.36	(5.23)
2019	100	60	35.16	(12.88)

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

The industry remained its installed capacity during the POI. The capacity utilization ranges from 35% to 58%. As production declined year-on-year by 1%, 18%, 11%, 5% and 13% from 2014 to 2019, capacity utilization declined with the same rate.

With the installed capacity of other PPGI and PPGL manufacturers it can be noted that the PPGI and PPGL industry can supply the market.

## E. Finished Goods Inventory

Table 8: Finished Goods Inventory

Year	Volume (in MT)*	% Increase (Decrease)	Value (in Php Million)*	% Increase (Decrease)
2014	100	-	100	-
2015	103	2.65	101	0.78
2016	107	4.13	104	2.99
2017	119	11.66	117	12.89
2018	161	35.11	171	45.78
2019	238	47.29	251	46.86

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

The finished goods inventory volume continued to increase despite the declining production year-on-year. Finished goods inventory volume increased year-on-year from 2014 to 2019 by 3%, 4%, 12%, 35% and further by 47%. Finished goods inventory value likewise increased by 1%, 3%, 13%, 46% and further by 47% year-on-year during the POI.

## F. Cost to Produce

Table 9: Cost to Produce

Particulars	2014	2015	2016	2017	2018	2019
Raw Materials*	89.3	89.2	87.8	89.5	89.6	89.5
Direct Labor*	0.7	0.7	0.8	0.6	0.8	0.7
Manufacturing Overhead*	10.0	10.1	11.5	10.0	9.6	9.8
<b>Cost to produce per MT*</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>% Increase (Decrease)**</b>	<b>-</b>	<b>(8.55)</b>	<b>0.05</b>	<b>4.72</b>	<b>6.55</b>	<b>(3.00)</b>

Source: Puyat Steel Corporation

\*Figures in percentage of the cost to produce per MT

\*\*Computed based on the absolute figures of cost to produce per MT

The cost to produce decreased in 2015 by 9% and slowly increased from 2016 to 2018 year-on-year by 0.05%, 5%, and 7%. The highest cost to produce was recorded in 2018.

The raw materials are combination of both local and imported products. The primary raw material, galfan coil is produced by Puyat Steel.

## G. Earnings Before Interest and Taxes

Table 10: Earnings Before Interest and Taxes

Particulars	2014	2015	2016	2017	2018	2019	% Increase (Decrease) (2014 vs.2015)	% Increase (Decrease) (2015 vs.2016)	% Increase (Decrease) (2016 vs.2017)	% Increase (Decrease) (2017 vs.2018)	% Increase (Decrease) (2018 vs.2019)
Sales*	100	90	75	68	68	58	(10.28)	(16.75)	(8.95)	(0.32)	(15.12)
Cost of Goods Sold*	100	91	75	70	70	60	(9.16)	(17.64)	(6.74)	0.98	(15.50)
Gross Profit*	100	81	74	54	46	41	(19.34)	(8.60)	(27.12)	(13.98)	(10.49)
Selling, General and Administrative Expenses*	100	95	90	78	75	70	(5.21)	(4.78)	(13.00)	(3.44)	(7.73)
Earnings Before Interest and Tax*	100	51	40	3	(14)	(17)	<b>(48.06)</b>	<b>(22.79)</b>	<b>(91.71)</b>	<b>(519.95)</b>	<b>(20.00)</b>

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

Gross profit from 2014 to 2019 declined year-on-year by 19%, 9%, 27%,14% and further by 10%. Selling, General and Administrative Expense followed the same declining trend with a decline of 5% in 2015, 5% in 2016, 13% in 2017, 3% in 2018 and further by 8% in 2019. This resulted in the decline of Earnings Before Interest and Tax (EBIT) year-on-year from 2014 to 2017 by 48%, 23% and 92%. Further the industry experienced negative EBIT from 2018 to 2019. The highest EBIT was recorded still in 2014.

## H. Return on Sales

Table 11: Return on Sales

Particulars	2014	2015	2016	2017	2018	2019
Sales (Million)*	100	90	75	68	68	58
EBIT*	100	51	40	3	(14)	(17)
Return on Sales	xxx	xxx	xxx	xxx	xxx	xxx
% Increase (Decrease)	-	(42.11)	(7.25)	(90.89)	(521.31)	(41.38)

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

The Return on Sales was recorded ranging from xxx to xxx from 2014 to 2017. Negative ROS was recorded from 2018 to 2019.

## I. Employment

Table 12: Employment

Year	Employees for Production*	% Increase (Decrease)	Salaries and Wages*	% Increase (Decrease)
2014	100	-	100	-
2015	102	2.36	105	5.42
2016	101	(1.38)	108	2.42
2017	100	(0.70)	103	(4.15)
2018	98	(1.88)	116	12.01
2019	96	(2.88)	127	9.47

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

Employment decline during the POI except for an increase of 2% in 2015. The highest direct employment was recorded in 2015. Salaries and wages increased during the POI except for a 4% decline in 2017.

## J. Productivity

Table 13: Productivity

Year	Production Volume*	Employees for Production*	Labor Productivity (MT/employees)	% Increase (Decrease)
2014	100	100	xxx	-
2015	99	102	xxx	(2.96)
2016	82	101	xxx	(16.53)
2017	73	100	xxx	(10.31)
2018	69	98	xxx	(3.41)
2019	60	96	xxx	(10.30)

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

Labor productivity declined year-on-year from 2014 to 2019 by 3%, 17%, 10%, 3% and further by 10%. This is due to the decline of both production and employment during the period.



## K. Price Effects

### 1. Price Undercutting

Table 14: Average Selling Price of Domestic Product vs. Landed Cost of Imports for 2018  
(₱ in MT)

Year	Country	Wtd. Ave. Landed Cost (₱ in MT) (a)	% Share to Total Imports	Ave. Domestic Selling Price (₱ in MT) (b)	% Undercutting (b-a)/b*100
2018	<b>Major Sources:</b>				
	PROC	xxx	96.80	xxx	24.26
	Viet Nam	xxx	3.12		14.01
	Rep. of Korea (South Korea)	xxx	0.07		(4.39)
	<b>Other Sources</b>	xxx	0.01		12.15
	<b>Wtd. Average</b>	<b>xxx</b>	<b>100</b>		<b>23.92</b>
2019	PROC	xxx	98.9		xxx
	Italy	xxx	0.002	1.08	
	South Korea	xxx	0.10	(8.46)	
	Chinese Taipei	xxx	0.04	12.72	
	Vietnam	xxx	0.95	11.30	
	<b>WTD. AVE.</b>	<b>xxx</b>	<b>100</b>	<b>31.87</b>	

Sources: Wtd. Ave. Landed Cost- BOC-SAD-IERD  
Puyat Steel Corporation - Domestic Industry

Price undercutting reflects the extent to which the imported product is consistently sold at a price below the domestic selling price of the like product.

Based on BOC-IEDs for 2018, the top two (2) major source countries of PPGI and PPGL to the Philippines were PROC and Viet Nam. In 2019, major source country is PROC.

Weighted average landed cost of imports from all sources is lower than the domestic selling price of the domestic product by 24% in 2018 and 32% in 2019, thus, imported PPGI and PPGL undercut the domestic product.

## 2. Price Suppression

Table 15: Average Selling Price of Domestic Product vs. Cost of Production (₱ in MT)

Year	Ave. Selling Price of Domestic Product* (Php in MT) (A)	Cost of Production (Php in MT)* (B)	Difference (Php in MT)* (A-B)	% Price Suppression (A-B)/B*100
2014	100	100	100	xxx
2015	97	91	241	xxx
2016	99	91	269	xxx
2017	101	96	227	xxx
2018	107	102	233	xxx
2019	106	99	275	xxx

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

Price suppression refers to the extent by which the imported product prevents the domestic producer from increasing its selling price to a level that will allow full recovery of its cost of production.

No price suppression was recorded during the POI.

## 3. Price Depression

Table 16: Domestic Selling Price of Locally Manufactured PPGI/PPGL (₱ in MT)

Year	Average Selling Price of Domestic Industry (₱ in MT)*	% Increase/ (Decrease)
2014	100	-
2015	97	(2.55)
2016	99	1.20
2017	101	2.49
2018	107	6.17
2019	106	(1.15)

Source: Puyat Steel Corporation

\*Figures indexed due to confidentiality

Price depression reflects the extent at which the domestic producer decreases its selling price in order to compete with the imported product.

Price depression were recorded at 2.55% in 2015 and 1.15% in 2019.

## L. Issues Raised by the Interested Parties

- **The applicant does not represent majority of the domestic industry**
  - The applicant does not represent majority of the domestic industry for the subject products as required by Sec. 6 of the Safeguard Measures Act.
  - The Petitioners Puyat Steel is not the “domestic industry.” It does not speak for the industry.

Section 4 (f) of RA 8800 otherwise known as the Safeguard Measures Act (SMA), defines "domestic industry" as referring to the "**domestic producers, as a whole, of like or directly competitive products manufactured or produced in the Philippines or those whose collective output of like or directly competitive products constitutes a major proportion of the total production of those products**".

Moreover, Section 6 of the SMA provides that any person belonging to or representing a domestic industry may file for a safeguard measures application, to wit:

SECTION 6. Initiation of Action Involving General Safeguard Measure. — Any person, whether natural or juridical, **belonging to or representing a domestic industry** may file with the Secretary a verified petition requesting that action to be taken to remedy the serious injury or prevent the threat thereof to the domestic industry caused by increased imports of the product under consideration.

(Emphasis supplied).

The above cited provision clearly and expressly states that “any person whether natural or juridical, belonging to or representing a domestic industry, may file with the Secretary a verified petition.” Undoubtedly, Puyat Steel being a part of and belonging to the domestic industry, and having a material interest in the subject issue, can and may file a verified petition. The use of the word “or” clearly leaves no room for any construction as held in the case of PCI Leasing Finance, Inc. vs. Giraffe-X Creative Imaging, Inc. --<sup>2</sup>

“A rule in statutory construction is that the word "or" is a disjunctive term signifying dissociation and independence of one thing from other things enumerated unless the context requires a different interpretation.

In its elementary sense, "or", as used in a statute, is a disjunctive article indicating an alternative. It often connects a series of words or propositions indicating a choice of either. When "or" is used, the various members of the enumeration are to be taken separately.”

Furthermore, in the case of Joya vs. PCGG,<sup>3</sup> the Supreme Court held that “legal standing” means a “**personal and substantial interest in the case such that the party has sustained or will sustain direct injury as a result of the governmental act that is being challenged. The term "interest" is material interest**, an interest in issue and to be affected by the decree, as distinguished from mere interest in the question involved, or a mere incidental interest. Moreover, the interest of the party plaintiff must be personal

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<sup>2</sup> G. R. No. 142618, July 12, 2007.

<sup>3</sup> G. R. No. 96541, August 24, 1993.

and not one based on a desire to vindicate the constitutional right of some third and unrelated party.”

(Emphasis supplied).

Based on the foregoing, the determination of whether the collective output of the petitioner/s constitutes a major proportion of the domestic industry appears to be material not in establishing the legal standing of the petitioner for a safeguard measure petition/application, but in the substantive evaluation to determine whether the increased imports substantially cause or threaten to cause serious injury to the domestic industry.

Indeed, in the landmark case of *Southern Cross Cement Corp. vs. Philcemcor*,<sup>4</sup> it was during the formal investigation that findings on whether collective output of like or directly competitive products constituting a major proportion of the total domestic production of those products was made, to wit:

“On 13 March 2002, the Tariff Commission issued its Formal Investigation Report (“Report”). Among the factors studied by the Tariff Commission in its Report were the market share of the domestic industry, production and sales, capacity utilization, financial performance and profitability, and return on sales.”

Significantly, and as declared in the *Southern Cross Cement* case, the Philippines is obliged to observe its obligations under the GATT, under whose framework trade liberalization and the conditions for the imposition of safeguard measures are prescribed. Thus, we find that the following discussion published by the United Nations Conference on Trade and Development and World Trade Organization lends guidance in understanding the correlation between the situation of the domestic industry and the serious injury sought to be addressed by a safeguard measure, to wit:

“In view of the definitions set out in Article 4 of the SA, before concluding that the situation of the domestic industry is such as to amount to “serious injury” or “threat of serious injury”, three steps must be completed: (1) identifying the domestic products which are “like” or “directly competitive” to the imports under investigation, (2) identifying the industry producing such products, (3) assessing a “significant overall impairment” of the domestic industry conditions (or of a threat thereof in the case where the domestic authorities rely on the threat of serious injury).

xxx      xxx

Article 4.1(c) of the SA provides two criteria to identify the relevant “domestic industry”. First, it defines the domestic industry as the producers making products, which are “like” or “directly competitive” to the imports targeted by the investigation. Second, it adds that the serious injury must be assessed with respect to either the whole of such domestic industry, or to that part thereof which amounts to a “major proportion.”

xxx      xxx

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<sup>4</sup> G. R. No. 158540, July 8, 2004.

The other criterion laid down in Article 4.1(c) to define the “domestic industry” is essentially a quantitative one, and focuses on the number and the representative nature of the producers constituting the domestic industry covered by the investigation. It is the requirement that the serious injury be found to occur either to the totality of the domestic producers or at least to a major proportion thereof. There is, however, no clear indication as to what can constitute a “major proportion” of the domestic industry for the purposes of Article 4.1(c). As a consequence, the evaluation of whether this criterion is met is necessarily a case-by-case one, which depends on the specific circumstances of each investigation. Nonetheless, the Appellate Body has at least clarified that the collection of data relating to the so called “injury factors” in Article 4.2(a) need neither cover the totality of the producers of the like or directly competitive products, nor even a major proportion. A serious injury finding can also be based on data collected for a part of the “major proportion”, provided that it is sufficiently representative. The possibility of employing “statistically valid samples” has impliedly been recognized by the Appellate Body.<sup>5</sup>

Evidently, Puyat Steel being part of the domestic industry, is well within the ambit of RA 8800 and its IRR, and thus, has the legal standing to pursue its safeguard measure application.

- **There is no serious injury as claimed by the Petitioner**

- It is also notable that the Petitioner is expanding and further investing on sizeable projects which are inconsistent with the claim of serious injury.
- The Petitioner was also able to finance huge amounts of investments and extravagant marketing activities and programs over the years which are inconsistent with serious injury
- The Petitioner failed to show the presence and extent of serious injury or threat thereof to the domestic industry that would justify an imposition of safeguard measures under RA 8800
- As shown in the data, no significant impairment can be said to have been caused to the domestic industry given that, there is, in fact, a recorded increase in terms of market share, production, profits, and labor productivity during the POI, which indicate that while there are periods within the POI when these indicators dip, the domestic industry is able to instantly recover.

The Panel in *US – Wheat Gluten*, in a finding upheld by the Appellate Body, elaborated on the meaning of the term “serious injury”:

“[A] determination as to the existence of such ‘significant overall impairment’ can be made only on the basis of an evaluation of the overall position of the domestic industry, in light of all the relevant factors having a bearing on the situation of that industry.

...

[W]e do not consider that a negative trend in every single factor examined is necessary in order for an industry to be in a position of significant overall impairment. Rather, it is

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<sup>5</sup> [https://unctad.org/system/files/official-document/edmmisc232add16\\_en.pdf](https://unctad.org/system/files/official-document/edmmisc232add16_en.pdf)

the totality of the trends, and their interaction, which must be taken into account in a serious injury determination. Thus, such upturns in a number of factors would not necessarily preclude a determination of serious injury. It is for the investigating authorities to assess and weigh the evidence before them, and to give an adequate, reasoned and reasonable explanation of how the facts support the determination made."

The industry recorded declines in sales, production, utilization rate, profitability and employment. The condition of competition showed that the market share of domestic product decreased during the POI from 20% in 2015 to 10% in 2019, as share of imports in the domestic market displaced locally produced PPGI and PPGL with increased inventory from 2016 to 2019.

- **Import Increased but not significant**

- There is no increase in imports of like or directly competitive products.
- The Applications' data show that there is no consistent increasing trend and no significant surge in the imports of PPGI/PPGL and other coated products and painted strips during the POI (from 2014 to 2018), with even two years where the imports went down.
- The imports are misinterpreted because it has lumped together importations which are differently sub-categorized and intended for different applications. Importantly, the increase in imports throughout the years of POI is not sweeping enough as to warrant the grant of safeguard measures.

During the initiation of investigation, DTI excluded some import transactions of PPGI and PPGL, other coated products and painted strips not covered by the investigation. These imports were excluded because they have different specifications, uses and applications (i.e., raw materials used for automobiles, home appliances, motorcycles, computers, tin cans. fabrication, etc.).

In the preliminary determination, DTI considered the documents and information received from interested parties (i.e. exporters, importers, associations, embassies etc.). Thus, additional import transactions not covered by the scope of investigation were excluded from import data.

Pursuant to US – Line Pipe (Panel report), Under Article 2.1 of the SA, absolute imports and relative imports are alternative conditions. Accordingly, in order to meet the “increased imports” requirement it is sufficient that one form of increase has occurred. The panel considered that even if it had found that imports of line pipe into the United States had not increased in absolute terms, its conclusion that there had been “increased imports” consistent with the SA would have been supported by the fact that imports had increased relative to domestic production.

One of the elements of safeguard measures is increase in the volume of imports, in particular, either in absolute terms or relative to production. Increase in imports must recent, sudden, sharp and significant. In absolute terms, imports increased by 45% in 2016, 7% in 2018 and slightly increased by 0.29% in 2019. However, comparing 2019 over the pre-surge level (2015), imports increased by 34% in 2019. In 2020 (Jan to July), imports was 41% of 2019 level. The share of imported PPGIL/PPGL to domestic production continuously increase from 409% in 2015 which increased to 722% in 2016 to 903% in 2019.

- **The proposed safeguard measure will result to monopolization and unfair competition.**
  - Imposition will hinder competitive discipline, and may encourage possible abuse of market power, weaken competitive pressure and endanger the realization of huge benefits by both public and private
  - The Petitioner is a manufacturer of coils that are likewise engaged in the downstream business of roll forming. If a safeguard measure will be implemented, the cost of imported materials will increase and the rollformers will be forced to purchase their coils needs from the Petitioner. Naturally, the Petitioner will prioritize their roll forming units and will sell to rollformers at a higher price, thus pricing the latter, out of the market.
  - The proposed safeguard measure will limit the consumers' choice to existing products of the Petitioner which could be inferior in quality to those imported.

In the event the safeguard measure is implemented, the rollformers will not be forced to purchase their needs from the petitioner. They are not prevented by the safeguard measure to continue importing.

- **The application for safeguards during this pandemic is prejudicial**
  - Considering the adverse economic impact of the COVID-19 pandemic that have befallen the Philippines, the imposition of a safeguard measures at this time is insensitive, irresponsible and prejudicial to the plight of struggling businesses, consumers and other end-users.
  - The application for safeguards was filed under a different pre-pandemic world where there was no unprecedented economic crisis. The present world has entirely changed. Tinkering with the crucial supply of a raw material that is important to so many local industries can have devastating consequences for the economy, the country and the Filipino people.

The safeguard measure is more crucial and necessary to save the Philippine manufacturing industry in this pandemic period. Imports have continued and even increased during the pandemic while Philippine industry was forced to stop or slow down production. In terms of economic impact, the importance of the petitioners in terms of investments, jobs and tax revenues are telling. The need to save Filipino jobs and becoming self-sufficient is even more important during this pandemic. The industry directly employs several thousands of employees and indirectly employs around 10,000 employees who are benefitting from the business operations of the domestic downstream industry in one way or another.

#### **M. Other Comments**

- Instead of a safeguard measure the DTI needs to impose a mandatory and rigid product standard for roofing, steel decking and framing products using GI, GL and pre-painted GI and GL coils.
- Likewise, for years the pre-painted industry players have also been clamoring for a review and revision of the pre-painted coils and sheets standards. In fact, some industry players have formally submitted letters of request to convene the technical committee on pre-painted roofing sheets, however, the same was not given priority

by the BPS. If only BPS-DTI will fully enforce the roofing standards and BOC-DOF seriously curb illicit trade and collect the right customs revenues, there is no reason for any safeguard measure.

- Government should curb smuggling since this is the primary reason why there is a volatile price of roofing products.

On 28 December 2020, DTI issued DAO No. 20-10 Series of 2020 “The New Technical Regulation Concerning Mandatory Product Certification of Hot-Dip Metallic-Coated and Pre-painted Galvanized Steel Coils and Sheets for Roofing and General Application”. The issuance of the DAO aims to strictly ensure that hot-dip metallic-coated and pre-painted galvanized steel coils and sheets for roofing and general applications to be manufactured, imported, sold or distributed in the Philippines meet the specified quality as required under the Technical Regulation.

While product standards is important to ensure the manufacture, production, and distribution of quality products for the protection of the consumer from trade malpractices and from substandard or hazardous products. Also, equally important is to ensure the viability of the domestic industry which can be achieved by providing a level playing field through safeguard measures.

## **N. Summary of Positions/ Comments on Public Interest**

The DTI informed the identified importers, foreign embassies of concerned countries, consumer groups, and associations regarding the public interest clause and the fact that it shall be taken into consideration in the imposition of a safeguard measure.

### **a) Oppositors to the imposition of the safeguard measures**

- Imposition of the safeguard measures will not benefit the public because the additional duty will be a burden to the consumers. The duty that will be imposed on the imported products will eventually reach the consumers and will neutralize any forthcoming economic stimulus.
- Imposition of SG would weaken competitive pressure, which would consequently have an adverse effect on the public and private sectors, or the economy as a whole, considering that a myriad of other industries heavily rely on the steel industry.
- The local industry does not have the capability and resources to supply the kind and volume of PPGI and PPGL in the market needs.
- The proposed safeguard measure will result to monopolization and unfair competition.
- The imposition of safeguard duty would be contrary to the public interest considering the contraction resulting from the COVID-19 Pandemic.
- To grant the application for safeguard duties would only serve to reinforce such dominant position of the Applicant/Petitioner, and violate RA 10667 (Philippine Competition Act).



- The non-imposition of SG measures will aid in keeping the market open for trade and will prevent unnecessary measure that distort or disrupt trade which is in line with the Declaration of the Special ASEAN Summit on Covid-19.

**b) In favor of the imposition of the safeguard measure**

- The imposition of SG measure is one of the tools that can in the meantime protect the local manufacturing industry from this import surge, considering that our market shrunk, and it will further shrink in view of the influx of imported goods.
- The provision of SG measures to the downstream flat steel industry, will prove beneficial for the economy as a whole, with the long-term effect of providing substantial employment opportunities, attracting significant investments to open up the upstream steel industry, and generate income for the government. Moreover, other players who were former manufacturers but have become importers will be attracted and encouraged to venture into the downstream sector. This leads to provision of employment, which will be the catalyst to fuel the economy especially at this pandemic.
- The moment the downstream industry is fully developed, this will urge significant upstream investors to enter the picture via iron-making, establishment of rolling mills and eventually blast furnaces, because there is now a downstream industry.
- The safeguard measure will level the price of the products under consideration and provide the industry time and incentive to become more efficient.
- The imposition of safeguard measure will create new jobs by the local manufacturing community, generate higher tax revenues, and create more jobs in the downstream industries.

## **VI. FINDINGS**

### **VI. A Volume of Imports**

#### **VI.A.1 In Absolute Terms**

- In 2014, volume of imports was recorded at 150,995 MT. In 2015, it declined by 6% over 2014 level. In 2016, imports increased by 64,383MT or 45% increase from 2015 level and fell by 14% in 2017. In 2018, imports increased by around 13,000MT or 7% over 2017 level and further by 0.29% in 2019.
- In 2020 (January to July), imports were already 41% over the 2019 level.
- PROC and Viet Nam are the major suppliers during the POI.

#### **VI.A.2 In Relative Terms**

- Share of imported PPGI and PPGL to domestic production recorded its highest in 2016 and 2018 at 722% and 784%, respectively.
- Share of imports in 2019 rose to its highest level at 903%.

## **VI.B Serious Injury**

### **VI.B.1 Market Size**

- Total apparent Philippine market showed a fluctuating trend during the POI.
- The Philippine market declined by 15% in 2015, increased by 33% in 2016 and declined by 14% in 2017. It increased by 6% in 2018 and slightly declined by 1% in 2019.

### **VI.B.2 Market Share**

- Share of imports to the total Philippine market accounted for 72% in 2014 to 90% in 2019.
- Decline in the share of the domestic manufacturer from 18% in 2014 and further to 10% in 2019.

### **VI.B.3.a. Domestic Sales**

#### **VI.B.3.a.1 Sales Volume and Value**

- Sales volume reflected a declining trend from 2014 to 2019 at 8%, 18%, 11%, 6% and 14%.
- Sales value reflected a declining trend from 2014 to 2019 at 10%, 17%, 9%, 0.32% and further by 15%.

### **VI.B.4 Production**

#### **VI.B.4.a Total Production**

- Production declined year-on-year by 1% in 2015, 18% in 2016, 11% in 2017, 5% in 2018 and further declined by 13% in 2019.

#### **VI.B.4.b Capacity Utilization**

- The industry remained its installed capacity during the POI.
- Capacity utilization ranges from 35% to 58%.
- Capacity utilization declined during the POI as production was reduced by the same.

#### **VI.B.4.c Inventories**

- Volume increased year-on-year from 2014 to 2019 by 3%, 4%, 12%, 35% and further by 47%.
- Value increased by 1%, 3%, 13%, 46% and further by 47% year-on-year during the POI.

#### **VI.B.4.d Cost of Production**

- Cost to produce decreased in 2015 by 9% and slowly increased from 2016 to 2018 year-on-year by 0.05%, 5%, and 7%.
- Cost of production was at its highest in 2018.

### **VI.B.5 Profits and Losses**

- Gross profit from 2014 to 2019 declined year-on-year by 19%, 9%, 27%, 14% and further by 10%.
- EBIT declined from 2014 to 2017 by 48%, 23% and 92%.
- Recorded negative EBIT from 2018 to 2019. The highest EBIT was recorded in 2014.

#### **VI.B.5.b Return on Sales (ROS)**

- Negative ROS was recorded from 2018 to 2019.

### **VI.B.6 Employment**

- Employment declined during the POI except for an increase of 2% in 2015.

### **VI.B.7 Productivity**

Labor productivity declined year-on-year from 2014 to 2019 by 3%, 17%, 10%, 3% and further by 10%.

### **VI.B.8 Prices**

#### **VI.B.8.1 Price Undercutting**

- Weighted average landed cost of imports from all sources is lower than the domestic selling price of the domestic product indicating a price undercutting of approximately 24% in 2018 and 32% in 2019.

#### **VI.B.8.2 Price Depression**

- Price depression is recorded at 2.55% in 2015 and 1.15% in 2019.

### **VI.C. Causation**

There was a significant increase in the volume of imported PPGI and PPGL both in absolute and relative to domestic production during the POI.

The industry recorded declines in sales, production, utilization rate, profitability and employment. The condition of competition showed that the market share of domestic product decreased during the POI from 20% in 2015 to 10% in 2019, as share of imports in the domestic market displaced locally produced PPGI and PPGL with increased inventory from 2016 to 2019.

The evidence shows that the injury to the domestic PPGI and PPGL industry was caused by the increased imports.

## VII. PUBLIC INTEREST

Section 5 of the Safeguard Measures Act (RA 8800), provides that: x x x *“in the case of non-agricultural products, the Secretary shall first establish that the application of such safeguard measures will be in the public interest.”*

Rule 5.2 of the IRR of RA 8800 provides, *“The Secretary when establishing that the application of a safeguard measure will be in the public interest, shall take into consideration the following factors, among others: i) whether the imposition of the provisional measure will result in a political or economic crisis; and ii) the extent to which such imposition will cause a shortage of the product under consideration in the domestic market.”*

Rule 8.2 of the IRR of RA 8800 states, *“in the case of non-agricultural products, the Secretary shall first establish that the imposition of the provisional safeguard measure would be in the public interest.”*

The Department of Trade and Industry considered the Petitioner’s ability to supply and cater to the requirements of the end users. Given the existing rated capacity of the Petitioner of xxx versus the demand of 211,017 MT recorded in 2019, the Petitioner’s capacity to manufacture PPGI and PPGL, cannot sufficiently supply the requirements of the domestic market.

Further, data from the Philippine Statistics Authority show that 33,627 building permits were issued during the first quarter of 2021 indicating an annual expansion of 1.4 percent, as compared to same period of the previous year<sup>6</sup>.

Imposition of safeguard measures at this time and under these circumstances can lead to price increases in PPGI and PPGL including other coated products and painted strips. It can also cause a chilling effect on importers which would reduce the level of imports of the said products and consequently lead to supply shortages. These could have detrimental effects on the construction and housing sector that use these products. Considering further that demand for housing currently exceeds supply, import restrictions on PPGI and PPGL will drive up the costs of these products and consequently the costs of building residential homes.

## VIII. CONCLUSION

Considering the foregoing and pursuant to Section 5 of RA 8800 and Rules 5.2 and 8.2 of its IRR, the Department finds that the application of safeguard measures on the subject products at this time is not in the public interest.

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<sup>6</sup> [Philippine Statistics Authority | Republic of the Philippines \(psa.gov.ph\)](https://psa.gov.ph)

## IX. THE WORLD TRADE ORGANIZATION AGREEMENT ON SAFEGUARDS

Article XIX (Emergency Action on Imports of Particular Products) of the General Agreement on Tariffs and Trade (GATT) 1994 provides that: *“If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.”*

The WTO Appellate Body in **Argentina – Footwear and Korea – Certain Dairy Products** established that safeguard measures may be applied only when the prerequisites of Article XIX of GATT 1994 and the conditions of the Agreement on Safeguards (both Multilateral Trade Agreements and as such are integral parts of the WTO Agreement) are clearly demonstrated.

The instant investigation is governed by RA 8800, the Safeguard Measures Act, its Implementing Rules and Regulations and the terms and conditions of the Agreement on Safeguards, and the same has been conducted in accordance thereof.

### a. Notification Requirement

Article 12.1 of the WTO Agreement on safeguards provides that a Member shall immediately notify the Committee on Safeguards upon:

- (a) Initiating an investigatory process relating to serious injury or threat thereof and the reasons for it;
- (b) making a finding of serious injury or threat thereof caused by increased imports; and
- (c) taking a decision to apply or extend a safeguard measure.

On 15 June 2020, the Philippine Permanent Mission in Geneva was officially notified of the application for safeguard measures investigation on imported PPGI and PPGL from various countries.

### b. Articles 11 of the ASEAN Trade in Goods Agreement (ATIGA)

Articles 11 of the ATIGA provide provisions on the Notification as follows:

*“Article 11 - Notification Procedures*

*1. Unless otherwise provided in this Agreement, Member States shall notify any action or measure that they intend to take:*

- (a) which may nullify or impair any benefit to the other Member States, directly or indirectly under this Agreement; or*
- (b) when the action or measure may impede the attainment of any objective of this Agreement.*

2. x x x

3. A Member State shall make a notification to Senior Economic Officials Meeting (SEOM) and the ASEAN Secretariat before effecting such action or measure referred to in paragraph 1 of this Article. Unless otherwise provided in this Agreement, notification shall be made at least sixty (60) days before such an action or measure is to take effect. A Member State proposing to apply an action or measure shall provide adequate opportunity for prior discussion with those Member States having an interest in the action or measure concerned.”

The Philippines is required to notify any safeguard action to the Senior Economic Officials Meeting (SEOM) and the ASEAN Secretariat before effecting such action or measure and adequate opportunity for consultation for the affected ASEAN Member States.

On 15 June 2020, the ASEAN Secretariat was notified of the application for safeguard measures investigation on imported PPGI and PPGL from various countries.

## X. DECISION

The Department of Trade and Industry, acting under Sections 7 and 8 of RA 8800, otherwise known as the Safeguard Measures Act, and on the basis of the submissions of interested parties and pieces of evidence made available, hereby orders the dismissal of the petition for safeguard measures on PPGI and PPGL including other coated products and painted strips.


Rule 7.5 states that, “*within two (2) calendar days after the Secretary makes his decision, he shall issue a public notice on his preliminary findings. He shall also furnish all interested parties on record a copy of his decision, subject to the requirement to protect confidential information, whether affirmative or negative*”.

Thus, let a copy of this Decision be published in two (2) newspapers of general circulation and let individual notices be sent to all interested parties including the country members concerned.

The notification requirements of Article 12 of the WTO Safeguards Agreement and Section 17 of RA 8800 and its IRR shall likewise be complied with.

SO ORDERED.

24 September 2021

  
RAMON M. LOPEZ  
Secretary 



**LIST OF IMPORTERS****Annex A****I. Identified by the Petitioners**

<b>No.</b>	<b>NAME OF IMPORTER</b>	<b>No.</b>	<b>NAME OF IMPORTER</b>
1	ARCHIMETAL ROOF SYSTEMS INC.	25	KATANA TRADEGRADE INC.
2	ACCUTECH STEEL AND SERVICE CENTER INC.	26	KUEILLIN STEEL CORP.
3	BLUE HORIZON METAL CORP.	27	LI YUAN METAL CORPORATION
4	BUFFALO ROLLFORMING STEEL CORP.	28	MDC BUILDPLUS INC.
5	CALAMBA STEEL CENTER INC.	29	MECHATRENDS CONTRACTORS CORP.
6	C ONE STEEL CORP.	30	MGM SOLUTIONS TRADING
7	COLORSTEEL SYSTEMS CORP.	31	MILEAGE ASIA
8	DAVAO EG METAL FORMING CORP.	32	MONRIO INDUSTRIAL CORPORATION
9	DN DISTRIBUTION INC.	33	PHIL. STEELFRAMING INC
10	DN STEEL MARKETING INC.	34	PHILMETAL PRODUCTS, INC.
11	DWIGHTSTEEL BUILDING SYSTEMS INC.	35	QUEEN S INTERNATIONAL TRADING
12	DYD REFRIGERATION SYSTEMS INC.	36	ROWELL CAN CORPORATION
13	ECO STEEL ROLLFORMING INDUSTRY	37	SCG MARKETING PHILIPPINES
14	EG SOUTHERN LUZON CORP.	38	SCUDERIA ENTERPRISES
15	EVERGLORY METAL TRADING CORP.	39	SOLID CEMENT CORPORATION
16	FSC METAL CORPORATION	40	SOP STEEL SALES CENTER INC.
17	GREAT SWISS METAL BUILDERS	41	STARCKI VENTURE CORPORATION
18	HUU BUILDING SOLUTIONS	42	TOPAZ INDUSTRIES TRADING
19	JEA STEEL INDUSTRIES INC.	43	TOWER STEEL
20	JFE SHOJI	44	TWIRELESS INC.
21	JHONEVER METAL CORP.	45	ULTRA PETRONNE INTERIOR SUPPLY CORP.
22	JIANGSU GLORY (PHILIPPINES) METAL	46	UNION GALVASTEEL
23	JOBADDEC INTERNATIONAL TRADING	47	UNITED PENTAGON STEELFORMING
24	JMCC INDUSTRIES, INC.		

**II. Sourced from Bureau of Customs (BOC-SAD-IERD)**

<b>No.</b>	<b>NAME OF IMPORTER</b>	<b>No.</b>	<b>NAME OF IMPORTER</b>
1	2ML EXCHANGE UNLIMITED CORPORATION	34	COPPERFIELD MARKETING
2	ACCUTECH STEEL AND SERVICE CENTER	35	CORLAX TRADING
3	ADVANCE METAL CO. INC.	36	CROWN MOVERS TRADING
4	AGC FLAT GLASS PHILIPPINES INC.	37	DAVAO EG METAL FORMING CORPORATION
5	ALBIS TRADING	38	DGB TRADING
6	ALLTOP TRADING CORP.	39	DICENBASE TRADING
7	AMBROLINK TRADING	40	DN DISTRIBUTIONS CENTER INC.
8	ANDOR TRADING	41	DN STEEL MARKETING INC.
9	ANT STEEL CORPORATION	42	DRAGON HARDWARE MATERIALS SUPPLY IN
10	ARCHER BLAZE MARKETING	43	DRAPERY HARDWARE INC.
11	ARCHIMETAL ROOF SYSTEMS INC.	44	DWIGHTSTEEL BUILDING SYSTEMS INC.
12	ARCHITECKS METAL SYSTEMS INC.	45	DYD REFRIGERATION SYSTEMS INC.
13	ASIAN SHIPPING CORPORATION	46	DYNAMIC FIVE J LOGISTICS CORP
14	AYO MAN STEEL CORPORATION	47	E. LOREN ENGINEERING AND
15	BETA STAR TRADING CORPORATION	48	EAGLEGENESIS MARKETING
16	BF METAL CORP.	49	EAGLESKY TECHNOLOGY AMUSEMENT AND GAMING INC.
17	BLUE HORIZON METAL CORPORATION	50	ECO ENTERPRISES
18	BLUE IMPULSE TRADING	51	EEI CORPORATION
19	BLYSSE COMMERCIAL TRADING	52	EG SOUTHERN LUZON STEEL CORP.
20	BORLA ENTERPRISES	53	ELEMENT INDUSTRIAL BUILDERS INC.
21	BRIGHT GOAL TRADING	54	ELIMON TRADING
22	BRIMFULL TRADING	55	EVER LAST ROOFING INC.
23	BSP AND COMPANY INC	56	EVERGLORY METAL TRADING CORPORATION
24	BUFFALO ROLLFORMING STEEL CORP.	57	EXCEL COIL COATING CORPORATION
25	CALAMBA STEEL CENTER INC.	58	FACESTEEL INTERNATIONAL CORPORATION
26	CAPITOL STEEL CORPORATION	59	FAPRICAN ENTERPRISE
27	CATS EYE ENTERPRISES	60	FAV ENTERPRISES
28	CEBU DIAMOND INDUSTRIAL AND MANUFACTURING CORP	61	FERLIBON ENTERPRISES
29	CHELLEE INTERNATIONAL TRADING	62	FIRST ELECTRO DYNAMICS CORPORATION
30	CHINMEI METAL MANUFACTURING INC	63	FIRST PHILEC INC.
31	COLORSTEEL SYSTEMS CORPORATION	64	FLEXHALE TRADING
32	C-ONE STEEL CORPORATION	65	FLEXIMETAL INC
33	C-ONE TRADING CORPORATION	66	FORTUNE HOUSEWARE PRODUCTS INTL INC



No.	NAME OF IMPORTER	No.	NAME OF IMPORTER
67	FOUR M RESOURCES AND ADVANCED TECHNOLOGIES CORPORATION	105	JOWOOD INDUSTRIES INC.
68	FSC METAL CORPORATION	106	JOYLAND INDUSTRIES CORPORATION
69	G. UYMATIAO JR. CONSTRUCTION	107	JP STEEL MANUFACTURING CORPORATION
70	G.I. HOME CORPORATION	108	JT STEEL SYSTEM CORPORATION
71	GALVAPHIL INC.	109	JTC PALLET PACKAGING SYSTEM INC.
72	GBA 88 IMPORT TRADING	110	JUNAY ENTERPRISES
73	GENERAL PANELS CORPORATION	111	KATANA TRADEGRADE INCORPORATED
74	GLOBAL LUCK TRADING AND COMMERCIAL	112	KEED STEEL MARKETING CORPORATION
75	GOLD FRIENDS ENTERPRISES	113	KEEKZ-TOGZ GENERAL MERCHANDISE
76	GOLDFIN INTERTRADE CO. LTD	114	KINGSLAND ENTERPRISES INC
77	GOMINE INTERNATIONAL TRADING	115	KJK PRIME STEEL CORPORATION
78	GREAT MIND MARKETING	116	KOBESEAN TRADING
79	GREAT SWISS METAL BUILDERS CORP.	117	KUEILIN STEEL CORPORATION
80	GREATER VISION TRADING	118	LA CROSSE INTERNATIONAL TRADING
81	GREENSPOT INTERNATIONAL TRADING	119	LAKSHMI BEMT BUILDING ENVELOPE MANUFACTURING & TECHNOLOGIES
82	GTK TRADING	120	LI YUAN METAL CORPORATION
83	HA SHAIN ZHANG TRADING CORP	121	LINK ENERGIE INDUSTRIES CO INC
84	HAPPY 8 TRADING	122	LINKING ENTERPRISES
85	HE-MAX INDUSTRIAL CORP	123	MACROLITE CORPORATION
86	HIGHSCALE TRADING CORP.	124	MAG ASO TRADING
87	HM BUILDING PRODUCTS INC.	125	MAKATI DEVELOPMENT CORP.
88	HOUSE TECHNOLOGY INDUSTRIES PTE.LTD	126	MARBEL UNIVERSAL TRADING INC
89	HUADING INDUSTRIES CORPORATION	127	MAYHWA STEEL CORP.
90	HUU BUILDING SOLUTIONS INC	128	MDC BUILDPLUS INC
91	IMPERIAL FIVE TRADING	129	MECHATRENDS CONTRACTORS CORPORATION
92	ISABELA LEAF TOBACCO CO. INC.	130	METALINK MANUFACTURING CORPORATION
93	ISTEEL INC.	131	METALPLUS ROOFTEK INDUSTRIES INC
94	JACINTOCOLOR STEEL INC.	132	METRO CONTAINER CORPORATION
95	JAMES HARDIE PHILIPPINES INC.	133	MGM SOLUTIONS TRADING
96	JAMIGEL TRADING	134	MHYLINK TRADING
97	JEA STEEL INDUSTRIES INC.	135	MIGUEL GRECCO TRADING
98	JFE SHOJI STEEL PHILIPPINES INC.	136	MILEAGE ASIA CORPORATION
99	JHONEVER METAL CORP	137	MINDANAO PAPER PRODUCTS CORPORATION
100	JIANGSU GLORY (PHILIPPINES) METAL	138	MINDAROOF INCORPORATED
101	JMCC INDUSTRIES INC.	139	MIX VENTURE INC.
102	JOBADEC INTERNATIONAL TRADING	140	MJF BUILDERS
103	JOCELYN FORGE INC.	141	MM STEEL SERVICE CENTER CORPORATION
104	JONESLAZ TRADING	142	MONRIO INDUSTRIAL CORPORATION

No.	NAME OF IMPORTER	No.	NAME OF IMPORTER
143	MSK GROUP WORK CLARK INC.	159	PHILFIRST GLOBAL MARKETING INC
144	MULTIFRONT MARKETING CORPORATION	160	PHILIPPINE JINHUI COMPANY
145	N.P.E TRADING	161	PHILIPPINE STEELFRAMING CORPORATION
146	NAKAYAMA TECHNOLOGY CORPORATION	162	PHILIPPINE YUSHIN INC.
147	NAUTILUS SHIPYARD AND REPAIR INC.	163	PHILMETAL PRODUCTS INC
148	NESSYMAN INTL. TRADING	164	PHILRESA TRADING
149	NEW MANILA TRADING CORP	165	PIONEER FLOAT GLASS MANUFACTURING
150	NEWMAN ENTERPRISES CORP.	166	POINTERSONE ENTERPRISES
151	NICERA PHILIPPINES INC	167	POLYFOAM RGC INTERNATIONAL CORP.
152	NINGBO SANXING ENTERPRISES	168	POSCO PHILIPPINE MANILA PROCESSING
153	NOLRAM TRADING	169	POWER LINK AKSA PHILS. INC.
154	NORTH FIELDS ENTERPRISES	170	PPF TRADING
155	NORTH SPRING ENTERPRISES	171	PURESTAR IMPORT & EXPORT INC.
156	ODYSSEA MOVERS TRADING	172	QUEEN-S INTERNATIONAL TRADING
157	PAJORA STEEL MANUFACTURING COMPANY	173	R.M. ANICETE COMMERCIAL TRADING
158	PANORAMA DEVELOPMENT CORPORATION	174	R.S. SESE MARKETING
159	PHILFIRST GLOBAL MARKETING INC	175	R2H TRADING
160	PHILIPPINE JINHUI COMPANY	176	RACAL MOTOR ASSEMBLY (PHILS.) CORP.
161	PHILIPPINE STEELFRAMING CORPORATION	177	RAK CERAMICS (PHILIPPINES) CORPORATION
162	PHILIPPINE YUSHIN INC.	178	RAMAGO TRADING
163	PHILMETAL PRODUCTS INC	179	RCBL TRADING
164	PHILRESA TRADING	180	RED PULP MARKETING
143	MSK GROUP WORK CLARK INC.	181	REDMARK-WESTCOAST PHILS. INC.
144	MULTIFRONT MARKETING CORPORATION	182	REGAL LEGEND ENTERPRISES
145	N.P.E TRADING	183	REYGON LI ENTERPRISES
146	NAKAYAMA TECHNOLOGY CORPORATION	184	RICHCO MARKETING
147	NAUTILUS SHIPYARD AND REPAIR INC.	185	RNRS TRADING
148	NESSYMAN INTL. TRADING	186	ROYAL ACCENT GROUP INC.
149	NEW MANILA TRADING CORP	187	RV AND G TRADING
150	NEWMAN ENTERPRISES CORP.	188	SACODA IMPORT & EXPORT INC.
151	NICERA PHILIPPINES INC	189	SAN JOSUE REALTY & DEV'T CORP.
152	NINGBO SANXING ENTERPRISES	190	SANAC PHILIPPINES INC.
153	NOLRAM TRADING	191	SB CONSTRUCTION AND WATER TREATMENT CORP
154	NORTH FIELDS ENTERPRISES	192	SCARAB TRADING
155	NORTH SPRING ENTERPRISES	193	SCG MARKETING PHILIPPINES INC.
156	ODYSSEA MOVERS TRADING	194	SCUDERIA ENTERPRISES
157	PAJORA STEEL MANUFACTURING COMPANY	195	SEA COWRIE ENTERPRISES
158	PANORAMA DEVELOPMENT CORPORATION	196	SHAKESVILLE ENTERPRISES

<b>No.</b>	<b>NAME OF IMPORTER</b>	<b>No.</b>	<b>NAME OF IMPORTER</b>
197	SHARP DREAM GENERAL MERCHANDISE	217	TAIHEI ALLTECH CONSTRUCTION (PHIL)
198	SHINKOZAN CORPORATION	218	TFE SALES MKTG CORP.
199	SILVERMANE MARKETING VENTURES CORP	219	TITAN MOVERS ENTERPRISES
200	SKADI TRADING	220	TOPAZ INDUSTRIES TRADING
201	SKYROCKET TRADING	221	TOPMARK STEEL CORPORATION
202	SOFRICH TRADING	222	TOUGH SAPPHIRE ENTERPRISES
203	SOLACE HORIZON TRADING	223	TOWER STEEL CORPORATION
204	SOP STEEL SALES CENTER INC.	224	TRIONHOME CORPORATION
205	SOUTH LUZON THERMAL ENERGY CORP.	225	TRIPLE-A HOMESOURCE INC.
206	SOUTH PACIFIC INC.	226	ULTRA INSULATED PANEL SYSTEMS CORPORATION
207	SPEEDROME TRADING	227	ULTRA PETRONNE INTERIOR SUPPLY CORP
208	SPRINT INDUSTRIAL & DEVELOPMENT CORP	228	UNI FIELD ENTERPRISES INCORPORATED
209	SRGM TRADING	229	UNION GALVASTEEL CORPORATION
210	SRNP TRADING	230	UNITED PENTAGON STEEL FORMING & TRADING CORP
211	SSM AHMED TRADING	231	VENVI AGRO INDUSTRIAL VENTURES CORP
212	ST. LOUISE PRIME BUILDERS & DEVELOPMENT CORP	232	WINSAY GENERAL MERCHANDISE
213	STARCKI VENTURE CORPORATION	233	WOODSTRALL AND SONS INCORPORATED
214	STARLEY GENERAL MERCHANDISE	234	WPC DESU TENSO TRADING
215	STARTRADE MARKETING	235	YOMIZO TRADING
216	SY YU METAL.NET INC.		

## Annex B

## LIST OF EXPORTERS

## I. Identified by the Petitioners

No	NAME OF EXPORTER	COUNTRY	No	NAME OF EXPORTER	COUNTRY
1	ANGANG GROUP INTERNATIONAL TRADE	PROC	20	NU STEEL PTE. LTD.	SINGAPORE
2	ANSHAN SHENLONG TENGDA	PROC	21	ROGO INDUSTRIAL SHANGHAI CO. LTD.	PROC
3	BAOTOU STEEL INTERNATIONAL	PROC	22	SHANDONG SINO METAL CO. LTD.	PROC
4	BENXI IRON AND STEEL (GROUP)	PROC	23	SHANDONG HIKING SHANGTONG	PROC
5	CHEONGFULI (XIAMEN) CO., LTD.	PROC	24	SHENZHEN CHUANGFUFEIXIANG	PROC
6	CNBM INTERNATIONAL CORP.	PROC	25	SHENZHEN RUITAI IMPORT AND EXPORT	PROC
7	DONGBU INCHEON STEEL CO. LTD.	SOUTH KOREA	26	SUMEC INTERNATIONAL TECHNOLOGY	PROC
8	FUJIAN KAIJING GREENTECH	PROC	27	SUMITOMO TAIWAN CORPORATION LTD.	TAIWAN
9	GUANGZHOU CHUANTONG	PROC	28	TANGSHAN IRON & STEEL GROUP	PROC
10	HAINING ZHONGDA CONSTRUCTION MATERIALS CO., LTD.	PROC	29	TIANJIN JINWANLY IMPORT AND EXPORT TRADE CO. LTD.	PROC
11	HANGZHOU CIEC GROUP CO., LTD.	PROC	30	TIANJIN SHENGSHI QIANYUAN	PROC
12	HANGZHOU PUYIN INDUSTRIAL CO. LTD.	PROC	31	WUXI ZHONGCAI NEW MATERIAL	PROC
13	HBIS GROUP CO., LTD.	PROC	32	XIAMEN BAOJIN IMPORT & EXPORT	PROC
14	HONG KONG SUNRISE MATERIALS CO.	HONG KONG	33	YIWU GODSEND TRADE CO., LTD.	PROC
15	INNER MONGOLIA BAOTOU STEEL	PROC	34	YIEH PHUI (CHINA) TECHNOMATERIAL CO. LTD.	PROC
16	JIANGSU GANGZHENGSTEEL SHEET SCIENCE AND TECHNOLOGY CO	PROC	35	ZHEJIANG CONCORD SHOUXIN STEEL	PROC
17	JIANGYIN ZONG CHENG STEEL CO., LTD.	PROC	36	ZHEJIANG MATERIALS INDUSTRY	PROC
18	NANTONG YINENG COLOR STEEL PLATE CO. LTD.	PROC	37	ZHICHENG STEEL MATERIALS CO LTD.	HONG KONG
19	NS BLUESCOPE VIETNAM LIMITED	VIET NAM			

## II. Sourced from Bureau of Customs (BOC-SAD-IERD)

No.	NAME OF EXPORTER	COUNTRY	No.	NAME OF EXPORTER	COUNTRY
1	AHCOF INTERNATIONAL DEVELOPMENT CO	PROC	26	DONG GUAN HONG FA STEEL STRUCTURING	PROC
2	ANSHAN SHENLONG TENGDA INDUSTRY AND	PROC	27	DONGGUAN YUTI TRADING CO LTD	PROC
3	AUSTRALIA SIMPSON STEEL PRODUCTS LI	PROC	28	DONGKUK STEEL MILL CO., LTD.	SOUTH KOREA
4	AUTHENTIC (TIANJIN) I AND E LTD	PROC	29	EBIC SUPPLY CHAIN MANAGEMENT CO LTD	PROC
5	BESTWORLD ENGINEERING SDN BHD	MALAYSIA	30	EP STEEL TRADING CO LIMITED	PROC
6	BINZHOU HUIBOYUAN TRADING CO., LTD.	PROC	31	EVER SCORE INTL LTD	PROC
7	BLUESCOPE STEEL LIMITED	AUSTRALIA	32	FUIJAN KAIJING GREENTECH MATERIAL C	PROC
8	BONCO GLOBAL TRADING CO.,LTD	PROC	33	FUJIAN KAIJING STEEL DEVELOPMENT CO	PROC
9	BOSUNG POWERTEC CO LTD	SOUTH KOREA	34	FUJIAN KEERUN TRADING CO LTD	PROC
10	BOXING FUSHENGYUAN STEEL INTL	PROC	35	FUJIAN ONE TOUCH BUSINESS SERVICES	PROC
11	CHANGSHA LINGYUAN IMP. & EXP.	PROC	36	FUJIAN PROVINCE FENG JU IMPORT	PROC
12	CHANGSHA XIANGJIA METAL MATERIAL TR	PROC	37	FUJIAN ZHONGJI MACHINERY AND	PROC
13	CHANGZHOU CHANGSONG METAL	PROC	38	GALLOP RESOURCES PTE LTD.	SINGAPORE
14	CHANGZHOU DAHUA IMPORT AND	PROC	39	GANSU NUOKEDA TRADING CO LTD	PROC
15	CHANGZHOU DINGANG METAL MATERI	PROC	40	GANZHOU GUANLI SUPPLY CHAIN MANAGEM	PROC
16	CHANGZHOU SIMPSON STEEL CO.LTD	PROC	41	GUANGDONG HANJIANG STEEL PLATE CO.	PROC
17	CHEONGFULI (XIAMEN) CO., LTD.	PROC	42	GUANGDONG HUAGUAN STEEL CO., LTD.	PROC
18	CHINA NATIONAL TECHNICAL IMPORT AND	PROC	43	GUANGZHOU CHUANTONG IMP.&EXP.	PROC
19	CHINA SHENZHEN YUHUI IMPORT &	PROC	44	GUANGZHOU MIRACLE HEAT	PROC
20	CHINA STEEL CORPORATION	TAIWAN	45	GUANGZHOU TONGAN IMPORT AND EXPORT	PROC
21	CHONGQING WANDA STEEL STRIP CO. LTD	PROC	46	GUANGZHOU YANGTAO TRADING CO., LTD.	PROC
22	CHUANGZHI ZHONGSHAN BUILDING MATERI	PROC	47	GUANGZHOU YAOXILUO TRADE CO., LTD,	PROC
23	CITIWIN TRADING CO.,LTD	PROC	48	GUANGZHOU ZHENGYU TRADING CO L	PROC
24	CNBM INTERNATIONAL CORPORATION	PROC	49	GUANGZHOU ZHONGGUO TRADING CO LTD	PROC
25	CNBM INTERNATIONAL ENGINEERING CO	PROC	50	HAINING ZHONGDA CONSTRUCTION MATERI	PROC

No.	NAME OF EXPORTER	COUNTRY	No.	NAME OF EXPORTER	COUNTRY
51	HANGZHOU CIEC GROUP	PROC	77	JIANGYIN ZONGCHENG STEEL CO LTD	PROC
52	HANGZHOU CIEC INTERNATIONAL COMPANY	PROC	78	JIASHAN ZHONGJIAN IMP & EXP TRADING	PROC
53	HANGZHOU CONCORD INTERNATIONAL TRAD	PROC	79	JINAN STEEL INTERNATIONAL	PROC
54	HANGZHOU JINGFA ALUMINUM CO LT	PROC	80	JPE SHOJI TRADE (SHANGHAI) CO., LTD	PROC
55	HANGZHOU PRPT METAL MATERIAL CO LTD	PROC	81	KD CORPORATION	PROC
56	HANGZHOU PUYIN INDUSTRIAL CO LTD	PROC	82	KING HARVEST CORPORATION	TAIWAN
57	HANGZHOU RUYIN INDUSTRIAL CO LTD	PROC	83	KOOK JAE ENGINEERS LTD.	SOUTH KOREA
58	HEBEI YANBO COLOR COATED SHEET CO.,	PROC	84	LANGFANG SAINT REES AMARON	PROC
59	HEBEI YESON INTERNATIONAL TRADING C	PROC	85	LINQING HONGJI (GROUP) CO., LTD. IN	PROC
60	HENGYIXING (XIAMEN) IMPORT & EXPORT	PROC	86	LINQING HONGU METAL MATERIALS CO.,	PROC
61	HOA SEN GROUP	VIET NAM	87	LINQING RONGSHENG TRADING CO., LTD	PROC
62	HONG KONG SUNRISE MATERIALS CO LTD	PROC	88	LS SHANGHAI INTERNATIONAL TRADING C	PROC
63	HSS ENTERPRISE LIMITED	PROC	89	LUAGANG BAORUI COMMERCIAL TRAD	PROC
64	HUAJUN GROUP CO. LTD	PROC	90	MACRO INTERNATIONAL CORPORATIO	VIET NAM
65	HUAYE INTERNATIONAL INVESTMENTS CO.	PROC	91	NANJING IRON AND STEEL GROUP INTERN	PROC
66	HUIQUAN IMPORT & EXPORT TRADE	PROC	92	NANJING XINTOU IRON AND STEEL	PROC
67	HUNAN FANGYI INTERNATIONAL SUPPLY	PROC	93	NANTONG UNISTEEL CO LTD	PROC
68	JFE SHOJI TRADE (SHANGHAI) CO.	PROC	94	NANTONG YINENG COLOR STEEL PLATE CO	PROC
69	JIANGSU DONGTAI METAL SHEET TECHNOL	PROC	95	NINGBO ZHONGTUO SUPPLY CHAIN MNGT C	PROC
70	JIANGSU EAST STEEL CO.,LTD.	PROC	96	NS BLUESCOPE VIETNAM LIMITED	VIET NAM
71	JIANGSU GANGSHENG STEEL SHEET SCIEN	PROC	97	NU STEEL PTE LTD	PROC
72	JIANGSU GUOTAI INTERNATIONAL GROUP	PROC	98	PROMETAL INTERNATIONAL CO.,LTD.	PROC
73	JIANGSU KAOU COLOR PAINT STEEL PLATE	PROC	99	Qingdao Baosen Steel Co., Ltd.	PROC
74	JIANGSU YEHUI SPECIAL MATERIAL CO.,	PROC	100	QINGDAO BODA OCEAN INTERNATIONAL TR	PROC
75	JIANGSUE DALISHEN SCIENCE AND	PROC	101	QINGDAO JOBOFONE INT'L TRADE	PROC
76	JIANGYIN ZONG STEEL CO., LTD	PROC	102	QUANZHOU HOLY LUCK CO., LTD.	PROC

No.	NAME OF EXPORTER	COUNTRY	No.	NAME OF EXPORTER	COUNTRY
103	ROGO INDUSTRIAL (SHANGHAI) CO.	PROC	129	SHANDONG TOBEE INTERNATIONAL	PROC
104	SADOSHIMA CORPORATION	JAPAN	130	SHANDONG XINGHAN MATERIAL CORP.	PROC
105	SAM HWAN STEEL CO LTD	SOUTH KOREA	131	SHANDONG YELLOW RIVER DELTA	PROC
106	SAM HWAN VINA CO. LTD	VIET NAM	132	SHANDONG YUANDA STEEL SHEET	PROC
107	SANKO CO.,LTD.	JAPAN	133	SHANDONG YUNFENG STEEL AND IRON CO.	PROC
108	SANKYO CO LTD	JAPAN	134	SHANGDONG HANGLONG INTERNATIONALVTR	PROC
109	SANKYO TATEYAMA ALUMINIUM INC	JAPAN	135	SHANGDONG IRON & STEEL GROUP	PROC
110	SHANDONG BESTEEL INTERNATIONAL TRAD	PROC	136	SHANGDONG SUOLITE INTERNATIONAL TRA	PROC
111	SHANDONG BOXING HENGXIN STEEL CO.,	PROC	137	SHANGHAI HUAHAI STEEL CO., LTD	PROC
112	SHANDONG BOXING YING XIANG INTERNAT	PROC	138	SHANGHAI IE GANG SUPPLY CHAIN	PROC
113	SHANDONG CHANGBO PLATE INDUSTRY CO.	PROC	139	SHANGHAI LEE GANG SUPPLY CHAIN MANA	PROC
114	SHANDONG CHUANGXIN STEEL CO.	PROC	140	SHANGHAI MAOJI	PROC
115	SHANDONG HENGJI NEW MATERIALS CO.,L	PROC	141	SHANGHAI MAOJI IMPORT AND EXPORT CO	PROC
116	SHANDONG HIKING INTERNATIONAL COMME	PROC	142	SHANGHAI METAL CORPORATION	PROC
117	SHANDONG HIKING SHANGTONG INTL	PROC	143	SHANGHAI VICTORY INTERNATIONAL	PROC
118	SHANDONG HUAYUN NEW MATERIAL	PROC	144	SHANGHAI XIAO JIN INDUSTRIAL CO LTD	PROC
119	SHANDONG HWAFFONE STEEL CO.	PROC	145	SHANGHAI XIAOU JIN INDUSTRIAL CO LT	PROC
120	SHANDONG IRON STEEL & STEEL	PROC	146	SHANGHAI YEHUI EXPORT AND TRADING C	PROC
121	SHANDONG KERUI STEEL PLATE CO	SOUTH KOREA	147	SHANGHAI YU GLOBAL CO., LTD	PROC
122	SHANDONG KERUI STEEL PLATE CO. LTD	PROC	148	SHAOXING YUANDING INDUSTRIAL INVEST	PROC
123	SHANDONG LIQIANG STEEL PLATE CO LTD	PROC	149	SHENZHEN CHUANGSHENG IMPORT&EXPORT	PROC
124	SHANDONG LONGCHENG EXPORTING C	PROC	150	SHENZHEN CITY PENGYUANXIN INDUSTRY	PROC
125	SHANDONG RUICHEN INDUSTRY TRADE CO.	PROC	151	SHENZHEN CITY SHENG LITAI IMPORT &	PROC
126	SHANDONG SENGYA TRADING CO LTD	PROC	152	SHENZHEN GUANGYULONG TRADE CO	PROC
127	SHANDONG SINO METAL CO., LTD	PROC	153	SHENZHEN HUICHUTENG KEJKAIFA TECHNO	PROC
128	SHANDONG SUOLITE INTERNATIONAL TRAD	PROC	154	SHENZHEN MAOYIBAO IMPORT & EXPORT	PROC

No.	NAME OF EXPORTER	COUNTRY	No.	NAME OF EXPORTER	COUNTRY
155	SHENZHEN NEW CHINO E IMPORT AND EXP	PROC	181	THE SHENZHEN CITY PERSEVERANCE OBEY	PROC
156	SHENZHEN QIFENGYUAN TRADING CO	PROC	182	TIANJIN JIN CHENG FAN YUE INTE	PROC
157	SHENZHEN SINO MASTER STEEL SHE	JAPAN	183	TIANJIN JINWANLU IMPORT AND EXPORT	PROC
158	SHENZHEN SINO MASTER STEEL SHEET CO	PROC	184	TIANJIN LIWEI IRON & STEEL CO., LTD	PROC
159	SHENZHEN WAYANG INTERNATIONAL FREIG	PROC	185	TIANJIN LONGSHIDE STEEL IMPORT & EX	PROC
160	SHENZHEN WONDERFUL INDUSTRY CO.,LTD	PROC	186	TIANJIN TONGYE SCIENCE AND TEC	PROC
161	SHENZHEN XINGYUAN IMPORT AND EXPORT	PROC	187	UNION STEEL CHINA	PROC
162	Shenzhen Xinyaongyonghong I/E	PROC	188	UNITED STEEL GLOBAL TRADING CORPORA	PROC
163	SHENZHENCITY PENGYUANXIN INDUS	PROC	189	WANG FANG STEEL CO., LTD	PROC
164	SIGNODE KOREA INC.	SOUTH KOREA	190	WANG STEEL CO LTD	PROC
165	SIGNODE SINGAPORE PTE LTD	SOUTH KOREA	191	WANGFA STEEL CO LTD	PROC
166	SIGNODE SYSTEMS (THAILAND) LTD	THAILAND	192	WEIFANG SINOGYPT IMPORT AND EXPORT	PROC
167	SINGAPORE JINTENG INTERNATIONAL	PROC	193	WU HSIEN-NU	TAIWAN
168	SINO RESOURCES INDUSTRY CO.	PROC	194	WUXI XINDAZHONG STEEL SHEET CO	PROC
169	STEIRON PTE LTD	PROC	195	WUZI ZHONGCAI NEW MATERIALS CO. LTD	PROC
170	SUMEC INTERNATIONAL TECHNOLOGY CO.	PROC	196	XHEJIANG HUADA NEW MATERIALS CO., L	PROC
171	SUMITOMO CORPORATION HONGKONG	PROC	197	XIAMEN BAOJIN IMPORT & EXPORT	PROC
172	SUMITOMO CORPORATION LTD	PROC	198	XIAMEN C AND D METALS CO LTD	PROC
173	SUZHOU YANGTSE NEW MATERIAL CO LTD	PROC	199	XIAMEN LAISHUN TRADING CO.,LTD	PROC
174	SUZHOU YOGIANT TRADING CO. LTD.	PROC	200	XIAMEN SHANGRENTONG TRADING CO.,LTD	PROC
175	SYNDA STEEL INTERNATIONAL	PROC	201	XIAMEN TEE GRACE IMPORT/EXPORT CO.,	PROC
176	TAI TZU STEEL CO., LTD.	PROC	202	XIAMEN TOPSUN	PROC
177	TAIHEI DENGYO KAISHA LTD	JAPAN	203	XIAMEN WINALL	PROC
178	TAIZHOU KINGERTAI DECORATION	PROC	196	XHEJIANG HUADA NEW MATERIALS CO., L	PROC
179	TAKAMATA MANUFACTURING CO.,LTD	JAPAN	197	XIAMEN BAOJIN IMPORT & EXPORT	PROC
180	TANGSHAN TIANYUDA STEEL PLATE	PROC	198	XIAMEN C AND D METALS CO LTD	PROC



<b>No.</b>	<b>NAME OF EXPORTER</b>	<b>COUNTRY</b>	<b>No.</b>	<b>NAME OF EXPORTER</b>	<b>COUNTRY</b>
204	XIAMEN XINYUANCHANG IMP&EXP CO	PROC	215	ZHEJIANG HUADA NEW MATERIALS CO LTD	PROC
205	XIAMEN YANTOP COMMERCE CO., LTD	PROC	216	ZHEJIANG LIANXIN STEEL PLATE TECHNO	PROC
206	XUZHOU POWERSON METAL TECHNOLO	PROC	217	ZHEJIANG MATERIALS INDUSTRY INTERNA	PROC
207	XUZHOU QIANGHONG PRECISION FORGING	PROC	218	ZHEJIANG PRPT PREPAINTED TECHNOLOGY	PROC
208	YIEH CORP. (SHANGHAI LIMITED)	PROC	219	ZHEJIANGSOUTHEAST METALSHEET CO LT	PROC
209	YIEH CORPORATION LIMITED	PROC	220	ZHENGZHOU CITY UNITES STEEL INDUSTR	PROC
210	YIEH PHUI(CHINA)TECHNOMATERIAL	PROC	221	ZHENGZHOU HAN FA IMPORT EXPORT TRAD	PROC
211	YINGYEE IMPORT EXPORT CO., LTD.	PROC	222	ZHICHENG STEEL MATERIAL CO LTD	PROC
212	YIWU GODSEND TRADE CO. LTD	PROC	223	ZIBO CAMEL MATERIAL CO. LTD.	PROC
213	YODOGAWA-SHENGYU (HEFEI) HIGH-TECH	PROC	224	ZIYING (XIAMEN) TRADE CO.,LTD.	PROC
214	YOUPOND RESOURCES LIMITED	PROC	225	ZOUPING XINYU IND. INC.	PROC

**ANNEX C****List of Associations and Consumer Groups**

<b>No.</b>	<b>Association Name</b>
1	Association of Structural Engineers of the Philippines, Inc. (ASEP)
2	Bataan Construction Association of the Phils
3	Cebu Chamber of Commerce & Industry
4	Coalition for Consumer Protection & Welfare, Inc. (CCPW)
5	Consumer Welfare Office of Parañaque
6	Chamber of Real State and Builders Associations (CREBA)
7	The Consumers Union of the Philippines (CUP)
8	Davao Constructors Association Center, Inc.
9	EcoWaste Coalition
10	Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc.
11	Federation of Philippine Industries, Inc.
12	National Consumer Council of the Philippines
13	Philippine Constructors Association, Inc.
14	Philippine Chamber of Commerce and Industry
15	Privileged, Empowered and Responsive Consumer Society, Inc. (PERCS)
16	Philippine Institute of Civil Engineers, Inc.
17	Society of Contractors of Agusan-Surigao and Butuan City
18	United Architects of the Philippines (UAP)
19	Nationwide Association of Consumers, Inc. (NACI)