

Department Administrative Order No. 20-08
Series of 2020

**IN THE MATTER OF THE DEFINITIVE GENERAL
SAFEGUARD MEASURES ON THE
IMPORTATION OF CEMENT FROM VARIOUS
COUNTRIES**

(AHN Codes 2523.29.90 and 2523.90.00)

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ORDER

On 27 August 2019, the Department of Trade and Industry (DTI) issued DTI Administrative Order (DAO) No. 19-13 imposing a definitive general safeguard duty on imported cement under AHTN Codes 2523.29.90 and 2523.90.00, effective for an initial period of three (3) years. Under the subject DTI-DAO the amount of the safeguard duty to be imposed for the first year shall be P250.00/MT or P10.00 per 40kg bag, for the second year – P225.00/MT or P9.00 per 40kg bag, and for the third year – P200.00/MT or P8.00 per 40kg bag. Further, it provides that the said amount shall be subject to regular review, to give DTI the opportunity to modify the same if necessary.

The DTI-DAO took effect upon issuance by the Bureau of Customs (BOC) of Customs Memorandum Circular (CMC) No. 239-2019 on October 22, 2019. Thus, the first year of the implementing period will end on 22 October 2020.

On 28 July 2020, the Cement Manufacturers' Association of the Philippines (CeMAP) wrote to the DTI Secretary requesting for the postponement of the reduction of the current Php10/bag imposed on imported cement and appealed instead for DTI to consider adding Php2/bag or increasing the duty to Php12/bag, equivalent to the provisional safeguards duty and within the recommendation of the Tariff Commission.

CeMAP stated that while the implementation of the safeguard measure had slowed down on cement arrivals and has helped the industry to level the playing field during the second half of 2019, it was observed that cement imports seem to be bouncing back in the first half of 2020 due to the following: a) Higher surplus from countries like Viet Nam, b) lower prices i.e., value of cement and clinker exports per MT declined about 15% during the 2nd quarter of 2020, c) lower freight cost because of lower demand of maritime transport, and d) Viet Nam did not impose any hard lockdown or ECQ. Viet Nam cement manufacturing continued their operation during the pandemic period, unlike the Philippines where Luzon and Davao plants ceased to operate during the ECQ period.

Due to the onslaught of the ongoing COVID-19 pandemic, the country's economy sank into deep recession in Q2 of 2020. At the forefront of this decline are the Manufacturing, Mining, Quarrying, and the Construction Sectors.

OFFICE OF THE SECRETARY

Accordingly, the DTI conducted further review on the increased in imports of cement. Prior to the imposition of the provisional and definitive safeguard measures, imports from 2013 to 2018 significantly increased. Annual growth per year has been dramatically increasing i.e. 7,248% in 2015, 491% in 2016, 77% in 2017 and 51% in 2018. In 2019, with the imposition of the safeguard measure on cement, imports increased by 12%. According to CeMAP, in anticipation of the safeguard measure, the high volume in the 1H of 2019 of cement importation can be attributed to the traders increasing their inventories. In 2020 (January to August), imports was already 73% of 2019 despite the pandemic. Annualized 2020 cement imports is to increase by 9%.

There are indications that the significant increase in the volume of imports of cement affected the performance of the local industry. The condition of competition shows that the market share of locally produced cement was displaced even with the imposition of the definitive safeguard duty of P250/MT or P10/40 kg bag as the shares of imports in the Philippine market significantly increased resulting to domestic industry's increased inventory, reduced capacity utilization and incurred declined in profitability. The pandemic aggravated the overall operation of the cement industry for the first half of 2020 which resulted to the closure and slowdown of operations due to the quarantine measures and low market demand. The scheduled adjustment plan by the cement industry in 2020 is delayed as the cement industry was unable to quickly resume and complete the necessary investments due to the business disruptions resulting from the quarantine measures implemented to fight the pandemic.

WHEREFORE, in view of the foregoing, and pursuant to Section 13 of RA 8800, the following are hereby issued:

For the second year of the three (3) year implementing period, a definitive safeguard duty shall be imposed on imported cement from various countries amounting to P245/MT or P9.80/40 kg bag covering the period 22 October 2020 to 21 October 2021. The duty shall be applied to cement classified under AHTN Codes 2523.29.90 and 2523.90.00. All other terms and provisions of DTI DAO No. 19-13 shall remain in full force and effect.

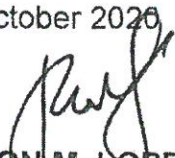
Let this Order be published in two (2) newspapers of general circulation and let individual notices be sent to all interested parties including the country members concerned.

This Order shall take effect upon the issuance of the relevant Customs Memorandum Order or fifteen (15) days after the publication of the Order in two (2) newspapers of general circulation, whichever comes earlier.

The DTI Order can be accessed at the DTI website: <http://bit.ly/2yrSGimportcement>.

SO ORDERED.

26 October 2020


RAMON M. LOPEZ
Secretary