

DEPARTMENT OF TRADE AND INDUSTRY

SAFEGUARD MEASURES CASE NAME:

APPLICATION OF PUYAT STEEL CORPORATION ON GALVANIZED IRON (GI)

PUBLIC VERSION

SGM CASE NO. : SG02-2020

DATE : 24 September 2021

**REPORT ON THE PRELIMINARY FINDINGS ON
THE APPLICATION FOR SAFEGUARD
MEASURES ON GALVANIZED IRON (GI)
SHEETS, COILS AND STRIPS**

REPORT ON THE PRELIMINARY FINDINGS ON THE APPLICATION FOR SAFEGUARD MEASURES ON GALVANIZED IRON (GI) SHEETS, COILS AND STRIPS

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, of the petition for the application of safeguard measures filed by the galvanized iron (GI) industry represented by Puyat Steel Corporation (Puyat Steel). The subject products are GI sheets, coils and strips which are classified under the 2017 ASEAN Harmonized Tariff Nomenclature (2017 AHTN) Codes:

GI Sheets & coils	GI strips
7210.41.11	7212.30.12
7210.41.19	7212.30.13
7210.41.91	7212.30.19
7210.41.99	7212.30.99
7210.49.91	
7210.49.99	

This report addresses the issue of whether the evidence submitted by the domestic industry, the 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 "GI" which cover sheets, coils and strips will be used in this report.

A. The Philippine Industry's Petition

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 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. Puyat Steel's head office is located 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 and may file a verified petition.

DN Group commented that aside from the petitioner (Puyat Steel) which produces Galfan (GF) that is obtained by continuous hot-dip coating in a bath of molten metal made up of 5% aluminum and 95% zinc. Other local manufacturers are Galvaphil, Tower Steel, and AC Steel, which produces galvanized iron (GI) whose method is hot-dip galvanize and applying 100% protective zinc coating to prevent corrosion.

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.¹

A.3. Importers and Exporters of GI sheets, coils and strips

The lists of importers and exporters of GI products during the period of investigation based on the Bureau of Customs Single Administrative Documents (BOC-SAD) 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.

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

B. Role of the 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 states:

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

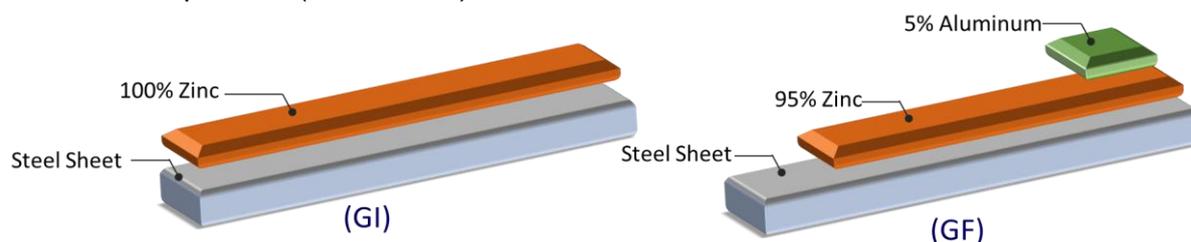
Section 4 (h) of RA 8800 defines like product as "a domestic product which is identical, i.e. alike in all respects to the imported product under consideration, or in the absence of such a product, another domestic product which, although not alike in all respects, has characteristics closely resembling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

A comparison of the imported galvanized iron with the locally produced galvanized iron is required to determine if these are like or directly competitive products.

A. Domestic Product

Galvanized iron (GI) is Pure-Zinc coated sheets or Galfan (GF) which is 95% Zinc and 5% Aluminum coated steel sheets for roofing and industrial markets. This is guaranteed bendable without risk of breakage due to its lock-forming application.

The domestic industry produces a) Apo Galfan (95% Zinc and 5% Aluminum) and Ultrabond Superzinc (100% Zinc).



A.1. Product Specification

Physical Dimensions		
	APO Galfan® and regular Galvanized: 95% zinc-5% aluminum alloy coating applied on the base metal steel	ULTRABOND®: 100% zinc coating applied on the base metal steel
ISO	14788:1998	
Thickness	0.20 mm to 1.6 mm	.14mm to 31mm
Width	915 mm/ 1220 mm	880, 990, 915 & 1220 mm
Weight	2.0 mt to 6 mt	2.0 mt to 6 mt
Sheet Lengths	1830 mm (6ft) to 3660 mm (12ft)	1830 mm (6ft) to 3660 mm (12ft)
Inside/Outside Diameter	508mm- 610mm / 800mm-200mm	508mm
Surface Finish	Minimum Spangle, Chromated, Oiled	Regular Spangle
Surface Treatment		Mill Passivated Surface, Resin Coated

Source: Domestic Industry

A.2 Manufacturing Process

The main raw material of the product is cold rolled coil (CRC). The CRC goes to a galvanizing process where it undergoes chemical and mechanical cleaning. Afterwards, thermal cleaning to ensure the excellent adhesion of the zinc to the strip. From the furnace the coil goes to a galvanizing pot where it is submerged in a bath of molten zinc.

The zinc coated steel coils or galvanized coils go to corrugating/roll forming lines to produce the ordinary corrugated and rib-type sheets, or to the shearing line to produce plain sheets.

- 1 Cold Rolled Coil (CRC) undergoes chemical cleaning and mechanical cleaning.
 - 2 Thermal cleaning in the furnace to ensure adhesion of the zinc to the strip
 - 3 Then goes to a galvanizing pot where it is submerged in a bath of molten zinc.
 - 4 The zinc coated steel coils go to the corrugating/roll forming lines to produce the ordinary corrugated and rib-type sheets, or to the shearing line to produce plain sheets.
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A.3. Uses and Applications

The pure-zinc or 95% Zinc and 5% Aluminum coat of the product makes it ideal for application such as roofing and sidings, flashings, wall cladding, gutters, curtain walls, floor decks and purlins.

A.4. Distribution Channel

According to the domestic industry, it has two (2) distribution channels for its unpainted products. The unpainted corrugated and cut sheets are delivered to distributors or they pick up from the company's manufacturing plant. The distributors sell the same products to dealers and sub-dealers, who in turn make the product available to the end-users. While the unpainted coils/cut sheets are sold to steel fabricators and other industrial customers who in turn sell the products to contractors, builders and end-users.



B. Imported Product

B.1 Product Description under the Tariff and Customs Code 7210 (Galvanized Iron)

AHTN	Description	MFN	AANZFTA		AIFTA		AJCEPA	ACFTA	PJEPA	ATIGA	
		2017-2020	2014-2019	2020	2014-2018	2019	2014-2018	2017	2014-2018		
7210	Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more, clad, plated or coated										
7210.41	-- Corrugated: --- containing by weight less than 0.6% of carbon				72104110	6	5	72104110	7-0		0
72104111	- - - - Of a thickness not exceeding 1.2 mm	10	72104110	10	8				0	72104110	0
72104119	---- Other --- Other	10			72104190	6	5		0		0
72104191	- - - - Of a thickness not exceeding 1.2mm	10							0		0
72104199	---- Other	10	72104190	10	8	72104190	9.11-8.21		0	72104190	0
721049	-- Other : - - - Containing by weight less than 0.6% of carbon				72104920	9.11-8.21	72104120	7-0			0
72104991	- - - - Of a thickness not exceeding 1.2 mm	10	72104910	10	8	72104910	9.11-8.21	72104910	7-0	0	72104910
72104999	---- Other	10	72104990	10	8	72104990	9.11-8.21	72104990	7-0	0	72104990

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 Favoured Nation
 AANZFTA ASEAN-Australia/New Zealand Free Trade Agreement
 ACFTA ASEAN-China Free Trade Agreement
 AIFTA ASEAN-India Free Trade Agreement
 AJCEPA ASEAN-Japan Comprehensive Economic Partnership Agreement
 ATIGA ASEAN Trade in Goods Agreement
 PJEPA Philippines-Japan Economic Partnership Agreement

B.2 Product Description under the Tariff and Customs Code 7212 (GI Strips)

AHTN	Description	MFN	AANZFTA	AIFTA	AJCEPA	ACFTA	PJEPA	ATIGA
		2017-2020	2014-2020	2014-2020	2014-2018	2017	2014-2018	
7212	Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm, clad, plated or coated.							
7212.30	- Otherwise plate or coated with zinc: - Containing by weight less than 0.6%							0
72123012	- - - Hoop and strip, of a width exceeding 25 mm and not exceeding 400 mm	10	72123010	5	72123010	7-5	72123010	7-0
72123013	- - - Other, of a thickness of 1.5 mm or less	10	72123020	5	72123020	7-5	72123020	7-0
72123019	--- Other	10	72123090	5	72123090	7-5	72123090	7-0
72123099	--- Other		72123090	5	72123090	7-5	72123090	7-0

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 Favoured Nation
 AANZFTA ASEAN-Australia/New Zealand Free Trade Agreement
 ACFTA ASEAN-China Free Trade Agreement
 AIFTA ASEAN-India Free Trade Agreement
 AJCEPA ASEAN-Japan Comprehensive Economic Partnership Agreement
 ATIGA ASEAN Trade in Goods Agreement
 PJEPA Philippines-Japan Economic Partnership Agreement

C. Comparison between Imported and Domestic Product

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

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

D. Product Exclusion

The product under investigation is limited to materials used for roofing with thickness of 0.6 mm and below and a width not exceeding 1000 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 for roofing application and whose specifications do not fall within the coverage of the application, i.e. raw materials used for the manufacture of automobiles, motorcycles, home appliances, computers, food cans, fabrications.

III. THE PROCESS OF PRELIMINARY INVESTIGATION

A. Acceptance of the Petition and Decision for Preliminary Investigation

In accepting the petition of the Philippine galvanized iron industry, the Secretary was guided by Rule 6.4a of the IRRs 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) Colorsteel Systems Corporation

On 26 June 2020, Colorsteel Systems Corporation requested for an extension to submit response to importer's questionnaire. On 15 July 2020, Colorsteel Systems Corporation submitted reply stating the following comments:

Product Quality Requirements	<ul style="list-style-type: none"> • The Petitioners cannot cater to all the quality requirements of consumers, especially those industries requiring more stringent quality specifications. • Many roll formers 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. • GI, GL, PPGI/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. • 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.
Serious Injury	<ul style="list-style-type: none"> • There is no serious injury as claimed by the Petitioners. • Analysis of the Petitioners' Income Statements establishes the following: <ul style="list-style-type: none"> - 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. - Both Petitioners' 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. This should not be blamed on the importations of GI/GL and pre-painted GI/GL because it is the unfortunate state of not having an integrated steel mill in the country. • It is also notable that the Petitioners are expanding and further investing on sizeable projects which are inconsistent with the claim of serious injury. • 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.
Capacity	<ul style="list-style-type: none"> • The Petitioners do not have the capacity to supply the Philippine Market requirements. • Based on the data presented in the Initiation Report, the following are established: <ul style="list-style-type: none"> - The rated capacity of Puyat Steel's GI line is 150,000 MT from 2014 to 2018 but the actual annual PH Market is 384,251 MT, 334, 694 MT, and 404,245 MT for years 2016, 2017, and 2018 respectively.

	<ul style="list-style-type: none"> - 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. • 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. • For GI, domestic capacity is noted to be greatly insufficient. It has been continually falling short starting 2016, while PPGI/PPGL is already greatly deficient as early as start of 2014. • The Petitioners in their Adjustment Plans specifically cited the addition and improvement in their capacities as follows: <ul style="list-style-type: none"> - Puyat Steel – improvement in their existing CGL and CCL lines to upgrade on capacity and efficiency as well as adding a new CGL line by 20124. • 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. • Also there was an abrupt increase in the importation by the Petitioners 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.
Other Issues/ General Comments	<ul style="list-style-type: none"> • The Petitioners Puyat Steel and Sonic Steel, are not the “domestic industry.” They do not speak for the industry they now seek to dominate by claiming injury. • 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. • 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 roll formers will be forced to purchase their coils needs from the Petitioners. Naturally, the Petitioners will prioritize their roll forming units and will sell to roll formers 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 Petitioners which could be inferior in quality to those imported. • A safeguard measure will result to an increase in the cost of production for roll formers and therefore would increase the prices of roofing products. This could result to reduction of costs by the roll formers in terms of its manpower requirements and subcontractors for trucking and installation services. • 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.

	<ul style="list-style-type: none"> Government should curb smuggling since this is the primary reason why there is a volatile price of roofing products. Legitimate businesses are hard pressed in protecting their sales as their prices are undercut by smuggled GI products.
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2) 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:

Imports Market Size/Market Share	<ul style="list-style-type: none"> Total imports of CRCs, GI/GL and PPGI/PPGL have dramatically increased by 75.4% or by 581,102MT from 2014 to 2019. Imports of GI/GL posted the highest increase of 119.4% or by 439,414 MT, higher in 2019 compared to 2014 level of importation. Imports of GI/GL displayed a tremendous increase of 219% on a compounded basis (or by 439,414 MT) from year 2014 to 2019. Much of the increase in the GI/GL imports came from the importers/traders/roll formers as well as those of Sonic Steel. However, Puyat Steel's imports have been erratic, from a high of 31,215 MT in 2014 to practically zero imports of GI/GL in 2018 and a very minimal volume of 5,892 MT in 2019. Puyat Steel instead had a bigger volume of CRC imports in 2018 vs. Sonic Steel. Overall, while market size has 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. 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.
Finished Goods (FG) Inventory	<ul style="list-style-type: none"> 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. Anticipated preventive maintenance or competitor's aggressive sales moves could also result to increase in FG inventories. On the other hand, machine breakdown of a competitor could eventually result to depleting the FG inventories.
Cost of Production	<ul style="list-style-type: none"> 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. 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.

Price Suppression	<ul style="list-style-type: none"> A review of Wholesale Price Index (WPI) for GI sheets covering the years 2014 to 2019 would show a very stable price movements (using 2012 as base year), an indication of non-suppression of prices. 																						
Price Undercutting	<table border="1" data-bbox="435 353 1382 465"> <thead> <tr> <th colspan="3">Local Prices</th> <th colspan="3">Imported Prices Landed</th> </tr> <tr> <th colspan="2">Unpainted Sheets</th> <th rowspan="2">Pre-painted Sheets</th> <th colspan="2">Unpainted</th> <th rowspan="2">Pre-painted</th> </tr> <tr> <th>0.30 mm</th> <th>0.40 mm</th> <th>0.30 mm</th> <th>0.40 mm</th> </tr> </thead> <tbody> <tr> <td>P31.00</td> <td>P50.00</td> <td>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"> 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. While in the Pre-painted sheets, domestic prices are as high as 113.3% to 144.9%. This partly explains why importers, traders and roll formers have mushroomed. 	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
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																		
Profitability	<ul style="list-style-type: none"> 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%. 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. 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. 																						
Expansion	<ul style="list-style-type: none"> 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. 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. 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. 																						
Other Issues/ General Comments	<ul style="list-style-type: none"> 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. 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. 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 																						

	<p>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.</p> <ul style="list-style-type: none"> • 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. • 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.
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3) 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"> • The Petitioner cannot cater to all the quality requirements of consumers, especially those industries requiring more stringent quality specifications. • Many roll formers 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. • 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. • 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.
Serious Injury	<ul style="list-style-type: none"> • There is no serious injury as being claimed by Puyat Steel. • 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. • 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.

	<ul style="list-style-type: none"> • 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. • 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.
Capacity	<ul style="list-style-type: none"> • The Petitioner Puyat Steel does not have the capacity to sufficiently supply the Philippine Market requirements. • The rated capacity of Puyat Steel's GI line is 150,000 MT from 2014 to 2018 but the actual annual PH Market is already at 384,251 MT, 334,694 MT, and 404,245 MT for years 2016, 2017, and 2018 respectively. • 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. • For GI and GL, domestic capacity is noted to be greatly insufficient. It has been continuously falling short starting 2016, while 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. • 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.
Other Issues/ General Comments	<ul style="list-style-type: none"> • The Petitioners Puyat Steel and Sonic Steel, are not the "domestic industry." They do not speak for the whole industry. • 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 rollforming facilities in different parts of the country. <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 rollforming 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"> • 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.

	<ul style="list-style-type: none"> • A safeguard measure will result to increase in cost of production for rollformers and will therefore increase the process of roofing products. • 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. • 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.
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4) 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.

5) 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 on the basis of lack of supply and timely delivery.
- 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.

6) 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.

7) Metalman Steel Forming Corporation

On 09 July 2020, DTI received the comments of Metalman Steel Forming Corporation and stated that the company is engaged in the trading and manufacturing of Galvanized Iron (GI) coils used for general construction purposes and is a bonafide member of Philippine Iron and Steel Traders, Inc. (PISTA). PISTA shall represent the company in the above investigation. The company further explained that it is not waiving its right to reply on the Questionnaire, but there is no sufficient time to gather and consolidate records.

8) 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.

9) PV Tech Pte. Ltd.

On 13 July 2020, DTI received PV Tech Pte. Ltd. comments explaining that the company per their list of imports, used HS Code 7212.30.90 for item Steel Coil (219MM W 2.3MMT) with a quantity of 27.81 MT from China, to be used for their Metal Accessories (Hanger Plate). But due to the quality issue the request for shipment was cancelled, and the company only had one import transaction for Steel Coil item.

10) TOM' ELE-KT Power Systems, Inc.

On 14 July 2020, DTI received the accomplished importer's questionnaire and stated that the company is engaged in electrical distributor and contractor. TOM'ELE-KT Power Systems explained that the products they are buying/importing are the following: Hot-Dipped Galvanized Steel Sheets; Steel Grade: ASTM A653LFQ; Zinc Coating:z120; Zero Spangle; Chromated and Uniol with size: (MM):1250x2440 and 1250x3050 (Thickness 1.2, 1.5, 2.0), falling under AHTN Code 7210.49.99. The product they are importing is oil free galvanized sheets, ready for powder painting and of heavy gauged materials which sourced from China. They claimed that they are not reselling the products locally and anywhere. TOM'ELE-KT Power Systems indicated in their comment that they are using zinc coating of zero spangle, chromated and oil free and heavy gauge materials which the petitioners do not produce. Further, the prevalent standard industry specifications for usage in the company's industry based product lines are not adequately met by the petitioners.

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"> There is no increase in imports of like or directly competitive products. 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.
Serious Injury	<ul style="list-style-type: none"> 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.
Inventories	<ul style="list-style-type: none"> 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. 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. 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.
Profitability	<ul style="list-style-type: none"> Puyat Steel's earnings before interest and taxes (EBIT) of the domestic industry exhibited a fluctuating trend (page 15 of the Application/Petition). The Petitioner likewise failed to show the causal relationship between the alleged increase in importation and the alleged injury.
Employment	<ul style="list-style-type: none"> 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).
Public Interest	<ul style="list-style-type: none"> The Petitioners failed to state ultimate facts that would establish the requirements that the application of safeguard measures shall be in the public interest. 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. 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. Prayed that the application of the domestic industry be terminated and/or the present application be denied.

12) JFE SHOJI Steel Philippines, Inc.

On 16 July 2020, DTI received the accomplished importer's questionnaire of JFE Shoji Steel Philippines, Inc. The following are the comments of JFE:

Product	<ul style="list-style-type: none"> Galvanized Iron, Galvannealed, Galvalume, Aluminized JFE's wide range of hot dip galvanized products includes pure zinc coated, alloy coated, and unique high corrosion resistance chemically treated steel sheets, the application of which is for automobile and home appliances. The products we import are applied to automobiles, motorcycles, home appliances, and computers, which require high quality, while the Petitioners' domestic products are mainly for roofing, sidings, flashings, and wall claddings.
Serious Injury	<ul style="list-style-type: none"> Importation of Galvanized Iron, Galvalume and Aluminized products made by JFE Shoji Steel Philippines, has no claims of serious injury on Philippine Market because their end products are not directly competitive with the ones Petitioners are manufacturing. Also, JFE Shoji Steel, is under the Ecozone which is managed and operated by PEZA as a separate customs territory per Section 8 of RA 7916 (Special Economic Zone Act of 1995). Further, Section 1 of its Rule VIII provides: "Merchandise brought to the restricted areas in the Ecozones by registered exporter or Free Trade Enterprises, except prohibited merchandise, shall not be subject to all customs and internal revenue laws and regulations of the Philippines nor to local tax ordinances: Provided, that they are sold, stored, broken-up, replaced, assembled, manipulated, manufactured and/or mixed with foreign domestic merchandise within the restricted areas in the Ecozones.
General Comments	<ul style="list-style-type: none"> JFE Shoji Steel product's usage are mainly for automotive, home appliances, and computers which require high quality and is far different from those domestically produced. The Petitioners' materials are used in construction, i. e., light gauges for roofing and walling, ceiling, gutters, flashings, claddings, curtain wall, ridge roll, straps, etc. Further, PEZA allows re-exported goods to receive preferential tariffs for the purpose of promoting investment in the Philippines, and we expand by using the program, thereby contributing to Philippine workforce by hiring locally and paying taxes. In addition, the quality of the material required by JFE Shoji Steel, cannot be handled by local suppliers. SG measures will lead to higher business costs, thus, the international competitiveness of the Philippines will be lost. Worst, companies located in PEZA may consider withdrawing from the Philippines, and will discourage other companies as well.

13) 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"> 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.
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	<ul style="list-style-type: none"> • 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. • 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.
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14) 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"> • The Corporation is not engaged in the selling/dealership of any of the subject imported items, the purchase of CPC are merely intended for its infrastructure development, solely intended for maintenance and essential developments. • 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 made to local/domestic.
Imported Product	<ul style="list-style-type: none"> • 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. • 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. • 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.
Import Volume/Value	<ul style="list-style-type: none"> • 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. • 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.

Philippine Market/ Serious Injury	<ul style="list-style-type: none"> • 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. - 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. - 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. • 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. • 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.
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15) 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"> • 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
Serious Injury	<ul style="list-style-type: none"> • No serious injury. • 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 doesn't affect the domestic steel makers or the Petitioners.
Other Issues/ General Comments	<ul style="list-style-type: none"> • Imported materials are not affecting domestic steel makers as they are for automotive and home appliances usage, and should be out of the scope. • 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. • The domestic products are mainly for construction usage such as roof and wall with a different thickness from those imported.

	<ul style="list-style-type: none"> 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.
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16) Freyssinet International Manila, Inc.

On 20 July 2020, DTI received the position/comments of Freyssinet International Manila, Inc., a specialized contractor. The following are its comments:

Product	<ul style="list-style-type: none"> The company imported products follow the specifications needed by existing duct machine, in terms of thickness and dimension. It follows the technical specification required for Freyssinet's site based on the structural consultant's recommendations. In imported products, there is no wastage incurred and the same are in good quality. The domestic products on the other hand, are served in coils and needs to be slitted based on the requirements needed, with 3% wastage which is included in the cost incurred by the company. Also, domestic products are not always served in good quality based on the specifications needed, which should follow the dimension, standard material thickness and zinc coating consistency.
Philippine Market/ Serious Injury/ General Comments	<ul style="list-style-type: none"> The company does not affect the much the distribution and pricing structure of the Philippine market because the product that the company is importing is used in the production of duct tubes for the construction project. <p>The company does not import the material to sell in the market . The said materials are part of the process in doing Post Tensioning works and MSE walls for the projects of the company.</p> <p>In producing the duct tubes, existing duct machine equipment should follow a specific quality and specification in order to produce the materials needed in order not to incur wastage, waste of money and not to affect the economic environment. Materials from domestic suppliers cause:</p> <ul style="list-style-type: none"> - A lot of wastage - Specification should be followed in terms of dimension and thickness - Long lead time of delivery because local material is in coil and need to be slitted.

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

18) 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"> • Pre-painted Galvanized Steel Coil (PPGI) 72107011 • Hot Rolled Steel Stripped in Coil (GI) 72104911 • Hot Rolled Galvanized Steel Sheet (GI) 72111419 • 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.
Serious Injury	<ul style="list-style-type: none"> • 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.
Other Comments	<ul style="list-style-type: none"> • 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. • 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.

19) 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"> • Puyat Steel does not produce enough galvanized steel sheets, coils, and strips that can meet the huge demand in the Philippines. Puyat Steel does not have the capacity to supply the steel sheets, coils, and strips required by all industries in the Philippines. • It appears that for the past four (4) years beginning 2014 up to May 2020, Puyat Steel has consistently been in the top four of importers of CRCs and GI combined, and importing for 2019 and 2020 substantial quantities of GIs. • The imposition of safeguard measures will cause a shortage of GI sheets in the domestic market and the imposition will benefit only Puyat Steel and a handful of other companies to the serious detriment of the consumers. Puyat Steel has not shown that its production and business operations are more cost-effective than the imported products.
Injury	<ul style="list-style-type: none"> • Under the DTI report on the evidence of serious injury, it is claimed that the importation of GI coils, strips and sheets, purportedly contributes to serious injury in the Philippine Steel Industry. • However, basing on the financial statements of Puyat Steel from 2014-2018, there is no showing, that the revenues, gross margin and operating income have suffered. While there is a downward trend in the net income, the gross profit and operating income have not gone down. • It is clear that the sales value increased in 2016 and 2018 and decreased in 2015 and 2017. If the increase in importations of GI steel during the POI is to be attributed to serious injury in the domestic market, the sales volume should have consistently decreased all throughout the POI. However, as we can clearly see, there were remarkable increases in 2016 and 2018 while the demand for better imports rose. • In 2020 The Tariff Commission did not recommend the imposition of general Safeguard Measures on float glass imports since it found no significant impairment on the business operations of the domestic industry. The same rationale should also be applied by the DTI as a reason why Safeguard measures should not be imposed under the subject investigation.
Production Rate and Capacity Utilization	<ul style="list-style-type: none"> • The production rate and capacity utilization of the domestic market for finished products according to Table 8 and 9 of the DTI Report showed increase during the POI except in 2015. Combining this data with the sales value, we can only conclude that the Philippine domestic market in fact showed big improvements in the production and capacity utilization level at the same sales value, while importation increased due to the demand.
Employment	<ul style="list-style-type: none"> • Employment according to Tables 14 and 12 of the DTI report also do not indicate any sudden drop in the domestic market. Ironically, employment was increasing except for 2017.

Earnings/Returns and Cost of Production	<ul style="list-style-type: none"> As to the cost of production, data show that “major raw material was sourced from China” and this constituted 82% in 2016 to as high as 88% in 2018 of the cost of production, while manufacturing overhead was consistently at double digits ranging from 12% to 18%. Expectedly, the cost of production increased, and in 2018 alone it increased to 7.53%. What’s clear is that the importation figures only rose due to the demand of local consumers, yet the share of imports rose by only 4% from 2015 to 2018. The offered excuse is as much confirmation that the production and business operations of Puyat Steel and Sonic Steel are hopelessly inefficient as to make its products uncompetitive in the domestic market.
Causal Link	<ul style="list-style-type: none"> The increase in import figures during the POI did not cause serious injury to the domestic market because there was an increase in earnings and returns during the said period for Puyat Steel. There is no causal link between the increase in imports and the supposed injury.
Requirement of “Like” or “Directly Competitive” Products	<ul style="list-style-type: none"> Majority of the GI sheets, coils, and strips classified under AHTN codes are described to be “of a thickness not exceeding 1.2mm.” What this means is that while Puyat Steel is seeking protection for “Galvanized Iron (GI) and Galvalume (GL) with thickness of 0.60mm and below,” it is invoking injury to GI sheets with thickness of up to 1.2mm. Clearly then, there are dissimilarities, between the products being sought for protection and products that are supposedly suffering injury. This is a fatal defect in the subject application and the same should be dismissed outright. In addition, there are several industries that use GI sheets, coils, and strips. Puyat’s products are mainly used for the construction industry while other GI sheets, coils, and strips with thickness of “up to 1.2mm” are used for automotive and appliances. A product that is used in a specific industry like construction is not a competitive product when the other product is used on a different industry such as automotive and appliances.
Surge	<ul style="list-style-type: none"> The data presented by Puyat Steel shows that there is no consistent increasing trend and no significant surge in the imports of GI products of the steel industry during the POI. In 2017 there was even a noticeable decrease in the volume of imported GI Products. Puyat Steel misrepresents the data because it has lumped together importations which are intended for different applications. The import data presented is raw, without any classification as to the coating, and metal thickness of the product. Also, reduction in import volume were actually observed in 2005, 2017 and 2019.
Other Issues/ General Comments	<ul style="list-style-type: none"> 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. The application for safeguard measures was filed under a different pre-pandemic world where there was no unprecedented economic

	<p>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.</p> <ul style="list-style-type: none"> • 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. • 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. • 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. • 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. • 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. • 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. <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"> • 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. <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>
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	<ul style="list-style-type: none"> • 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.
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20) 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"> • The Petitioner cannot cater to all the quality requirements of consumers, especially those industries requiring more stringent quality specifications. • 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. • 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. • 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.
Serious Injury	<ul style="list-style-type: none"> • There is no serious injury as claimed by the Petitioner Puyat Steel as established by the following: <ul style="list-style-type: none"> - 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. This predicament cannot be blamed by the Petitioners to the importations of GI/GL and pre-painted GI/GL because it is the unfortunate state of not having an integrated steel mill in the country. • It is also notable that Petitioner is expanding and further investing on sizeable projects which is inconsistent with the claim that there is truly a serious injury. • Moreover, Philippine Steelframing Corporation (PSC) would like as well to cite the fact that based on the Cash Flow Statements of the Petitioner gathered from the SEC, it is questionable that Sonic Steel was able to finance huge amounts of investments over the years. This is again inconsistent with their claim that there is serious injury. • The Petitioner's ability to finance extravagant marketing activities and programs, with sizeable amount of funding is also questionable if they suffered injury.

Capacity	<ul style="list-style-type: none"> • The Petitioners Puyat Steel and Sonic Steel do not have the capacity to supply the Philippine Market requirements. • Based on the analysis of the data presented (particularly in the Report), it is established that the rated capacity of Sonic Steel's GL line is 120,000 MT from 2014 to 2018 but the actual annual PH market is 183,358 MT, 205,712 MT, and 218,619 MT for the years 2016, 2017 and 2018 respectively. • 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. • 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. • 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.
General Comments	<ul style="list-style-type: none"> • The Petitioner Puyat Steel is not the “domestic industry”. They do not speak for the whole industry they now seek to dominate by claiming injury. • 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. • 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 rollforming. Puyat steel has several rollforming plants in the country. Sonic Steel has an affiliate company Steeltech that likewise has many rollforming facilities in different parts of the country. - 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 rollforming 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. - 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.

	<ul style="list-style-type: none"> - 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. • 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. • 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.
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21) 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"> • Galvanized Iron (GI) Sheets and Coils • Pre-painted Galvanized Iron (PPGI) • Pre-painted Aluminum Zinc (PPGL) • Other Coated Products and Painted Strips
Serious Injury/ General Comments	<ul style="list-style-type: none"> • 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"> - 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. - Cost Benefit Effectiveness – This factor allows the company to consider whether innovation (shifting) is better than the status quo. - 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 functional benefit. Steel may have longer life span. Termite/bug free construction is a primordial concern in using steel. • 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. <ul style="list-style-type: none"> - 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.

22) Roberts AIPMC

On 06 August 2020, DTI received the comments of Roberts AIPMC and explained that the company is not an importer of GI. The GI sourced locally is from steel service center. The materials are used in the production of stamped parts for OEM customers like Mitsubishi Motors.

23) Mayer Steel Pipe Corporation

On 07 August 2020, DTI received the position/comments of Mayer Steel Pipe Corporation. The company submitted the following comments:

Public Interest	<ul style="list-style-type: none"> The application of Puyat Steel Corporation is untimely and will not serve the public interest in general.
Costs	<ul style="list-style-type: none"> In general, the imposition of the said safeguard measures is likely to have serious impact on the producers of roofing materials which depend on imported galvanized sheets and coils. Any additional costs, in particular the cost of construction materials will have a severe impact to the government's Build, Build, Build program. As a manufacturer also of roofing materials, importing galvanized iron sheets and coils as raw materials, the additional safeguard duties means additional cost to the production converted to lesser profitability. Hence, it will be difficult to compete in the domestic market. Further, as a consequence of the imposition of said safeguard measures, the import price of pre-painted coils might be at an advantage as compared to the imported galvanized iron sheets and coils. As such, pre-painted roofing products can somehow compete with galvanized roofing products. This is somehow detrimental to our industry.
Other Issues/ General Comments	<ul style="list-style-type: none"> The Applicant does not represent the entire domestic GI steel industry and this application for imposition safeguard measures is anti-competitive. In this time of crisis brought about by the COVID19 pandemic, the imposition of safeguard measures on galvanized iron sheets, coils and strips is untimely and uncalled for. It is a desperate move of the applicant at the expense of the government and at a severe loss of all concerned stakeholders. The initiation of preliminary safeguard measures and investigation on the importation of galvanized iron sheets, coils and strips does not deserve a second look and should be rejected.

24) 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.

25) 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)

26) 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. POSCO, South Korea

On 24 June 2020, POSCO, an exporter from South Korea submitted its comments on the said investigation. According to POSCO, their export volume has been decreasing in the recent years and its products do not compete with local products. POSCO products are being supplied to the automobile, motorcycle, home appliances and computer industries. The majority of import volumes from Korea are mainly for re-export.

A major proportion of imports from ROK is mainly comprised of the products manufactured by POSCO-PMPC, a processing center established by POSCO under PEZA. The main function of POSCO-PMPC is to promote re-export of Philippines' goods to global market by purchasing, processing, packing, and delivering POSCO's raw materials into the final product. Thus, should be excluded from the safeguard measures.

The following are the additional comments of POSCO:

Product	The scope of the investigation should be narrowed down to a specific industry in which local producers compete with importers, specifically for construction or roof-makers sectors.
Market Share	Majority of import volumes are from the Peoples Republic of China (PROC) and these import volumes cause serious injury to the domestic industry Import volume of AlZnN products the portion of PROC volumes have also dramatically increased from 1% in 2014 to 93.9% in 2019. Which means import volume in 2019 (114,801MT) has increased nearly ten times than that of 2014 (19,165MT). The alleged injury

	suffered by the Philippines domestic market is entirely caused by PROC, not by other countries.
Real Cause of Import Surge of Steel/Roofing is the Shortage of Supply in the Philippine Market	Due to limitation of equipment and facilities, local producers mainly provide their products to roof-makers and construction companies. In this regard, POSCO does not compete with local producers serving different industries of customers which do not overlap.
Public Interest	<p>Products of Galvanized Al-Zn steels require a high-level of corrosion resistance, and are mainly used for solar plants, whose demands have significantly increased in recent years. Therefore, safeguard measures would hinder local customers that would not be able to purchase the necessary materials to satisfy their demands and consequently be restricted in their ability to operate their production lines.</p> <p>This would be a violation not only the prosperity of local automobiles and home appliances industries but also the freedom of customers choice and opportunity which is a conflict to the public interest.</p>
Imposition of Safeguard Measures	If safeguard measures is taken against POSCO-PMPC's products, this will lead to the local buyers facing serious difficulties in sourcing materials for production because it would be troublesome for them to find alternative sources in the local Philippine market.

2. 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	JFE Steel is a wholly owned subsidiary of JFE Holdings, Inc. (i.e., JFE Holdings, Inc. owns 100% of the shares in JFE Steel).
Articles produced and/or sell	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.
Exported Product(s)	<ul style="list-style-type: none"> 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, 7212.30.12, 7212.30.13, 7212.30.19, 7212.30.99) and import volumes in the Report are only for products covered by those AHTN codes. 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. On their two-year projection, they do not plan to change export quantities to the Philippine market.

Philippine Market/Serious Injury	<ul style="list-style-type: none"> • 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. • JFE Steel neither competes with nor causes any injury to the Philippine steel industry. • 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.
General Comments	<ul style="list-style-type: none"> • The majority of Japanese GI products exported to the Philippines (unlike those exported from China) are not classified under the 10 AHTN codes. • 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. • 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. • 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. • 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. • 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. • For the foregoing reasons, they request DTI not to impose any safeguard measures on the exportation of their products to the Philippines.

3. 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.
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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.
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4. 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"> • 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. • 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 an earnings forecast for the Company for fiscal 2020 with any realistic degree of accuracy."
Philippine Market/Serious Injury	<ul style="list-style-type: none"> • 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. • 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. • Other NSC products used for construction are all exported to an enterprise registered with the Philippine economic Zone Authority (PEZA).

	<ul style="list-style-type: none"> • Required to meet special specifications designated by the customers, and do not compete with domestic products. • If imports of NSC's products would be prohibited or restricted by any safeguard measure, the automobile, home appliances and can 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. • Domestic products and NSC's products are not like or directly competitive because: <ul style="list-style-type: none"> - Applications and functions are basically different - Qualities of raw materials are significantly different - Production processes are partly different
General Comments	<ul style="list-style-type: none"> • Submitted clarification of the scope of the SG investigation • Request for Exclusion of Certain Products from the Scope <ul style="list-style-type: none"> - Products mainly used by the home appliance, car manufacturing and can manufacturing sectors - Subject Products mainly used by the construction sector.

5. 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.

6. 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
- The production increased in 2015, in 2016 and 2017. The earnings before interest and taxes fluctuate, increased in 2015 and 2017; the returns on sales are very good in 2015 and 2017.

- In the Initiation Report of GL, the key point of big volume import to Philippines from PROC is the cheap price.
- The average price from PROC is 10.26% lower than the local price, while the imported price from other sources is estimated at 26.8% higher.
- It is clear that the volume of imports from Vietnam did not cause the serious injury to the level of sales, production, productivity, profit and loss. The Philippine Government should not apply any safeguard duty on Vietnamese mills, specially Hoa Sen Group. It is very clear that the steel industry of the Philippines only got injured by PROC, not by Vietnam mills or any other source.

HSG commented that the volume of GL imported from Vietnam to the Philippines accounts for a very small proportion in the Philippine importing market with only 0.40%. According to Article 9 of the WTO Agreement on Trade safeguards, Vietnam should be excluded from this Safeguards investigation. Imports originating from Vietnam was negligible and should not be considered as major source of import. Its impact was also absolutely insignificant to cause or threaten to cause serious injury to the domestic industry of the Philippines, if any. HSG respectfully requests to exclude HSG in particular and Vietnam in general, from the Safeguard measure on GL if any, pursuant to the provisions of the Agreement on Safeguards.

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 GI Sheets, Coils and Strips 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 interest party to participate in the investigation.

5. Republica Dominicana

On 1 July 2020, the Dominican Republic requested exclusion from the preliminary safeguard investigation on GI Sheets, Coils and Strips 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 GI Sheets, Coils and Strips from 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 (GOI)- 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 GI Sheets, Coils and Strips pursuant to the provision of Agreement on Safeguards. Imports originating from Viet Nam within the recent past (i.e. 2019) were negligible (0.05% 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 Steelformers 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:

Nature of the Subject Products	<ul style="list-style-type: none"> 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. 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. Manufacturing the subject products involves an intricate process of the metal roofing value chain, from raw materials to intermediate, to finished products.
a. Volume of Importation	<ul style="list-style-type: none"> 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. 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.
b. Evidence of Serious Injury	<ul style="list-style-type: none"> 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. 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.
c. The Applicants failed to establish causal link between the increase importation and the supposed threat of serious injury (assuming <i>arguendo</i> that there is threat of serious injury)	<ul style="list-style-type: none"> 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. 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. 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. 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. 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.

d. Capacity to Supply the Market	<ul style="list-style-type: none"> 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.
e. Financial Performance	<ul style="list-style-type: none"> 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.
f. There is no basis to impose provisional SG duties	<ul style="list-style-type: none"> 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. There is no damage to the industry that would be difficult to repair considering that there is no damage to begin with. There is absolutely no rapid accumulation of inventories and reduction in sales and profit margins.
g. Public Interest	<ul style="list-style-type: none"> 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. 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. 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. Supposed 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. The applicants are not using the best technology in the industry to ensure lower cost in production. The end-consumers will be ultimately affected by the imposition as prices will increase. 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.
Other issues	<ul style="list-style-type: none"> 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 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.

4. China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters (CCCMC)

On 3 September 2020, Britanico Sarmiento and Ringer Law Offices, the Legal Counsel of CCCMC requested for copies of Notices/Orders, Petitions and Initiation Reports relevant to the Safeguard Measures on the Importation of Galvanized Iron, Aluminum Zinc, sheets, coils and strips and Prepainted Galvanized Iron (PPGI)/Prepainted Aluminum Zinc (PPGL), other coated products and from various countries.

On 22 September 2020, Britanico Sarmiento and Ringer Law Offices requested copies of the list of oppositors with submitted comments.

5. China Iron and Steel Association (CISA)

On 3 September 2020, Britanico Sarmiento and Ringer Law Offices, the Legal Counsel of CISA requested for copies of Notices/Orders, Petitions and Initiation Reports relevant to the Safeguard Measures on the Importation of Galvanized Iron, Aluminum Zinc, sheets, coils and strips and Prepainted Galvanized Iron (PPGI)/Prepainted Aluminum Zinc (PPGL), other coated products and from various countries.

On 16 September 2020, Britanico Sarmiento and Ringer Law Offices, the Legal Counsel of CISA provided its position and asked for the termination of the present SG investigation on the importation of Galvanized Iron sheets, coils and strips from various countries on the following reasons:

- The ongoing safeguard investigations do not meet the conditions to impose safeguard measures.
 - a. No unforeseen development leading to recent increase of imports
 - Price drop of the Chinese HDG in late 2019, global steel overcapacity and anti-dumping against steel products are not unforeseen development.
 - b. Petitioner fails to prove that the domestic industry has suffered serious injury
 - 2014 cannot be used as the benchmark for injury analysis
 - The economic condition of the domestic industry in 2018 was better than that of 2017
 - Major economic indicators of the domestic industry in 2018 were even better than those of 2014
 - c. Petitioner fails to demonstrate the existence of a recent “import growth” and the “causal relationship between imports and the so-alleged injury
- Petitioner’s confidential treatment of many data does not conform to the WTO rules. It is impossible for the foreign exporters to properly evaluate (injury) the impact of the imports on the domestic industry;
- The scope of products under investigation is too broad;
- Public interest will be seriously injured as the production capacity of the industry is limited and cannot meet the domestic market demand. If safeguard measures are taken, the procurement costs of the Philippine government and end-users will be increased, which will force the national economy and the general public to suffer further hardship in addition to serious injury caused by natural disasters and coronavirus .

If the investigation will proceed, CISA asks that the following products be excluded since these are not “like products” with the products produced:

Product Types	Reason of Exclusion
1. Galvanized Iron made from pure zinc	Petitioner (Puyat) does not produce
2. Thickness of 0.7mm and above	Philippine local companies do not produce
3. Thickness below 0.2mm	Philippine local companies do not produce
4. Galvanized iron used to make pipes	Philippine local companies do not produce
5. Product types imported by Puyat, including but not limited to: 0.35-1.8mm, Z60/Z80; 0.6-2.0mm, Z30/Z40/Z60, 0.12mm-0.6mm	Philippine local companies do not produce or cannot produce in large quantity
6. High-strength steel of 0.78mm*1219mm, 0.98mm*1219mm, G550 Z80	Philippine local companies do not produce
7. Galvanized iron of 1.0-3.5mm*1219mm Z80	Philippine local companies do not produce

On 28 October 2020, Britanico Sarmiento and Ringer Law Offices, the Legal Counsel of CISA provided additional comments indicating that the domestic users of Galvanized Iron (GI) and Aluminum Zinc (GL) Sheets, Coils and Strips prefer the Chinese suppliers due to several reasons, among which:

1. The production process of their products is fully consistent with ISO9001 standards, quality control is carried out by a high-the laboratory at each production stage. As a result, the manufactured products are fully compliant with standards in our market.
2. The continuous production cycle allows for large deliveries in a short time.
3. Excellent post-sales service, engineering support, strict observance of warranty periods for the delivered products.
4. The manufacturer performs all necessary measures aimed at protecting the environment and labor protection.

They further reiterated the exclusion of the following products with the following reasons:

Product Types	Reason of Exclusion
1. Galvanized Iron made from pure zinc	Philippine local companies cannot produce due to technical or capacity limits
2. Thickness of 0.7mm and above	Philippine local companies cannot produce due to technical or capacity limits
3. Thickness below 0.2mm	Philippine local companies cannot produce due to technical or capacity limits
4. Galvanized iron used to make pipes	Philippine local companies cannot produce due to technical or capacity limits
5. Product types imported by Puyat, including but not limited to: 0.35-1.8mm, Z60/Z80; 0.6-2.0mm, Z30/Z40/Z60, 0.12mm-0.6mm	Philippine local companies cannot produce due to technical or capacity limits
6. High-strength steel of 0.78mm*1219mm, 0.98mm*1219mm, G550 Z80	Philippine local companies cannot produce due to technical or capacity limits
7. Galvanized iron of 1.0-3.5mm*1219mm Z80	Philippine local companies cannot produce due to technical or capacity limits

In addition, CISA asks that the products that must be excluded in the investigation should also be excluded in determining increased quantities of imports to satisfy the requirement under Section 5 of RA 8800.

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 and GI 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 and GI. 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 and GI 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 clamour 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 17, 20 July 2020 and 04 and 28 September 2020, Puyat Steel informed DTI that the scope of the products under investigation for GI sheets, coils and strips are for roofing application and the scope and limitation are subject to those with thickness of 0.6mm and below and width of 1,000 mm and below. Also, Puyat Steel submitted updated data/information on GI 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.

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 GI sheets, coils 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 the verification of data.”*

F. Volume of Imports

In the analysis of volume of imports, importations by the domestic industry during the POI (2014 – 2018) were excluded. This is to determine whether the increased imports are the principal cause of the serious injury to the local industry. DTI updated the import data to 2020 (January to July). The industry performance (i.e. market share, sales, production, profits & losses, et al) relevant to the overall operation of the industry were also evaluated for the same period.

During the initiation of investigation, DTI determined that GI sheets, coils and strips are being imported in increased quantities, both in absolute and relative terms. This initial finding was further verified in the preliminary determination taking into consideration the documents and information received by DTI from all interested parties². Accordingly, import transactions not covered by the scope of investigation were excluded from the volume of imports of galvanized iron (GI) and strips. These imports were excluded because they have different specifications, uses and applications other than roofing (i.e. raw materials used for the manufacture of automobiles, home appliances, motorcycles, computers, tin cans. fabrications, etc.).

² exporters, importers, associations, embassies etc.

1. Absolute Terms

a. Import Volume – Galvanized Iron (GI) sheets, coils and strips

Import Volume of Galvanized Iron sheets, coils and strips - 2014 to July 2020 (in MT)

Figure 1

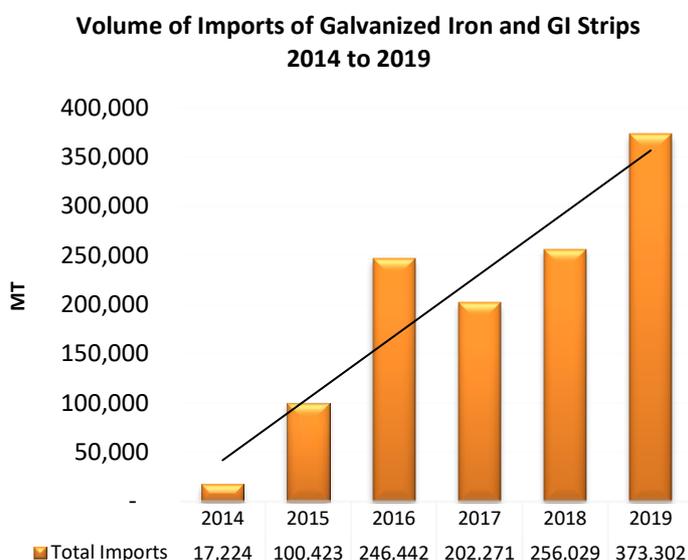


Table 1

Year	Volume	Absolute Increase/ Decrease	% Change
2014	17,224	-	-
2015	100,423	83,199	483%
2016	246,442	146,019	145%
2017	202,271	(44,172)	(18%)
2018	256,029	53,758	27%
2019	373,302	117,274	46%
2020 (Jan to July)	198,626	-	-

Source: Bureau of Customs (SAD-IEIRD)

The Philippine imports of GI sheets, coils and strips totaled 17,224MT in 2014. In 2015, imports increased to 100,000 MT or by 483% from 2014 level. In 2016, it increased to 246,000MT or equivalent to 145% increase. In 2017, it declined to about 202,000MT or by 18%. In 2018, imports increased again to 256,000MT, a 27% increase from 2017.

In 2019, imports set its record high at 373,000MT which was 46% of the previous year. The said period already surpassed the pre-surge (2014) and surge (2015) levels. In 2020 (Jan-July), imports was 53% of the 2019 level.

Thus, imports of the subject product in absolute terms showed an upward trend which is recent, sharp, sudden and significant during the POI.

1. Share of Imports (by Country)

1.1 Galvanized Iron (GI) Sheets, Coils and Strips

Table 2: Share of Imports (by Country) GI sheets, coils and strips (2014 – 2019) in MT

COUNTRY	2014	% Share	2015	% Share	2016	% Share	2017	% Share	2018	% Share	2019	% Share
PROC	16,045	93%	96,039	96%	239,008	97%	197,762	98%	254,312	99%	370,529	99%
Republic of Korea	571	3.31%	1,641	1.61%	2,498	1.02%	670	0.33%	15	0.01%	90	0.02%
Other Sources:	609	4%	2,744	3%	4,936	2%	3,839	2%	1,701	1%	2,683	1%
Total Imports	17,224	100%	100,423	100%	246,442	100%	202,271	100%	256,029	100%	373,302	100%

Source: Bureau of Customs (SAD-IEIRD)

PROC remained to be the largest supplier of GI sheets, coils and strips to the Philippines from 2014 to 2019. In 2014, PROC exported about 16,000MT or 93% share of the total Philippine imports. It dramatically increased to about 96,000MT or 96% market share in 2015. In 2016, PROC continued to have a biggest share at 239,000MT representing 97% share of Philippine imports. In 2017, imported GI dropped to 198,000MT, but still dominated the Philippine market at 98% market share. It increased again to 254,000MT in 2018. In 2019, import from PROC set a record high at 370,000MT or 99% market share.

Republic of Korea accounted for 3.31% of the Philippines' GI imports in 2014 and its share continue to decline in the succeeding years.

Other Sources

Other sources of GI and GI strips during the POI (2014 to 2018) include Chinese Taipei, Japan, India, Hong Kong, Australia, Viet Nam, Malaysia, Singapore, Germany and United States.

Country	2014	% Share	2015	% Share	2016	% Share	2017	% Share	2018	% Share	2019	% Share
Chinese Taipei	220	1%	1,703	1.70%	647	0.26%	1,034	0.51%	136	0.05%	1,579	0.42%
Japan	349	2%	775	0.77%	2,519	1.02%	505	0.25%	371	0.14%	510	0.14%
India	-	-	-	-	-	-	-	-	5	0.002%	-	-
Hong Kong	-	-	60	0.06%	30	0.01%	44	0.02%	98	0.04%	98	0.03%
Australia	-	-	132	0.13%	-	-	188	0.09%	718	0.28%	-	-
Viet Nam	-	-	0.08	0.0001%	1,630	0.66%	1,844	0.91%	156	0.06%	180	0.05%
Malaysia	-	-	-	-	0.001	0.00%	109	0.05%	103	0.04%	91	0.02%
Singapore	40	0.23%	73	0.07%	109	0.04%	83	0.04%	113	0.04%	118	0.03%
Germany	0.09	0.001%	0.3	0.0003%	-	-	33	0.02%	-	-	-	-
Italy	-	-	-	-	-	-	-	-	-	-	9	0.002%
United States	-	-	0.1	0.0001%	0.40	0.0002%	-	-	-	-	-	-
South Africa	-	-	-	-	-	-	-	-	-	-	98	0.03%
<u>Other Sources</u>	<u>609</u>	<u>4%</u>	<u>2,744</u>	<u>3%</u>	<u>4,936</u>	<u>2%</u>	<u>3,839</u>	<u>2%</u>	<u>1,701</u>	<u>1%</u>	<u>2,683</u>	<u>1%</u>

Source: Bureau of Customs (SAD-IEIRD)

On the issue concerning the exclusion of countries from the imposition of safeguard measures pursuant to 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%.

Section 8, Rule 8.8, IRR of RA 8800- Safeguard Measures Act (Imposition of provisional safeguard measures) provides that: *“the provisional safeguard measure shall not be applied to a product originating from a developing country if its share to total Philippine imports of the said product is less than three percent (3%). Provided: however, that developing countries with less than three percent (3% share) collectively account for not more than nine percent (9%) of the total Philippine imports of the product concerned.”*

E.2. Relative Terms

E.2.1 Galvanized Iron sheets, Coils and strips

Table 3a: Comparison of Volume of Imports to Domestic Production of GI sheets, coils and strips (2014-2019) in MT

Year	Imports (MT)	Domestic Production (MT)*	Share of Imports to Domestic Production (%)
2014	17,224	100	xxx
2015	100,423	90	xxx
2016	246,442	97	xxx
2017	202,271	128	xxx
2018	256,029	187	xxx
2019	373,302	49	xxx

Sources: Bureau of Customs (BOC-SAD-IEIRD) – Import Volume
Puyat Steel Corporation – Domestic Production

* Figures indexed due to confidentiality

The table above shows the comparison of volume of imports vis-à-vis production during the POI. Total imports of the subject product accounted for xxx of domestic production in 2014 which increased in 2015 and it further increase in 2016. In 2017 and 2018, the share of imports relative to domestic production declined, respectively. In 2019, share of imports vis-à-vis domestic production rose.

Thus, imports relative to domestic production has significantly increased during the POI.

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.”

V.A. Share of the Domestic Industry

1) Market Size

1.1 Market Size – Galvanized Iron (GI) and GI strips

Year	Imports (MT)		Domestic Industry Sales Volume (MT)*	Total Apparent Phil. Market (MT)*	% Increase/ (Decrease)
	Non-Manufacturers	Domestic Industry			
2014	17,224	-	100	100	-
2015	100,423	17,264	70	252	152%
2016	246,442	60,437	91	594	135%
2017	202,271	65,001	78	517	-13%
2018	256,029	67,791	91	623	21%
2019	373,302	85,592	53	830	33%

Sources: Bureau of Customs (BOC-SAD-IEIRD) – Import Volume

Puyat Steel Corporation – Domestic Sales Volume

*Figures indexed due to confidentiality

Total Philippine apparent market showed significant increased during the POI, from 2014 to 2018.

Total Philippine market for GI products increased from about xxx in 2014 to xxx in 2015 or equivalent increased by 152%. It continued to increase by 135% in 2016. In 2017, total Philippine market declined by 13% from previous year. In 2018, consumption demand expanded with an increase of 21% and grew by another 33% in 2019.

V.A.2 Market Share

2.1 Market Share – Galvanized Iron Sheets, Coils and Strips

Table 6: Volume of Imports of Galvanized Iron and GI Strips vis-à-vis Domestic Sales of GI (in MT)

YEAR		2014	2015	2016	2017	2018	2019
<u>Imports:</u>	<i>Non-Manufacturers</i>	17,224	100,423	246,442	202,271	256,029	373,302
	<i>Domestic Industry</i>	-	17,264	60,437	65,001	67,791	85,592
<u>Domestic Sales*</u>		100	70	91	78	91	53
Total to Philippine Market*		100	252	594	517	623	830
% Share to Philippine Market							
<u>Imports:</u>	<i>Non-Manufacturers</i>	xxx	xxx	xxx	xxx	xxx	xxx
	<i>Domestic Industry</i>	-	xxx	xxx	xxx	xxx	xxx
<u>Domestic Sales</u>		xxx	xxx	xxx	xxx	xxx	xxx

Sources: BOC-IEIRD – Volume of Imports

Puyat Steel Corporation – Domestic Sales

*Figures indexed due to confidentiality

The share of imports of non-manufacturers (i.e. importers, traders etc.) relative to the total Philippine market accounted for only 30% in 2014. For the period 2015 to 2019, share of imports captured 68% to 78% of the total Philippines market, while imports from the domestic industry accounted for 12% to 22%. According to the domestic industry, they purchased imported GI due to its competitive price that will help reduce their production cost.

On the other hand, domestic industry sales dominated the market in 2014. In 2015, share of domestic sales to the Philippine market declined and further in 2016 and 2017. It continuously lose its market share in 2019.

B. Domestic Sales

Table 7: Domestic Sales Volume and Value

Year	Sales Volume (MT)*	% Increase (Decrease)	Sales Value (Php Million)*	% Increase (Decrease)
2014	100	-	100	-
2015	70	(30.33)	69	(31.23)
2016	91	30.00	89	30.04
2017	78	(13.81)	77	(13.90)
2018	91	16.62	95	22.93
2019	53	(41.71)	56	(40.49)

Source: Domestic Industry

*Figures indexed due to confidentiality

The galvanized iron products exhibited a fluctuating trend from 2014 to 2019. Sales volume decreased in 2015 by 30%. It increased in 2016 by 30% and declined by 14% in 2017. In 2018, GI sales volume increased by 17% but declined in 2019 by 42%, recording the lowest sales volume. In the same way, sales value decreased in 2015 by 31% but increased in 2016 by 30%. In 2017, sales value decreased by 14%, recovered in 2018 by 23% and declined by 41% in 2019. The highest sales volume was recorded in 2014.

C. Production

Table 8: Total Production

Year	2014	2015	2016	2017	2018	2019
Production (MT)*	100	90	97	128	187	49
% Increase (Decrease)	-	(9.85)	7.21	32.71	45.90	(74.08)

Source: Domestic Industry

*Figures indexed due to confidentiality

The production decreased in 2015 by 10% due to a decrease in sales by 30% and increased from 2016 to 2018 by 7%, 33% and 46%, respectively. However, production in 2019 declined by 74% following a decline of 42% in sales volume of the same year.

D. Capacity Utilization

Table 9: Capacity Utilization

Year	Installed/Rated Capacity (MT)*	Actual Production (MT)*	Capacity Utilization Rate (%)	% Increase (Decrease)
2014	100	100	29.84	-
2015	100	90	26.90	(9.85)
2016	100	97	28.84	7.21
2017	100	128	38.27	32.71
2018	100	187	55.84	45.90
2019	100	49	14.48	(74.08)

Source: Domestic Industry

*Figures indexed due to confidentiality

The industry remained its installed capacity. The capacity utilization decreased in 2015 by 10% and increased from 2016 to 2018 by 7%, 33% and 46%, respectively. However, capacity utilization plunged in 2019 to 14.48% as production declined by 74%. It can be noted that the highest utilization is at 56% in 2018, where production is at its highest. However, in 2019, capacity utilization dropped to 14% as imports increased by 46%. The industry's utilization during the POI ranged from 14% to 56% which is far from full capacity utilization.

With the existing installed capacity of other GI manufacturers, it can be concluded that the GI industry can supply the market.

E. Finished Goods Inventory

Table 10: Finished Goods Inventory

Year	Volume (MT)*	% Increase (Decrease)	Value (Php Million)*	% Increase (Decrease)
2014	100	-	100	-
2015	33	(66.57)	32	(67.64)
2016	11	(65.93)	11	(66.77)
2017	6	(45.74)	6	(43.01)
2018	53	759.82	58	844.85
2019	16	(70.04)	17	(70.65)

Source: Domestic Industry

*Figures indexed due to confidentiality

The finished good inventory volume exhibited a declining trend from 2014 to 2017 by 67%, 66% and 46%, respectively. While the value also declined by 68%, 67% and 43%, respectively. However, the finished goods inventory volume and value in 2018 recorded a sudden increase of 760% and 845%, respectively. In 2019, finished goods inventory volume and value declined by 70% and 71%, respectively due to reduction in production by 74%.

F. Cost to Produce

Table 11: Cost to Produce

Particulars	2014	2015	2016	2017	2018	2019
Raw Materials*	84.9	81.7	82.7	86.1	88.4	81.1
Direct Labor*	0.2	0.1	0.1	0.1	0.1	0.2
Manufacturing Overhead*	14.9	18.2	17.1	13.8	11.5	18.7
Cost to produce per MT**	100	100	100	100	100	100
% Increase (Decrease)	-	(2.93)	(0.86)	3.61	7.53	3.35

Source: Domestic Industry

*Figures in percentage to the cost to produce per MT

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

The cost to produce decreased from 2014 to 2016 by 3% and 1%, respectively. However, it increased in 2017, 2018 and 2019 by 4%, 8% and 3%, respectively. According to the domestic industry, the major raw material was sourced from China.

G. Earnings Before Interest and Taxes

Table 12: 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	69	89	77	95	56	(31.23)	30.09	(13.91)	22.94	(40.49)
Cost of Goods Sold*	100	68	87	78	98	59	(32.37)	28.88	(10.70)	25.41	(39.76)
Gross Profit*	100	77	107	71	73	37	(22.47)	38.17	(33.93)	2.05	(48.04)
Selling, General and Administrative Expenses*	100	93	131	91	101	82	(7.52)	41.20	(30.93)	11.40	(17.77)
Earnings Before Interest and Tax*	100	63	85	53	46	(4)	(36.34)	34.08	(38.20)	(12.78)	(109.42)

Source: Domestic Industry

*Figures indexed due to confidentiality

Gross profit during the POI exhibited a fluctuating trend with a decrease of 22% in 2015, increase of 38% in 2016, decrease of 34% in 2017, increase of 2% in 2018, and decrease of 48% in 2019. Selling, General and Administrative Expenses followed the same trend with a decrease of 8%, increase of 41%, decrease of 31%, increase of 11%, and decrease of 18%. These resulted to the Earnings Before Interest and Taxes (EBIT) decline of 36% in 2015, increase of 34% in 2016, decrease from 2017 to 2019 by 38%, 13% and 109%, respectively. The highest EBIT was recorded in 2014 and was cut into more than half in 2018. In 2019, EBIT was negative.

H. Return on Sales

Table 13: Return on Sales

Particulars	2014	2015	2016	2017	2018	2019
Sales (Million)*	100	69	89	77	95	56
EBIT*	100	63	85	53	46	(4)
Return on Sales	xxx	xxx	xxx	xxx	xxx	xxx
% Increase (Decrease)	-	(7.43)	3.07	(28.22)	(29.05)	(115.83)

Source: Domestic Industry

*Figures indexed due to confidentiality

Return on sales (ROS) exhibited a declining trend throughout the POI which ranges from xxx to xxx. The ROS has been declining from 2014 to 2018 by 7%, 28% and 29% except in 2016 with a slight increase of 3%. In 2019, there was a negative return on sales.

I. Employment

Table 14: Employment

Year	Employees for Production*	% Increase (Decrease)	Salaries and Wages*	% Increase (Decrease)
2014	100	-	100	-
2015	102	2.20	105	5.25
2016	101	(1.61)	108	2.18
2017	101	0.55	104	(3.47)
2018	108	6.52	127	22.27
2019	84	(22.45)	111	(12.59)

Source: Domestic Industry

*Figures indexed due to confidentiality

Employment was increasing during the POI except a slight decline of 2% in 2016. Salaries and wages were also increasing except a decline of 3% in 2017 despite the same level of employment in 2016. In 2019, employment was cut by 22% while salaries and wages declined by 13%.

J. Productivity

Table 15: Productivity

Year	Production Volume*	Employees for Production*	Labor Productivity (MT/employees)	% Increase (Decrease)
2014	100	100	xxx	-
2015	90	102	xxx	(11.79)
2016	97	101	xxx	8.97
2017	128	101	xxx	32.71
2018	187	108	xxx	36.23
2019	49	84	xxx	(66.57)

Source: Domestic Industry

*Figures indexed due to confidentiality

Labor productivity declined by 12% in 2015 but increased from 2016 to 2018 by 9%, 33% and 36%, respectively. In 2019, labor productivity declined by 67% as both production and employees were reduced in the same year.

K. Price Effects

1. Price Undercutting

Table 16: Average Selling Price of Domestic Product vs. Landed Cost of Imports for 2018 and 2019 (₱ in MT)

Year	Country	Wtd. Ave. Landed Cost (P in MT) (a)	% Share to Total Imports	Ave. Domestic Selling Price (P in MT) (b)	% Undercutting (b-a)/b*100
2018	Major Sources:				
	PROC	xxx	93	xxx	26.28
	South Korea (ROK)	xxx	5		2.01
	Other Sources	xxx	2		(4.75)
	Wtd. Average	xxx	100		24.36
2019	PROC	xxx	99.36	xxx	38.43
	Japan	xxx	0.14		40.10
	South Korea	xxx	0.02		39.47
	Chinese Taipei	xxx	0.43		19.21
	Viet Nam	xxx	0.003		17.54
	Wtd. Average	xxx	99.953		38.39

Sources: Wtd. Ave. Landed Cost- BOC-SAD-IERD
Domestic Selling Price - 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 from 2018 to 2019, PROC was the major source country of GI to the Philippines.

For 2018, weighted average landed cost of imports from all sources is lower by approximately 24% than the domestic selling price of the domestic product, thus, imported GI undercut the domestic product.

While for 2019, 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 38%.

2. Price Suppression

Table 17: 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	13.02
2015	99	97	111	14.93
2016	99	96	118	16.00
2017	99	100	91	11.84
2018	104	107	79	9.63
2019	106	111	71	8.30

Source: Domestic Industry

*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 exhibited during the POI.

3. Price Depression

Table 18: Domestic Selling Price of Locally Manufactured GI (₱ in MT)

Year	Ex-Works Price (PhP/MT)*	% Increase/ (Decrease)
2014	100	-
2015	99	(1.29)
2016	99	0.06
2017	99	(0.11)
2018	104	5.41
2019	106	2.10

Source: Domestic Industry

*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 1.29% in 2015 and 0.11% in 2017.

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 and Sonic Steel, are not the “domestic industry.” They do not speak for the industry, they now seek to dominate by claiming injury.

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. --³

“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,⁴ 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

³ G. R. No. 142618, July 12, 2007.

⁴ 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,⁵ 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

⁵ 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.⁶

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.

- **The petitioner is the biggest Importer**

- The petitioner is the biggest Importer of the CRC and product under investigation.

The petitioner was forced to import to recover from predatory pricing, as the imported product has cheaper price due to current prices of imported raw materials (i.e. CRC) compared to finished products.

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

- It is also notable that the Petitioners are expanding and further investing on sizeable projects which are inconsistent with the claim of serious injury.
- 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
- The Petitioners 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.

⁶ https://unctad.org/system/files/official-document/edmmisc232add16_en.pdf

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 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."

Puyat Steel's production capacity utilization rate experienced significant decline, EBIT, and return of sales for Philippine industry uniformly show a negative trend during the increase in imports.

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 70% in 2014 to 4% in 2019, as share of imports in the domestic market displaced locally produced GI.

- **Import Increased but not significant**

- There is no increase in imports of like or directly competitive products.
- 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

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 be recent, sudden, sharp and significant. In absolute terms, imports increased by 483% in 2015, 145% in 2016, 27% in 2018 and 46% in 2019. In 2020 (Jan to July), imports were 53% of 2019 level. The share of imported GI to domestic production continuously increased from 38% in 2014 which increased to 249% in 2015, 570% in 2016, 352% in 2017 and 306% in 2018. In 2019, share of imports relative to domestic production reached its peak at 1,719%.

- **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 Petitioners are manufacturers of coils that are likewise engaged in the downstream business of rollforming. 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 rollforming 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 Petitioners 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, steeldecking and framing products using GI 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. Legitimate businesses are hard pressed in protecting their sales as their prices are undercut by smuggled GI 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 (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 GI sheets, coils and strips 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

A. Volume of Imports

A.1 In Absolute Terms

- Total Philippine imports is 17,224MT in 2014. In 2015, imports increased to 100,423 MT or by 483% from 2014 level. In 2016, it increased to 246,442MT or 145% increase from 2015 level. In 2017, it declined to 202,271MT or by 18%. In 2018, imports increased to 256,029MT or 27% increase over 2017 level. In 2019, imports further increased to 373,302MT or 46% increase compared to 2018 level.
- In 2020 (Jan to July), imports recorded at 198,626MT which was 53% of 2019 level.
- PROC is the major supplier during the POI.

A.2 In Relative Terms

- Total imports accounted for 38% of domestic production in 2014, increased to 249% in 2015 and further to 570% in 2016.
- In 2017, share of imports declined to 352% and further dropped to 306% in 2018 but rose to 1,719% in 2019.

B. Serious Injury

B.1. Market Size

- Total Philippine apparent market increased during the POI.
- The Philippine market increased by 152% in 2015, increased by 135% in 2016 and declined by 13% in 2017.
- Apparent consumption increased by 21% in 2018 and further increased by 33% in 2019.

B.2. Market Share

- The share of imports of non-manufacturers (i.e. importers, traders etc.) relative to the total Philippine market accounted for only 30% in 2014. For the period 2015 to 2019, share of imports ranged from 68% to 78%, while imports from the domestic industry accounted for 12% to 22%.
- Share of domestic industry exhibited a downward trend during the POI. Accounted for 70% of the market in 2014, declined to 19% and 11% in 2015 & 2016, respectively; contracted to 10% in 2017 and 2018 and continued to lose its market share to 4% in 2019.

B.3. Domestic Sales Volume of Value

- Sales volume reflected a fluctuating trend from 2014 to 2019. It decreased in 2015 by 30%, increased in 2016 by 30% and decreased by 14% in 2017. In 2018, it increased by 17% but declined by 42% in 2019, recorded the lowest sales volume.
- Sales value reflected a fluctuating trend from 2014 to 2019. Decreased in 2015 by 31% but increased in 2016 by 30%. In 2017, sales value decreased by 14% but recovered in 2018 by 23% but declined by 40% in 2019. The highest sales volume was recorded in 2014 (pre-surge).

B.4 Production

a. Total Production

- Decreased in 2015 by 10%, increased in 2016 by 7%. In 2017, it rose by 33% and by 46% in 2018 but dropped by 74% in 2019.

b. Capacity Utilization

- The capacity utilization exhibited an increasing trend from 2016 to 2018 but declined in 2019.

- Utilization rate decreased by 10% in 2015, increased by 7% in 2016, 33% in 2017 and further by 46% in 2018, where production is at its highest. In 2019, capacity utilization plunged by 74%.

c. Finished Goods Inventory

- Volume of finished goods inventory showed a declining trend from 2014 to 2017 by 67%, 66% and 46%, respectively. Likewise, value also recorded a declining trend of 68%, 67% and 43% for the same period
- In 2018 both volume and value recorded a sudden increase of 760% and 845%, respectively.
- In 2019, finished goods inventory volume and value declined by 70% and 71%, respectively due to reduction in production by 74%.

d. Cost of Production

- Cost to produce decreased from 2015 to 2016 by 3% and 1%, respectively, it increased in 2017, 2018 and 2019 by 4%, 8% and 3%, respectively.

B.5 Profitability

a. Profits and Losses

- Gross profit during the POI exhibited a fluctuating trend with a decrease of 22% in 2015, increase of 38% in 2016, decrease of 34% in 2017 and increase of 2% in 2018 and decrease of 48% in 2019.
- EBIT exhibited a declining trend from 2014 to 2019 except an increase of 34% in 2016. The highest EBIT was recorded in 2014 and was cut for more than half in 2018. In 2019, EBIT was negative.

b. Return on Sales (ROS)

- Exhibited declining trend which ranged from xxx to xxx. In 2019, ROS was negative.

B.6 Employment

- Employment was increasing during the POI except a slight decline of 2% in 2016. In 2019, employment was cut by 22%.

B.7 Productivity

- Declined by 12% in 2015 but increased from 2016 to 2018 by 9%, 33% and 36%, respectively.
- In 2019, labor productivity declined by 67% as both production and employees were reduced in the same year.

B.8 Prices

a. Price Undercutting

- In 2018 to 2019, weighted average landed cost of imports from all sources were lower than the average selling price of the domestic product indicating a price undercutting of approximately 24% and 38%, respectively.

b. Price Depression

- Price depression was recorded at 1.29% in 2015 and 0.11% in 2017.

c. Price Suppression

- No price suppression was recorded

VI.C. Causation

There was a significant increase in the volume of imported GI sheets, coils and strips 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 70% in 2014 to 4% in 2019, as share of imports in the domestic market displaced locally produced GI.

The evidence shows that the injury to the domestic GI 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 480,469 MT recorded in 2019, the Petitioner’s capacity to manufacture GI sheets, coils and strips, 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 year⁷.

Imposition of safeguard measures at this time and under these circumstances can lead to price increases in GI sheets, coils and strips. It can also cause a chilling effect on importers which 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 GI sheets, coils and strips 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.

VIII. 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.

⁷ Philippine Statistics Authority | Republic of the Philippines (psa.gov.ph)

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 GI sheets, coils and strips 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 GI sheets, coils and strips from various countries.

IX. 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 GI sheets, coils and 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 Petitioner**

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

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

No.	NAME OF IMPORTER	No.	NAME OF IMPORTER
1	18LUCKYRIXEN IMPORT TRADING	13	ARCHER BLAZE MARKETING
2	2ML EXCHANGE UNLIMITED CORPORATION	14	ARCHITECKS METAL SYSTEMS INC.
3	A.C STEEL INDUSTRIES INC.	15	ARMA CONSUMER GOODS TRADING
4	A3 GLOBAL EXIMPORT TRADING CORP.	16	BA-KING EXPRESS GEN MDSE INC
5	ABSOLUTE STEEL INCORPORATED	17	BBR PHILIPPINES CORPORATION
6	ABUNDANCEYIELD TRADING CORPORATION	18	BELLREX TRADING
7	ACCUTECH STEEL AND SERVICE CENTER INC	19	BIG K TRADING
8	ACRE AIRCONDITIONING SPECIALIST INC	20	BJB INTERNATIONAL TRADING
9	ALBIS TRADING	21	BLUE HORIZON METAL CORPORATION
10	ALPHA ORIENT CONSTRUCTION SUPPLY	22	BLUE IMPULSE TRADING
11	ANGEL&LUIS STAR TRADE INC.	23	BLUERACE TIME TRADING INC.
12	ANGELINO & ADEVA ENTERPRISES CO.	24	BORLA ENTERPRISES

No.	NAME OF IMPORTER	No.	NAME OF IMPORTER
25	BRIGHT GOAL TRADING	66	EG SOUTHERN LUZON STEEL CORP.
26	BUFFALO ROLLFORMING STEEL CORP.	67	ELBROCON TRADING
27	CASIA ROSE ENTERPRISES	68	ELEMENT INDUSTRIAL BUILDERS INC.
28	CATS EYE ENTERPRISES	69	ELIMON TRADING
29	Cebu Diamond Industrial and Manufacturing Corporation	70	ERR TRADING
30	CEBU R. WHICH ENTERPRISES INC.	71	ESORNAD ENTERPRISES
31	CELEBES COCONUT CORPORATION	72	EVER LAST ROOFING INC.
32	CENTURY PACIFIC FOOD PACKAGING	73	EVERGLORY METAL TRADING CORPORATION
33	CENTURY PEAK CORPORATION	74	EXCEL COIL COATING CORPORATION
34	CITY SHUTTER INC.	75	FARQUERO GENERAL MERCHANDISE
35	CKM BUILDERS	76	FIRST ASIA REALTY DEVELOPMENT CORP
36	CLASSICAL SPEED TRADING	77	FIRST ROGEO COMMERCIAL CORPORATION
37	COLORSTEEL SYSTEMS CORPORATION	78	FLASH FREQUENCY TRADING
38	C-ONE STEEL CORPORATION	79	FLEXHALE TRADING
39	C-ONE TRADING CORPORATION	80	FLEXIMETAL INC
40	COPPERFIELD MARKETING	81	FORTRESS STEEL INC
41	CORLAX TRADING	82	FORTUNE HOUSEWARE PRODUCTS INTL INC
42	COVEDATSU COMMODITY TRADING	83	FOUR M RESOURCES AND ADVANCED
43	CROWN MOVERS TRADING	84	FOUR SEASONS INTERTRADE CO LTD
44	D3S TRADING	85	FRAMEGO 101 CORPORATION
45	DAVAO EG METAL FORMING CORPORATION	86	FREY-FIL CORPORATION
46	DAVAO JOYFUL HOMES REALTY CORPORA	87	FREYSSINET INTERNATIONAL MANILA INC
47	DEPARTMENT OF PUBLIC WORKS AND HIGH	88	G. UYMATIAO JR. CONSTRUCTION
48	DGB TRADING	89	GALVAPHIL INC.
49	DIATECH SUCCESS GROUP INC.	90	GB IMPORT EXPORT TRADING
50	DICENBASE TRADING	91	GENERAL METAL CONTAINER CORPORATION
51	DN DISTRIBUTIONS CENTER INC.	92	GHULAM TRADERS INTERNATIONAL COPR.
52	DN STEEL MARKETING INC.	93	GLOBAL LUCK TRADING AND COMMERCIAL
53	DONPIN CORPORATION	94	GLOBAL NEXUS CORP.
54	DOUBLE A IMPORT AND EXPORT COMPANY	95	GODSWILL INDUSTRY COMPANY
55	DOUBLE INFINITY WORLD TRADE INC	96	GOLDFIN INTERTRADE CO. LTD
56	DRAGON ASIA ROLLING MILLS INC	97	GOLDSMITH TRADING
57	DRAGON HARDWARE MATERIALS SUPPLY IN	98	GOODYEAR STEEL PIPE CORPORATION
58	DTP INTERNATIONAL TRADING	99	GREATER VISION TRADING
59	DWIGHTSTEEL BUILDING SYSTEMS INC.	100	GREEN APHELION MARKETING
60	DXCH MARKETING	101	GREENFIVE TRADING CORPORATION
61	DXT TRADING	102	GT ENTERPRISE
62	E.J. AZUL ENTERPRISES	103	GYPSON INTERNATIONAL TRADING
63	ECE MARKETING	104	HAPPY 8 TRADING
64	ECO ENTERPRISES	105	HARBRINGER INTERNATIONAL TRADING
65	ECO STEEL ROLLFORMING INDUSTRY INC.	106	HELIX STEEL PRODUCTS CORP.

No.	NAME OF IMPORTER	No.	NAME OF IMPORTER
107	HE-MAX INDUSTRIAL CORP	149	KUEILIN STEEL CORPORATION
108	HIDDEN DRAGON MKTG. CO.	150	LEADWAY CONSTRUCTION AND DEV'T CORP
109	HIGHABUNDANCE TRADING CORPORATION	151	LEXUS INDUSTRIAL ENTERPRISE CORP.
110	HIGHSCALE TRADING CORP.	152	LI YUAN METAL CORPORATION
111	HOKKI TRADING	153	LINTON INCORPORATED
112	HOUSE TECHNOLOGY INDUSTRIES PTE.LTD	154	LIUZHIGA INTERANTIONAL TRADING
113	HOYUGOH STEEL CORPORATION	155	LOOP CREST RAIN ENTERPRISE
114	H-STAR ENTERPRISES INC.	156	LYN C. CENIZA
115	IANCHODEX TRADING	157	MACBAR GENERAL MDSE. INTL. CORP.
116	IBERIA STEEL CORPORATION	158	MAG ASO TRADING
117	ICON METAL INDUSTRIES CORPORATION	159	MARBEL UNIVERSAL TRADING INC
118	IMPAXIVE IMPORT AND EXPORT TRADING	160	MARILAO TUBE CENTER INC
119	INDOPLAS PHILIPPINES INC.	161	MARKETING PROPONENTS INC.
120	INFAMISS ROUGE TRADING	162	MAYER STEEL PIPE CORP
121	INTRABUCK METAL PRODUCTS TRADING	163	MAYHWA STEEL CORP.
122	IRJENROM TRADING INC	164	MD YNARES TRADING
123	JACINTOCOLOR STEEL INC.	165	MEGAABUNDANCESTEEL INDENT TRDG CORP
124	JACNUP TRADING	166	MEGAWIDE GMR CONSTRUCTION J.V. INC.
125	JANEL MARKETING CORPORATION	167	METAL EXPONENTS INC
126	JC DAVID AND ASSOCIATES INC.	168	METALINK MANUFACTURING CORPORATION
127	JEA STEEL INDUSTRIES INC.	169	METALINK STEEL TRADING
128	JETTRED ENTERPRISE	170	METALMAN STEEL FORMING CORP.
129	JGCA TRADING	171	METROTECH STEEL INDUSTRIES INC.
130	JHONEVER METAL CORP	172	MIGUEL GRECCO TRADING
131	JIANGSU GLORY (PHILIPPINES) METAL	173	MILEAGE ASIA CORPORATION
132	JMCC INDUSTRIES INC.	174	MINDAROOF INCORPORATED
133	JOCELYN FORGE INC.	175	MINTRADE CORPORATION
134	JOLIVETTE INC.	176	MM STEEL SERVICE CENTER CORPORATION
135	JOWOOD INDUSTRIES INC.	177	MODULAR BUILDING MATERIAL SOLUTIONS
136	JOYLAND INDUSTRIES CORPORATION	178	MONIBA TRADING
137	JRA2 STEEL INDUSTRIES INC.	179	MONUMENTAL STEEL TRADING CORP.
138	JT STEEL SYSTEM CORPORATION	180	MORIEL'S TRADING
139	JUNAY ENTERPRISES	181	MOURPLING TRADING
140	KATANA TRADEGRADE INCORPORATED	182	MPMR TRADING
141	KEEKZ-TOGZ GENERAL MERCHANDISE	183	MULTIFRONT MARKETING CORPORATION
142	KENG HUA PAPER PRODUCTS CO. INC.	184	MULTIPLEX METALS INC
143	KING MCM COMMERCIAL	185	MVAX TRADING
144	KINGSLAND ENTERPRISES INC.	186	N.P.E TRADING
145	KIRIN RESOURCES INC.	187	NEMOROSA ISLAND MARKETING COMPANY
146	KISEN INTERNATIONAL CONSTRUCTION	188	NEW FRUITLIFE INC.
147	KJK PRIME STEEL CORPORATION	189	NEWPRO INDUSTRIAL MANUFACTURING/
148	K-ONE METAL FORMING AND SERVICES IN	190	NIAGARA INDUSTRIAL EQUIPMENT CORP.

No.	NAME OF IMPORTER	No.	NAME OF IMPORTER
191	NINGBO SANXING ENTERPRISES	232	SCUDERIA ENTERPRISES
192	NMG TRADING	233	SEAPAC PHILIPPINES INC.
193	NOLRAM TRADING	234	SHAKESVILLE ENTERPRISES
194	NORIKO ENTERPRISES	235	SHARPEID ENTERPRISES
195	NORTH SPRING ENTERPRISES	236	SHARP-EYE INTERNATIONAL TRADING
196	OPTITECH CORPORATION	237	SHINERISE TRADING SERVICES
197	OTOKOMAE TRADING	238	SKING INTERNATIONAL TRADING
198	P.I. HARDWARE & MILL SUPPLY INC.	239	SKYPOWER26 COMPANY
199	PAJORA STEEL MANUFACTURING COMPANY	240	SMA IMPORT-EXPORT TRADING
200	PARAGON HEMISPHERE INTL TRDG CORP	241	SOLACE HORIZON TRADING
201	PHIL PAK IMPORT EXPORT AND TRADING	242	SOLID PARTS CORPORATION
202	PHILFIRST GLOBAL MARKETING INC	243	SOP STEEL SALES CENTER INC.
203	PHILIPPINE JINHUI COMPANY	244	SOUDO-WELD INDUSTRIAL PHILS INC
204	PHILIPPINE STEELFRAMING CORPORATION	245	SPECTRUM HIGHLANDS MKTG CORP
205	PHILMETAL PRODUCTS INC	246	SRGM TRADING
206	PIERO 332 ENTERPRISES INC	247	SRNP TRADING
207	POSCO PHILIPPINE MANILA PROCESSING	248	STARTRADE MARKETING
208	POWER LINK AKSA PHILS. INC.	249	STEEL CORE HOMES INC.
209	PREMIERE OAK LUMBER & WOOD PRODUCTS	250	STEELPRO PHILIPPINES INC.
210	PRESCON PHILS INC	251	STEELTRUST CORPORATION
211	PURESTAR IMPORT & EXPORT INC.	252	STEELZONE CORPORATION
212	PURESTEEL MANUFACTURING CORPORATION	253	STELLENT CORP.
213	PV TECH PTE. LTD. PHIL. BR. OFFICE	254	STONE OF HOPE BUILDERS & DEV'T.
214	QUEEN-S INTERNATIONAL TRADING	255	SUPREME STEEL PIPE CORPORATION
215	QUESTCOM TRADING	256	SYNERGY SOURCING AND DEVELOPMENT GROUP
216	R QUEENS INTERNATIONAL TRADING CORP	257	TFE SALES MKTG CORP.
217	R. L. SON TRADING	258	THAIRUI CONSTRUCTION CORPORATION
218	R.A. TOMAS ENTERPRISES	259	THE EXEC PASTOR OF THE KINGDOM OF
219	RAMAGO TRADING	260	TKL STEEL CORPORATION
220	RAPID FORMING CORPORATION	261	TOM' ELE-KT POWER SYSTEMS INC.
221	RDU TRADING	262	TOPMARK STEEL CORPORATION
222	RED PULP MARKETING	263	TOWER STEEL CORPORATION
223	REGAN INDUSTRIAL SALES INC	264	TREBIZOND INC
224	REMINGTON INDUSTRIAL SALES CORP.	265	TRIKRIS ENTERPRISES
225	REVENTON TRADING	266	TRIONHOME CORPORATION
226	RFC CEBU INC.	267	TRIPLE-A HOMESOURCE INC.
227	ROBERTS AUTOMOTIVE & INDUSTRIAL	268	TRISHO GENERAL MERCHANDISE
228	RV AND G TRADING	269	ULTRA PETRONNE INTERIOR SUPPLY CORP
229	RZTREC TRADING	270	UNION GALVASTEEL CORP.
230	SACODA IMPORT & EXPORT INC.	271	UNITED PENTAGON STEEL FORMING & TRA
231	SAN JOSUE REALTY & DEV'T CORP.	272	UNITED STEEL TECHNOLOGY INTERNATIONAL CORP

No.	NAME OF IMPORTER	No.	NAME OF IMPORTER
273	VALOR MANUFACTURING CORPORATION	279	WOODBASSED MULTI-RESOURCES INC
274	VCY SALES CORPORATION	280	WOODSTRALL AND SONS INCORPORATED
275	VEER-O-METALS (PHILIPPINES) INC.	281	WORLDWIDE BUILDING SOLUTIONS INC.
276	VIERPORT INTERNATIONAL CO	282	WORLDWIDE STEEL GROUP INC.
277	WEE ENG CONSTRUCTION INC	283	WPC DESU TENSO TRADING
278	WESTMONT INDUSTRIAL SALES INC.	284	ZENITH SHIBUMI ZAPPHIRE CORPORATION

Annex B

LIST OF EXPORTERS

I. Identified by the Petitioner

No	NAME OF EXPORTER	COUNTRY	No	NAME OF EXPORTER	COUNTRY
1	ANGANG GROUP INTERNATIONAL TRADE	PROC	13	JIANGYIN ZONG CHENG STEEL CO., LTD.	PROC
2	ANSHAN SHENLONG TENGDA	PROC	14	SHANDONG HIKING SHANGTONG	PROC
3	BAOTOU STEEL INTERNATIONAL	PROC	15	SHENZHEN CHUANGFUFEIXIANG	PROC
4	BENXI IRON AND STEEL (GROUP)	PROC	16	SHENZHEN RUITAI IMPORT AND EXPORT	PROC
5	CHEONGFULI (XIAMEN) CO., LTD.	PROC	17	SUMEC INTERNATIONAL TECHNOLOGY	PROC
6	CNBM INTERNATIONAL CORP.	PROC	18	TANGSHAN IRON & STEEL GROUP	PROC
7	FUJIAN KAIJING GREENTECH	PROC	19	TIANJIN SHENGSHI QIANYUAN	PROC
8	GUANGZHOU CHUANTONG	PROC	20	WUXI ZHONGCAI NEW MATERIAL	PROC
9	HANGZHOU CIEC GROUP CO., LTD.	PROC	21	XIAMEN BAOJIN IMPORT & EXPORT	PROC
10	HBIS GROUP CO., LTD.	PROC	22	YIWU GODSEND TRADE CO., LTD.	PROC
11	INNER MONGOLIA BAOTOU STEEL	PROC	23	ZHEJIANG CONCORD SHOUXIN STEEL	PROC
12	JIANGSU GANGZHENGSTEEL SHEET SCIENCE AND TECHNOLOGY CO	PROC	24	ZHEJIANG MATERIALS INDUSTRY	PROC

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	11	BAOGANG ZHAN BO INTERNATIONAL TRADE	PROC
2	ANGANG GROUP INTERNATIONAL TRADE CO	PROC	12	BAOSHAN IRON AND STEEL CO LTD	PROC
3	ANSHAN MASTAR INTL TRADE CO. LTD.	PROC	13	BAOUTOU STEEL INTERNATIONAL ECONOMI	PROC
4	ANSHAN SHENLONG TENDA INDUSTRY & TRADING	PROC	14	BENXI IRON & STEEL (GROUP) INT'L ECONOMIC	PROC
5	ARSEN INTERNATIONAL (HK) LIMITED	PROC	15	BIOTOP AGRICULTURE CO., LTD	PROC
6	ASIA(HONGKONG) STEEL CO LTD	PROC	16	BLUESCOPE STEEL LIMITED ENGINEERING	AUSTRALIA
7	ASIAN STEEL COMPANY LTD	PROC	17	BRIGHT RUBY RESOURCES PTE LIMITED	PROC
8	AUTHENTIC (TIANJIN) I AND E LTD.	PROC	18	BROTHER STEEL LIMITED	PROC
9	AVIC INTERNATIONAL MINERALS & RESOURCES	PROC	19	CHANGSHA XIANGJIA METAL MATERIAL TR	PROC
10	BAODING YONGWEI HONGDA WELDED WIRE	PROC	20	CHANGSHU MINSHINE INTERNATIONAL CO	PROC

No.	NAME OF EXPORTER	COUNTRY	No.	NAME OF EXPORTER	COUNTRY
21	CHANGZHOU DAHUA IMP AND EXP CORP LT	PROC	49	GANSU NUOKEDA TRADING CO., LTD.	PROC
22	CHANGZHOU DINGANG METAL MATERIAL CO	PROC	50	GOODYEAR MONGOLIA BAOTON	PROC
23	CHEONGFULI (XIAMEN) COMPANY LIMITED	PROC	51	GSY STEEL LIMITED	PROC
24	CHINA NATIONAL BLDG MATERIAL GROUP	PROC	52	GUANGDONG HUA GUAN NEW MATERIAL CO.	PROC
25	CHINA STEEL CORPORATION	TAIWAN	53	GUANGDONG HUAGUAN STEEL CO., LTD	PROC
26	CNBM INTERNATIONAL CORP.	PROC	54	GUANGZHOU CHUANTONG IMPORT AND EXPO	PROC
27	CONSTRUCTION MATERIALS CO LTD	PROC	55	GUANGZHOU DUNHONG IMP & EXP CO LTD	PROC
28	CYBERMANU CO LTD	JAPAN	56	GUANGZHOU FU DE LU TRADING CO., LTD	PROC
29	D.S CORPORATION	JAPAN	57	GUANGZHOU HE QI TONG TRADE CO LTD.	PROC
30	DALIAN HUIBANG TRADE CO., LTD.	PROC	58	GUANGZHOU JZ. FOREVER TRADE CO., LT	PROC
31	DAOTOU STEEL INT'L ECONOMIC & TRDG.	PROC	59	GUANGZHOU YANGTAO TRADING CO., LTD.	PROC
32	DN DISTRIBUTIONS CENTER, INC.	PROC	60	GUANGZHOU YAOXILUO TRADE CO., LTD C	PROC
33	DONGGUAN CITY MUXINGKE TRADING CO L	PROC	61	GUANGZHOU YUHENG HARDWARE CO., LTD.	PROC
34	DONGGUAN CITY SHUN GUANGHUA TR	PROC	62	GUANGZHOU YULUO IMP AND EXP	PROC
35	DONGGUAN RICH SUN STEEL SHEET CO LTD	PROC	63	GUANGZHOU ZHANGDI IMP EXP TRADING C	PROC
36	DONGGUAN YINGDE TRADING CO LTD	PROC	64	GUANGZHOU ZHENG YU TRADING CO., LTD.	HONG KONG
37	DONGGUAN YUYI TRADING CO.,LTD	PROC	65	GUANGZHOU ZHONGGUO TRADING CO LTD	PROC
38	EMATE (SHANGHAI) ENVIRONMENTAL	PROC	66	GUANZHOU YANGTAO TRADING CO. LTD.	PROC
39	EP STEEL TRADING CO., LIMITED	PROC	67	HAINING ZHONGDA CONSTRUCTION	PROC
40	EVERRICH GLOBAL RESOURCES CO., LIMI	PROC	68	HANDAN IRON & STEEL GROUP IMP & EXP	PROC
41	FAIRWAY INTERNATIONAL TRADING	PROC	69	HANGZHOU CIEC INTERNATIONAL CO.,LTD	PROC
42	FOSHAN AOKELAN BUILDING	PROC	70	HANGZHOU COGENERATION(HONG KONG)CO.	PROC
43	FRAMECAD (ASIA) LIMITED	TAIWAN	71	HANGZHOU CONCORD INTL.TRADE CO	PROC
44	FUJIAN KAIJIING GREENTECH MATERIAL	PROC	72	HANGZHOU SUKALP TRADING CO.,LTD.	PROC
45	FUJIAN KEERUN TRADING CO., LTD.	PROC	73	Hangzhou Taihai Easy Open End	PROC
46	FUJIAN TONGYONG GOODS&MATERIAL	PROC	74	HANGZHOU ZHONGNU IMPORT & EXPORT CO	PROC
47	FUTURE MATERIALS INDUSTRY (HONGKONG	PROC	75	HBIS GROUP CO LIMITED	PROC
48	GANSU JIU STEEL GROUP HONGXING IRON	PROC	76	HEBEI YONGTENG TRADING CO., LTD.	PROC

No.	NAME OF EXPORTER	COUNTRY	No.	NAME OF EXPORTER	COUNTRY
77	HEBEI ZHONGZHONG COLD ROLLING MATER	PROC	104	LIAOCHENG XINZHENG STEEL CO., LTD.	PROC
78	HEFENG AGRO CO., LTD.	PROC	105	LIAONING BAOLI SCIENCE & TECH	PROC
79	HENGYIXING XIAMEN IMPORT AND EXPORT	PROC	106	LIAONING YINHENG STEEL CO., LTD.	PROC
80	HERMANN JAEGER GMBH	GERMANY	107	LIEN TEI STEEL ENT. CO.LTD.	TAIWAN
81	HEYIXING (XIAMEN) IMP & EXP	PROC	108	LINYI FANYA IMPORT AND EXPORT	PROC
82	HOA SEN GROUP NO.9 THONG NHAT	VIET NAM	109	LINYI TONGYONG INTERNATIONAL TRADE	PROC
83	HONG KONG SUNRISE MATERIALS CO.,LIM	PROC	110	MAANSHAN IRON AND STEEL CO., LTD.	PROC
84	HONGKONG SAILING IMP & EXP CO., LTD	PROC	111	MACRO INTERNATIONAL CORPORATION	PROC
85	HONGKONG SHUNXIN INDUSTRY CO	PROC	112	MACRO-LITE KOREA CORP.	PROC
86	HSS INVESTMENT CO., LTD	PROC	113	MARTIN WATER TECHNOLOGIES INC	PROC
87	HUANGSHI SUNNY STRIP ALUMINUM & ZINC	PROC	114	MARUBENI ITOCHU STEEL INC.	JAPAN
88	HUANGSHI SUNNY XINGYE STRIP CO.,LTD	PROC	115	MESCO STEEL HONGKONG CO., LTD	PROC
89	HUIZHOU BOYUANXIN INDUSTRIAL CO.,LT	PROC	116	MIAO SHENG INDUSTRY CO LTD	TAIWAN
90	HYOSUNG CORPORATION	SOUTH KOREA	117	MINTH TECHNIQUE CORP.	TAIWAN
91	INNER MONGOLIA BAOTOU STEEL UNION	PROC	118	MYLAND INTERNATIONAL LIMITED	HONG KONG
92	JIANGSU EAST STEEL CO.,LTD.	PROC	119	NAM KIM STEEL JOINT STOCK	VIET NAM
93	JIANGSU GANGSHENG STEEL SHEET SCIENCE AND	PROC	120	NINGBO ZHONGTUO SUPPLY CHAIN MANAGE	PROC
94	JIANGSU STEEL GROUP CO.,	PROC	121	NS BLUESCOPE MALAYSIA SDN BHD	MALAYSIA
95	JIANGYIN XINGUIYUAN INTERNATIONAL T	PROC	122	NU STEEL PTE. LTD.	PROC
96	JIANGYIN ZONG CHENG STEEL CO., LTD.	PROC	123	POSCO COATED STEEL (THAILAND)	THAILAND
97	JINAN STEEL INTERNATIONAL LOGISTICS	PROC	124	POSCO DAEWOO CORPORATION	SOUTH KOREA
98	JINAN STEEL INTL. TRADE CO.LTD	PROC	125	POSCO INTERNATIONAL CORP.	SOUTH KOREA
99	JOYWISE TRADING LIMITED	PROC	126	POSCO PROCESSING & SERVICE CO.	SOUTH KOKREA
100	KAIYANG MATERIALS LIMITED	PROC	127	PUNING JUN HAO YU TRADING CO., LTD	PROC
101	KAWARIN ENTERPRISE PTE LTD.	SINGAPORE	128	QINGDAO LIVING STAR TRADE LTD	PROC
102	KITTY ROYAL (HK) INTERNATIONAL	PROC	129	QINGDAO SINO STEEL CO., LTD	PROC
103	LANGFANG SAINT REES AMARON MOVABLE	PROC	130	QINGZHOU BANGCHI MACHINERY EQUIPMEN	PROC

No.	NAME OF EXPORTER	COUNTRY	No.	NAME OF EXPORTER	COUNTRY
131	QINGZHOU MACHINERY EQUIPMENT CO., L	PROC	159	SHANGHAI HUAHAI STEEL CO., LTD.	PROC
132	QUANZHOU CHIWEI TRADING CO LTD	PROC	160	SHANGHAI LE GANG SUPPLY CHAIN CO LT	PROC
133	RAND YORK CASTING PTY LTD	SOUTH AFRICA	161	SHANGHAI XIAO JIN INDUSTRIAL CO LTD	PROC
134	RAPID FORMING CORPORATION	JAPAN	162	SHENZHEN BAIFENCHENG TECH CO	PROC
135	RIZHAO BAOHUA NEW MATERIALS CO., LT	PROC	163	SHENZHEN CHUANFUFEXIANG COMMERCE C	PROC
136	SAKAI KOUHAN CO., LTD.	JAPAN	164	SHENZHEN CHUANGSHENG IMP & EXP CO.,	PROC
137	SANHE YUANHONG TRADING CO.,LTD.	PROC	165	SHENZHEN CITY SHENG LITAI IMPORT AN	PROC
138	SHANDONG BESTEEL INTERNATIONAL TRAD	PROC	166	SHENZHEN CITY VICTORY PROSPER	PROC
139	SHANDONG CHENGPENG INTERNATIONAL TRADE	PROC	167	SHENZHEN ERMAN TRADE CO.,LTD	PROC
140	SHANDONG FANKANG IMPORT & EXPORT CO	PROC	168	SHENZHEN GRAND IMP AND EXP CO LTD	PROC
141	SHANDONG GUANXIAN CHANGFA SHEETS CO	PROC	169	SHENZHEN GUANGHATAI IMPORT & EXPORT	PROC
142	SHANDONG GUANZHOU CO., LTD.	PROC	170	SHENZHEN GUANGYULONG TRADE CO.,LTD.	PROC
143	SHANDONG GUANZHOU DINGXIN	PROC	171	SHENZHEN GUANLIAN YUANYANG SCM CO.,	PROC
144	SHANDONG HANGLONG INTL TRADING CO.,	PROC	172	SHENZHEN HONGJI TRADE CO., LTD SHEN	PROC
145	SHANDONG HIKING SHANGTONG INTERNATI	PROC	173	SHENZHEN HUADALONG IMPORT & EXPORT	PROC
146	SHANDONG HUIFU COLOR STEEL CO.,LTD	PROC	174	SHENZHEN HUADINGXING IMPORT AND EXP	PROC
147	SHANDONG IRON AND STEEL GROUP JIANG	PROC	175	SHENZHEN JIAYUHE IMP & EXP CO LTD	PROC
148	SHANDONG KERUI STEEL PLATE CO. LTD.	PROC	176	SHENZHEN JIAZHONGMEI IMP & EXP CO.,	PROC
149	SHANDONG LIAOCHENG JINWANG	PROC	177	SHENZHEN JINPENG EXP & IMP CO., LTD	PROC
150	SHANDONG SINO METAL CO.,LTD.	PROC	178	SHENZHEN JINZHUOYANG IMPORT & EXPOR	PROC
151	SHANDONG TAIYUE METAL TECHNOLOGY CO	PROC	179	SHENZHEN JUE JIANG TRADE DEVELOPMEN	PROC
152	SHANDONG TONGSHENG COMPOSITE MATERI	PROC	180	SHENZHEN LUEN THAI JIE TRADING CO.,	PROC
153	SHANDONG VISION INTERNATIONAL TRADI	PROC	181	SHENZHEN MAOYIBAO IMPORT&EXPOR	PROC
154	SHANDONG XINGHAN MATERIALS CORP.	PROC	182	SHENZHEN RUI XIN SHUNDA IMPORT AND	PROC
155	SHANDONG ZHONGGUAN STEEL PLATE CO.,	PROC	183	SHENZHEN SHIHUI IMPORTS & EXPO	PROC
156	SHANDONG ZHONGGUAN TRAFFIC FACILITY	PROC	184	SHENZHEN SHUANG YANG CHENG	PROC
157	SHANGHAI DONG MING YUE INDUSTRIAL C	PROC	185	SHENZHEN SINO MASTER STEEL CO LTD	PROC
158	SHANGHAI GENGFANG INTL CO LTD	PROC	186		

No.	NAME OF EXPORTER	COUNTRY	No.	NAME OF EXPORTER	COUNTRY
187	SHENZHEN SMART IMP & EXP CO LTD	PROC	215	TAIAN INDUSTRIAL PARK, ANSHAN, LIAO	PROC
188	SHENZHEN SPEEDY IMP & EXP CO., LTD	PROC	216	TAIAN ISEAN MACHINERY CO., LTD.	PROC
189	SHENZHEN SWIFT IMP & EXPORT CO., LT	PROC	217	TANGSHAN IRON AND STEEL GROUP CO., L	PROC
190	SHENZHEN WEIDACHENG IMPORT AND	PROC	218	TANGSHAN FENGRUN DAYUAN METAL	PROC
191	SHENZHEN WEIDEXIN TRADE CO LTD	PROC	219	TANGSHAN GUOFENG IRON & STEEL CO.,	PROC
192	SHENZHEN XIN XING XIN	PROC	220	TANGSHAN HEMUJIA INTERNATIONAL TRAD	PROC
193	SHENZHEN XINGYUAN IMPORT AND EXPORT	PROC	221	TANGSHAN IRON & STEEL GROUP CO.LTD.	PROC
194	SHENZHEN XINNUOTONG TRADE CO.,	PROC	222	TANGSHAN JIAHE WEIYE COMMERCE CO.,L	PROC
195	SHENZHEN XINYAONGYONGHONG IMPORT &	PROC	223	TANGSHAN JIAXI TRADING CO., LTD.	PROC
196	SHENZHEN YIHAODI IMPORT & EXP.	PROC	224	TANGSHAN RUIYIN INTERNATIONAL TRADE	PROC
197	SHENZHEN YONG JIA LE TRADING CO LTD	PROC	225	TETSUSHO KAYABA CORP	JAPAN
198	SHENZHEN ZHAOXINGYUAN IMPORT AND EX	PROC	226	TIAJIN TONGYE SCIENCE & TECHNOLOGY	PROC
199	SHENZHENCITY PENGYUANXIN INDUSTRY L	PROC	227	TIANJIN ANSTEEL TIAN TIE COLD ROLLED	PROC
200	SHIJIAZHANG SUNSHINE IMP EXP CO LT	PROC	228	TIANJIN CENTURY XINLE IMPORT AND EX	PROC
201	SHISHI YUANJIN IMPORT&EXPORT TRADE	PROC	229	TIANJIN HAIGANG STEEL COIL CO., LTD	PROC
202	SHOUGUANG YUSEN WOOD PRODUCTS CO.,	PROC	230	TIANJIN HUILIFENG STEEL GROUP CO,LI	PROC
203	SINO EAST STEEL GROUP CO., LTD	PROC	231	TIANJIN JINWANLU IMPORT & EXPORT CO	PROC
204	SINO METAL INDUSTRIAL CO., LTD.	PROC	232	TIANJIN JOY INDUSTRIAL	PROC
205	SINO RESOURCES INDUSTRY CO.	PROC	233	TIANJIN ROLLING-ONE STEEL CO., LTD.	PROC
206	SINO STEEL INTERNATIONAL TRADE CO L	PROC	234	TIANJIN RUITAI JIADE INTERNATI	PROC
207	SINTRA DEV. COMPANY	HONG KONG	235	TIANJIN SHENGSHI QIANYUAN INTERNATI	PROC
208	SK NETWORKS CO.,LTD.	SOUTH KOREA	236	TIANJIN TIAN TOU HUATAI INTERNATIONAL	PROC
209	SUMEC INTERNATIONAL TECHNOLOGY CO.	PROC	237	TIANJIN TONGYE SCIENCE AND TECHNOLO	PROC
210	SUZHOU BEATLES NEW MATERIAL CO LTD	PROC	238	TIANJIN XINGUIYUAN INTL. TRADE	PROC
211	SUZHOU SHUNCHENG NEW MATERIAL CO.,	PROC	239	TIANJIN YIYUAN TONGDA AMPEREX TECHN	PROC
212	SUZHOU UGIANT NEW MATERIAL CO.LTD	PROC	240	TRIZIP METAL TECHNOLOGY	PROC
213	SUZHOU YANGTSE NEW MATERIAL CO., LT	PROC	241	UNIVERSAL INTL. INDUSTRIAL	PROC
214	SYNDA STEEL INTERNATIONAL CORP	PROC	242	W AND G INTERNATIONAL CO. LTD.	PROC

No.	NAME OF EXPORTER	COUNTRY	No.	NAME OF EXPORTER	COUNTRY
243	WELLFULL GROUP CO.,LTD	PROC	264	XIAMEN WEIHONGXIN BUSINESS TRADE CO	PROC
244	WINER MONGOLIA BAOTON STEEL UNION L	PROC	265	XIAMEN WESTEM FASHION IMPORT & EXPO	PROC
245	WUHAN FIBERHOME INTERNATIONAL	PROC	266	XIAMEN WINALL TRADING CO.,LTD.	PROC
246	WUXI LOTUS IMPORT AND EXPORT CO LTD	PROC	267	XIAMEN XIANGYU LOGISTICS GROUP CORP	PROC
247	WUXI ZHONGCAI NEW MATERIAL CO., LTD	PROC	268	XIAMEN YOUGENG INDUSTRIAL CO.,	PROC
248	XIAMEN AOYU FORMING MACHINE C	PROC	269	XINYAN RONGCHENG (H.K) LIMITED	PROC
249	XIAMEN BAOJIN IMPORT & EXPORT TRADI	PROC	270	YIEH PHUI CHINA TECHNOMATERIAL CO L	PROC
250	XIAMEN C AND D METALS CO.,LTD.	PROC	271	YIWU GODSEND TRADE CO., LTD,	PROC
251	XIAMEN DASHENGRONG TRADE CO.,LTD.	PROC	272	YIWU XUZHAN IMPORT & EXPORT CO., LT	PROC
252	XIAMEN DAZHOU IMPORT AND EXPORT CO	PROC	273	YIWU ZHIHONG IMPORT AND EXPORT CO L	PROC
253	XIAMEN FEIHONGYUN IMPORT & EXPORT	PROC	274	YOUDELI INDUSTRIAL CO., LIMITED	PROC
254	XIAMEN GOODFUN TRADING CO., LTD	PROC	275	YUAN HAW CO., LTD	TAIWAN
255	XIAMEN HOLYLUCK SUPPLY CHAIN CO.,LT	PROC	276	ZHEJIANG CERTEC INTERNATIONAL CO LT	PROC
256	XIAMEN JINGYAN TRADING CO.,LTD	PROC	277	ZHEJIANG HUADA NEW MATERIALS CO LTD	PROC
257	XIAMEN JIUFA TRADE CO., LTD.	PROC	278	ZHEJIANG MATERIALS INDUSTRY INTL CO	PROC
258	XIAMEN LAILEI IMPORT AND EXPORT CO.	PROC	279	ZHEJIANG PRPT PREPAINTED TECHNOLOGY	PROC
259	XIAMEN LAISHUN TRADING CO., LTD.	PROC	280	ZHEJIANG SOUTHEAST METALSHEET CO LT	PROC
260	XIAMEN LEADSUN CORP	PROC	281	ZHICHENG STEEL MATERIAL CO.LTD.	PROC
261	XIAMEN SHANGRENTONG TRADING CO.,LTD	PROC	282	ZIBO MODERN IMP AND EXP CO LTD	PROC
262	XIAMEN SHENGSHI DRY YUP TRADE CO LT	PROC	283	ZOUPING XINYU IND INC.	PROC
263	XIAMEN TOP SUN TRADE CO., LTD	PROC			

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

No.	Association Name
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)