

**NOTICE OF MOTU PROPRIO INITIATION OF A PRELIMINARY SAFEGUARD
MEASURES INVESTIGATION ON THE IMPORTATION OF
CEMENT FROM VARIOUS COUNTRIES
(SG CASE NO. 01-2024)**

Notice is hereby given that the Department of Trade and Industry (DTI) shall initiate, motu proprio, a preliminary investigation to determine whether increased imports of cement is causing or threatening to cause serious injury to the domestic industry. The cement covered by the investigation is classified under AHTN Codes 2523.29.90 and 2523.90.00. The period of investigation (POI) covered the years 2019 to June 2024.

Pursuant to Section 6 of the Safeguard Measures Act (RA 8800), *"x x x the Secretary may, motu proprio, initiate a preliminary safeguard investigation, if there is evidence that increased imports of the product under consideration are a substantial cause of, or are threatening to substantially cause, serious injury to the domestic industry."*

A review of evidence made available to DTI shows:

1. that the volume of cement imports
 - in absolute terms, increased continuously from 2019 to 2023, the period of investigation (POI);
 - the increases compared with the previous years are: in 2020 at 10%, in 2021 at 17%, in 2023 at 5%;
 - in relative terms, the share of imports also increased during the POI, from 30% in 2019 to 47% in 2023 and 51% in 2024 (January to June).
2. that the domestic industry has suffered serious injury caused by increased imports based on the following:
 - during the POI, despite significant decline in market size, the market share of imported cement increased;
 - the share of imported cement grew from 10% and 17% in 2020 and 2021, respectively and captured the market by 5% in 2023;
 - while, share of domestic cement industry exhibited a declining trend from 78% share in 2019 to 68% share in 2023 and 66% share in January to June 2024;
 - the domestic industry's sales revenues declined from 2019 to 2023, from PhP79 billion in 2019 dropped to PhP64 billion in 2023;

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- the domestic industry's operating profit declined by 11% in 2020, increased by 12% in 2021, significantly declined by 69% in 2022 and declined further by 137% which recorded an operating loss in 2023;
 - the weighted average landed cost of imports is lower than the average selling price of the domestic product indicating a price undercutting of 24%;
 - cement manufacturers have been forced to reduce prices by 2% to compete with lower-priced imported cement.
3. that increased imports were the substantial cause of serious injury to the domestic industry based on the following:
- the significant increase in the volume of imported cement preceded the serious injury to the industry in 2023;
 - the conditions of competition show that the market share of locally produced cement was essentially displaced during the POI as the share of imports in the domestic market significantly increased.

Further, Rule 5.2 of the Implementing Rules and Regulations (IRR) of RA 8800 provides that ***"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 political and economic crisis: and (ii) the extent to which such imposition will cause a shortage of a product under consideration in the domestic market"***.

WHEREFORE, IN VIEW THEREOF, interested parties are invited to submit their comments and position on the matter including their views on whether the imposition of a safeguard measure is in the public interest. Submissions may be made to the Bureau of Import Services (BIS), Department of Trade and Industry, 3rd Floor, Tara Building, #389 Senator Gil Puyat Avenue, Makati City, within five (5) days from the date of publication of this notice.

The non-confidential report of the study containing evidence of the DTI's findings can be accessed at this link: https://bit.ly/SG_Notice-of-Initiation_Cement

28 October 2024


MA. CRISTINA A. ROQUE
 Secretary 