



**IN THE MATTER OF THE FINAL EXTENSION OF
THE DEFINITIVE GENERAL SAFEGUARD
MEASURE AGAINST THE IMPORTATION OF
TESTLINER BOARD FROM VARIOUS
COUNTRIES
(AHN Codes 4805.2400, 4805.2510 & 4805.2590)
(Safeguard Formal Investigation No. 01-2010)**

**Philippine Paper Manufacturers Association, Inc.
(PPMAI)
Petitioner**

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On 26 January 2016, the Philippine Paper Manufacturers Association, Inc. (PPMAI) filed with the DTI a petition for the final extension of the imposition of the safeguard measure against the importation of testliner board. PPMAI claimed that the extension of the safeguard measures on testliner board is necessary to prevent or remedy the serious injury caused by imported testliner board to the domestic industry and to continue its positive adjustments to import competition.

Section 19 (2) of RA 8800 (Safeguard Measures Act) provides that ***“the petitioner may appeal to the Secretary at least ninety (90) days before the expiration of the measure for an extension of the period by stating concrete reasons for the need thereof and a description of the industry’s adjustment performance and future plan. The Secretary shall immediately refer the request to the Commission. Following the procedures required under Section 9, the Commission shall then submit a report to the Secretary not later than sixty (60) days from its receipt of the request. Within seven (7) days from receipt of the report, the Secretary shall issue an order granting or denying the petition. In case an extension is granted, the same shall be more liberal than the initial application.”***

On 04 March 2016, pursuant to Section 19(2) of RA 8800, DTI referred to the Tariff Commission, the request of PPMAI for an extension of the definitive general safeguard measure on imported testliner board.

On 03 June 2016, DTI received a copy of the Commission’s Report of Findings on the said petition for extension. The Commission concluded that:

1. The production output of the Petitioner, representing the domestic industry constituted a major proportion of the total domestic production of testliner board.

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2. The current safeguard measure is effective. The domestic testliner board industry has shown improvements in its production, domestic sales, capacity utilization, labor productivity, cost of production, and profitability in 2012 to 2014 and was able to maintain its market standing.
3. While the safeguard measure has proven to be effective, the threat of increased imports that can cause serious injury to the domestic industry remains. Import volume in 2015 more than quadrupled over the previous year's level.
4. The Philippines will continue to be a target market for testliner board. Discontinuance of the imposition of the safeguard measure will likely lead to the recurrence of imports in increased quantities that would cause serious injury to the domestic industry.
5. The removal of the safeguard duty will make it difficult for the domestic industry to price its products at a level to at least recover cost to produce and sell.
6. The domestic industry has complied substantially with its adjustment plan and there is evidence that the industry is making positive adjustment to import competition.
7. Without the safeguard measure, the positive gains made by the domestic industry could be negated as it still needs additional time to fully put in place its commitments in the adjustment plan and effectively face import competition.

The Commission found that the extension of the action continues to be necessary to prevent serious injury while the industry is making adjustments to import competition.

The Commission recommended that the safeguard measure be extended for another four (4) years to allow the domestic testliner board industry to fully implement its adjustment plan to positively adjust to import competition.

Accordingly, the DTI has reviewed the Commission's findings and recommendations and has established that the extension of the definitive general safeguard measure shall be in the public interest. The latest landed cost of imports from South Korea is lower than the selling price of the local industry. With the excess production capacity of leading exporters of testliner board to the Philippines (i.e. South Korea, People's Republic of China, among others) the continuous upgrade of their capacities, the Philippines will continue to be a target export market by these countries considering their proximity and the trade relations established and strengthened under FTAs.

IN VIEW THEREOF, in accordance with Section 19 (2) of RA 8800, the following is hereby issued:

1. The imposition of the definitive general safeguard measure shall be extended for another four (4) years with an annual rate of reduction of 5%. Thus, a definitive general safeguard duty in the amount of P986.50/MT shall be imposed for the first

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year (12 June 2016 to 13 June 2017), P937.17/MT for the second year (14 June 2017 to 15 June 2018), P890.31/MT for the third year (16 June 2018 to 17 June 2019) and P845.80/MT for the fourth year (18 June 2019 to 20 June 2020) on testliner board imported from various countries. The amount of the measure shall be subject to regular review to give the DTI the opportunity to modify the amount of the duty if necessary.

2. Pursuant to Section 13 of RA8800 and Rule 13.1.d of its IRR, ***“a general 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”***. The countries and separate customs territories listed in Annex A are therefore excluded from the imposition of the definitive general safeguard measure on testliner board. The composition of the developing countries on the *de minimis* list may change depending on the most recent data available during the annual review which will be conducted by DTI within the extension period.

Importers of testliner board originating from a country that is exempt from the safeguard duty, shall submit a Certificate of Country of Origin (CO) issued by the authorized agency/office in the source country of manufacture authenticated by the Philippine Embassy/Consulate thereat.

The notification and consultation requirements under Article 12 of the WTO Safeguards Agreement and Section 17 of RA 8800 and its IRR shall be complied with. Imports originating from ASEAN Member states shall be governed by the provisions of Articles 11 and 23 of the ASEAN Trade in Goods Agreement (ATIGA).

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

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

SO ORDERED.

19 August 2016


RAMON M. LOPEZ
Secretary

ANNEX A

List of Developing Countries and Separate Customs Territories Excluded from the Imposition of Definitive Safeguard Measure on Testliner Boards

East & Southern Africa	West Africa	North Africa	South Asia
Angola	Benin	Algeria	Afghanistan
Botswana	Burkina Faso	Egypt, Arab	Bangladesh
Burundi	Cameroon	Rep.	Bhutan
Comoros	Cape Verde	Libya	British Indian Ocean
Congo, Dem. Rep.	Central African Rep.	Morocco	Territory
Djibouti	Chad	Tunisia	East Timor
Eritrea	Congo, Rep.		India
Ethiopia	Cote d' Ivoire		Maldives
Kenya	Equatorial Guinea		Nepal
Lesotho	Gabon		Pakistan
Madagascar	Gambia, The		Sri Lanka
Malawi	Ghana		
Mauritius	Guinea		
Mozambique	Guinea, Bissau		
Namibia	Liberia		
Reunion	Mali		
Rwanda	Mauritania		
Seychelles	Niger		
Somalia	Nigeria		
South Africa	Sao Tome & Principe		
Sudan	Senegal		
Swaziland	Sierra Leone		
Tanzania	Togo		
Uganda			
Zambia			
Zimbabwe			

Europe & Central Asia	Middle East	Americas	East Asia & Pacific
Albania Armenia Azerbaijan Belarus Bosnia & Herzegovina Bulgaria Croatia Cyprus Czech Republic Estonia Georgia Greenland Hungary Kazakhstan Kyrgyz Republic Latvia Lithuania Macedonia, FYR Malta Moldova Poland Romania Russian Federation Slovakia Slovenia Tajikistan Turkey Turkmenistan Ukraine Uzbekistan Yugoslavia, Fed. Rep.	Bahrain Iran, Islamic Rep. Iraq Israel Jordan Kuwait Lebanon Oman Qatar Syrian Arab Rep. United Arab Emirates West Bank & Gaza Yemen, Rep.	Anguilla Antigua & Barbuda Argentina Aruba Bahamas Barbados Belize Bermuda Bolivia Brazil British Virgin Is. Cayman Is. Chile Colombia Costa Rica Cuba Dominica Dominican Rep. Ecuador El Salvador Falkland Is. (Malvinas) French Guiana Grenada Guadeloupe Guatemala Guyana Haiti Honduras Jamaica Martinique Mexico Montserrat Netherland Antilles Nicaragua Norfolk Is. Panama Paraguay Peru Puerto Rico St. Helena St. Kitts & Navis St. Lucia St. Pierre & Miquelon St. Vincent & the Grenadines Suriname Trinidad & Tobago Turks & Caicos Is. Uruguay US Virgin Is. Venezuela	American Samoa Brunei Darussalam Cambodia Chinese Taipei Christmas Is. Cocos (Keeling) Is. Cook Is. Fiji French Polynesia Guam Hong Kong, China Indonesia Johnston Is. Kiribati Korea, Dem. Rep. Lao PDR Macau, China Marshall Islands Micronesia, Fed. Sts. Midway Is. Mongolia Myanmar Nauru New Caledonia Niue Northern Marianas Is. Palau Pitcairn Is. Papua New Guinea Samoa Solomon Islands Tokelau Tonga Tuvalu Vanuatu Wake Is. Wallis & Futuna Is.