

DEPARTMENT OF TRADE AND INDUSTRY

SAFEGUARD MEASURES CASE NAME:

APPLICATION OF LPG CYLINDER INDUSTRY

PUBLIC VERSION

SGM CASE NO. : SG01-2023

DATE : 29 November 2023

**REPORT ON THE PRELIMINARY
AFFIRMATIVE FINDINGS ON THE
APPLICATION FOR SAFEGUARD MEASURES
ON LPG STEEL CYLINDERS FROM VARIOUS
COUNTRIES**

REPORT ON THE PRELIMINARY AFFIRMATIVE FINDINGS ON THE APPLICATION FOR SAFEGUARD MEASURES ON LPG STEEL CYLINDERS FROM VARIOUS COUNTRIES

I. INTRODUCTION

This is a report on the preliminary determination conducted by the Department of Trade and Industry (DTI) under Section 7 of Republic Act (RA) 8800, The Safeguard Measures Act, on the petition for the application of safeguard measures filed by Ferrotech Steel Corporation (Ferrotech). The subject products are LPG steel cylinders which are classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Code 7311.

This report addresses the issue whether the evidences 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.

A. The Philippine Industry's Petition

A.1 Parties 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*".

Rule 4.1 of the Implementing Rules and Regulations (IRRs) of RA 8800 further provides that: "(1) *in the case of a domestic producer which also imports the product under consideration, only its domestic production of the like or directly competitive product shall be treated as part of the domestic production, or (2) in the case of a domestic producer which produces more than one product, only that portion of its production of the like or directly competitive product may be treated as part of such domestic industry*".

Further, under Section 6 of the SMA, any person whether natural or juridical, 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 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 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." Ferrotech is a juridical entity belonging to and part of the

domestic industry together with FSC Metal Corporation (FSC Metal) which supported the petition. Thus, Ferrotech can and may file a verified petition. Other producer of LPG steel cylinders are Asian Unicorn Trading Ventures Corporation.

A.2. Industry Overview

Ferrotech Steel Corporation is a manufacturer of liquefied petroleum gas (LPG) cylinders for industrial, commercial, and household use. It was founded in 1995 and is the first LPG manufacturer in the Philippines to be issued a license on the global mark for standard quality and is currently the only manufacturer capable of producing four (4) LPG cylinders simultaneously and has the production capacity of 1 million cylinders annually. With this, Ferrotech has become a known producer of LPG cylinders for the domestic market while competing globally for markets in the Asia-pacific region most particularly in Southeast Asia.

In the recent development of the LPG industry, Ferrotech has played a major role in the implementation of the new Philippine National Standards (PNS 03 : 2000 Part 1, 2 and 3) by partaking as one of the assigned groups in the Task Force that was created by the Department of Energy of the Philippines. Its role is to focus on the monitoring and inspection of all players in the industry such as Refillers, Dealers, and Outlets, which include cylinder manufacturers.

Ferrotech Steel Corporation constitutes 32% share of the total domestic production based on Bureau of Philippine standards (BPS) list of LPG Steel Cylinders for household use PS license holders as of 27 October 2022. The identified other producers with 59% share is FSC Metal Corporation which supported the investigation being conducted by DTI and 8% share by Asian Unicorn Trading Ventures Corp, respectively.

Company	Actual Production Capacity per Month	% Share to Total Domestic Production
Petitioner		
Ferrotech Steel Corporation	x x x	32.51
Other Philippine Producers		
Asian Unicorn Trading Ventures Corp.	x x x	8.38
FSC Metal Corporation	x x x	59.11
TOTAL	x x x	100.00

A.3. Importers and Exporters of LPG Steel Cylinders

Annexes "A" and "B" are the lists of importers and exporters of LPG Cylinders during the period of the investigation.

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 provides:

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

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

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

II. THE EVIDENCE PRESENTED BY THE INDUSTRY

A. The Product Subject to the Petition

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

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

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

A.1 Domestic Product

The Bureau of Philippine Standards recently issued the Department Administrative Order (DAO) NO. 22-11, Series of 2022 concerning the mandatory certification of liquefied petroleum gas (LPG) pressure vessels, systems, services and ancillary products. The aforementioned technical regulation was published on 22 July 2022 and was implemented immediately for new LPG steel cylinders on 23 July 2022.

Colloquially known as "cylinder gas", LPG (liquefied petroleum gas) is a source of energy used for cooking, heating and lighting. LPG Cylinder is a metal container used to store and transport a Liquefied Petroleum Gas (LPG), which can be applied in residential, commercial, agribusiness, industrial uses. It is considered as unfired pressure vessel made from special steel of different.

A.1.1. Uses and Applications

LPG Cylinder is a metal container used to store and transport a Liquefied Petroleum Gas (LPG), applied in residential/household and commercial uses. It is considered as unfired pressure vessel made from special steel of different sizes ranging from 1.4kgs, 2.7kgs, 5kgs, 7kgs, 11kgs, 22kgs and 50kgs.

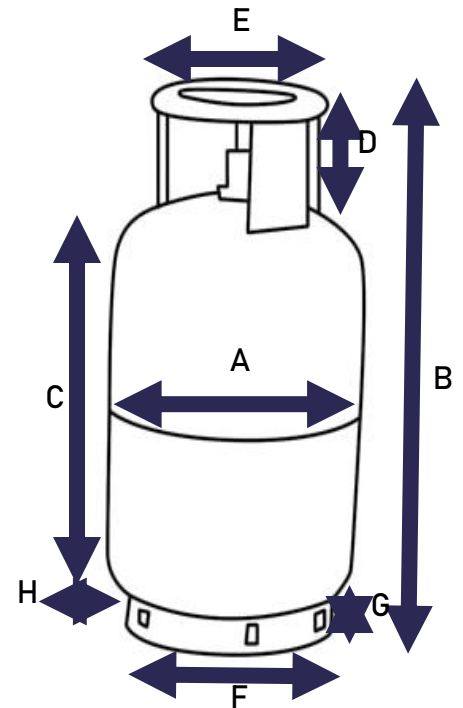
A.1.2. Production Process

x x x

A.1.3 Physical Dimensions

1. Physical Measurements and Parts:

		Imported Cylinder	Local Cylinder
CODE	DESCRIPTION	As Per Actual Dimensions (11kg.)	As Per Actual Dimensions (11kg.)
A	Outside Diameter	301 mm	302 mm
B	Overall Height	567 mm	560 mm
C	Body Description	421 mm	412 mm
D	Handle Assy Height	152 mm	160 mm
E	Collar Outside Dia.	201 mm	210 mm
F	Footring Outside Dia.	242 mm	250 mm
G	Footring Height	50 mm	46 mm
H	Bottom Clearance	16 mm	16 mm
Others	Water Capacity	N/A	24 litres
Paint Thickness	a. Handle	107 microns	110 microns
	b. Upper Cup	85 microns	88 microns
	c. Bottom Cup	197 microns	120 microns
	d. Footring	178 microns	104 microns



Source: Domestic Industry (Ferrotech Steel Corporation)

2. Raw Material and Source:

Imported Materials	Local Materials
<ol style="list-style-type: none"> 1. Coil 2. Neckring 3. Saw Flux 4. Saw Wire 2.4 5. Mig Wire 1.2 	<ol style="list-style-type: none"> 1. Paint 2. Rectorseal 3. MS Plate 4. BI Pipe 5. Valve 6. Welding Rods 7. Plastic Sheet 8. Plastic Bubbles

Source: Domestic Industry (Ferrotech Steel Corporation)

A.2 Imported Product

A.2.1 Product Description under the Tariff and Customs Code 73.11 Containers for compressed or liquified gas, of iron or steel

Heading No.	2022 AHTN Code	Description
7311		Containers for compressed or liquified gas, of iron or steel. -Seamless steel cylinders
	7311.00.23	--Of a capacity of less than 30 l, for Liquified Petroleum Gas (LPG)
	7311.00.24	--Of a capacity of 30 l or more, but less than 110 l, for Liquified Petroleum Gas (LPG)
	7311.00.25	--Other, for Liquified Petroleum Gas (LPG)
	7311.00.26	--Other, of a capacity of less than 30 l
	7311.00.27	--Of a capacity of 30 l or more, but less than 110 l
	7311.00.29	--Other
		-Other:
	7311.00.91	--Of a capacity not exceeding 7.3 l
	7311.00.92	-- Of a capacity more than 7.3 l but less than 30 l
	7311.00.94	-- Of a capacity of 30 l or more, but less than 110 l
	7311.00.99	--Other

Source: Tariff Commission (Tariff Administration and Policy including AHTN 2022 Edition)

A.2.2 Tariff Schedule of LPG Cylinder

AHTN	Description	2022 Rates of Duty (%)							
		MFN	ATIGA	AIFTA	ACFTA	AJCEPA	AHKFTA	AKFTA	AANZFTA
7311	Containers for compressed or liquified gas, of iron or steel. -Seamless steel cylinders								
7311.00.23	--Of a capacity of less than 30 l, for Liquified Petroleum Gas (LPG)	10	0	5	0	0	6	0	0
7311.00.24	--Of a capacity of 30 l or more, but less than 110 l, for Liquified Petroleum Gas (LPG)	10	0	5	0	0	6	0	0
7311.00.25	--Other, for Liquified Petroleum Gas (LPG)	10	0	5	0	0	6	0	0
7311.00.26	--Other, of a capacity of less than 30 l	0	0	1	0	0	0	0	0
7311.00.27	--Of a capacity of 30 l or more, but less than 110 l	0	0	1	0	0	0	0	0
7311.00.29	--Other	0	0	1	0	0	0	0	0
7311.00.91	--Of a capacity not exceeding 7.3 l	10	0	5	0	0	6	0	0
7311.00.92	-- Of a capacity more than 7.3 l but less than 30 l	10	0	5	0	0	6	0	0
7311.00.94	-- Of a capacity of 30 l or more, but less than 110 l	10	0	5	0	0	6	0	0
7311.00.99	--Other	10	0	5	0	0	6	0	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
ATIGA	ASEAN Trade in Goods Agreement
AIFTA	ASEAN-India Free Trade Area
ACFTA	ASEAN-China Free Trade Area
AJCEP	ASEAN-Japan Comprehensive Economic Partnership
AHKFTA	ASEAN-Hong Kong, China Free Trade Area
AKFTA	ASEAN-Korea Free Trade Area
AANZFTA	ASEAN-Australia-New Zealand Free Trade Area

C. Comparison between Imported and Domestic Product

Locally produced LPG cylinders are directly competitive with the imported one because of the subsequent characteristics:

- i. Fall under the same tariff classification
- ii. Same end use and applications
- iii. Made from same raw materials
- iv. Use similar methods of production and processes

III. THE PROCESS OF PRELIMINARY INVESTIGATION

A. Acceptance of the Petition and Decision for Preliminary Investigation

In accepting the petition of the Philippine LPG 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 24 March 2023, the Secretary officially informed Ferrotech Steel Corporation that their application has been accepted as properly documented. On 29 March 2023, the Secretary issued a report on the initiation of the safeguard investigation.

A.1 Preliminary Investigation Proper

A.1.a Notice to Parties and Due Process

On 04 April 2023, Notice of Initiation was published in 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 04 to 11 April 2023, 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 difficulty in gathering the complete addresses. 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.1.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.1.c Other Manufacturer of LPG Steel Cylinder

On 11 April 2023, the DTI received the email of FSC Metal Corporation expressing its support to the petition since they are also eminently affected by the importation of LPG cylinders, especially from China. FSC stated that the employees' welfares also suffer each year as their sales fall. The company have reduced the workforce to remain operational and make use of their investments with an anticipation that they will be able to recover in the future.

A.1.d Responses to the Questionnaire

A.1.d.1 Importers

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

1. Yaletrak Philippines, Incorporated

On 13 April 2023, the DTI received Yaletrak Philippines, Incorporated's position clarifying that they are not importers of LPG cylinders. The company is the exclusive distributor of the Yale brand forklifts in the Philippines since 1976. It also imported several internal combustion forklifts that were dual LPG/gas fueled. The tanks were provided by their customer's contracted supplier of LPG fuel.

2. Full Speed Fuels

On 18 April 2023, the DTI received the initial comments of Full Speed Fuels Inc. Full Speed stated the following comments:

Ferrotech is not the domestic LPG steel cylinder industry.

- Based on the list of LPG Steel Cylinders for household use as stated in the Initiation Report, Ferrotech constitutes only 32.51% share of the total domestic production. Therefore, the petitioner does not comprise a major proportion of products. As Section 4 of RA 8800 defines, the petitioner could not validly initiate an action involving safeguard measures as it does not qualify as the “domestic industry”.
- The supposed entitlement of Ferrotech to any safeguard measure may not be made to rest on the mere expression of support by FSC Metal Corporation (FMC).
- Since Asian Unicorn Trading Ventures Corp. did not submit any views, there is high probability that it is not suffering from any serious or perceived injury resulting from the increased importation of LPG steel cylinders.

3. Goodwill Macro Resources

On 19 April 2023, the DTI received Goodwill Macro Resources’ accomplished questionnaire. Goodwill Macro Resources emphasized that the products being imported by the company are only LPG regulators and LPG cylinder valves, both of which are not available locally.

4. Petron Corporation

On 28 April 2023, the DTI received the accomplished questionnaire of Petron Corporation. Petron stated that both the LPG cylinders sourced from importation and local manufacturers followed Philippine National Standards (PNS) 03-01:2000. Further, cost of importation is lower by Php100-Php300 per 11kg steel cylinder, as an example.

Petron stated that there is a need to exercise caution in instituting tariff-related measures to protect domestic industries. In addition, higher tariff/duties could potentially encourage illicit trade that could result in tax leakages and uneven playing field.

5. Purestone Inc.

On 04 May 2023, the DTI received Purestone Inc.’s accomplished questionnaire. Purestone stated that Ferrotech outsources all raw materials from foreign countries such as steel, valve, and sealants. Also, the Philippines has the highest electricity cost in the world. While the imported product from China, as China produces all raw materials needed to manufacture the LPG cylinder which makes the cost cheaper instead of outsourcing from other countries. In addition, electricity cost in China is also one of the cheapest around the world. The imposition of Safeguard Measures on imported LPG cylinders would cause an increase in its price which will be passed on to clients, the local LPG suppliers and eventually to end consumers. The effect would

be unfavorable and averse to the interest of the general public as they will shoulder any added cost on LPG products.

A.1.d.2 Exporters Responses to the Questionnaire

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

1. Sumitomo NACCO Forklift Co., Ltd.

On 14 April 2023, the DTI received Sumitomo NACCO Forklift Co., Ltd.'s accomplished questionnaire. Sumitomo stated that the domestic market will grow moderately due to the growth of the electric commerce industry. Further, Sumitomo has no comment as to the factors related to serious injury considering that, Sumitomo only manufactured three (3) units of forklift trucks with LPG Cylinders exported to the Philippines between 2017-2021, and no production plan for forklift trucks with LPG cylinders for the next two years.

2. Zhejiang Kin-Shine Technology Co., Ltd.

On 14 April 2023, the DTI received Zhejiang Kin-Shine Technology Co., Ltd.'s accomplished questionnaire. Exports to the Philippines is very little and mainly exported to Japan and Korea. Small capacity LPG Cylinders are more popular now and 454L LPG Tank is a new product in the Philippine market.

3. Linde Gas Singapore

On 18 April 2023, the DTI received Linde Gas Singapore's declaration that it does not export articles under consideration and therefore has not completed the Questionnaire attached by DTI-BIS.

4. Tan Phong An Industrial Co., Ltd.

On 15 May 2023, the DTI received Tan Phong An Industrial Co., Ltd.'s accomplished questionnaire. Tan Phong An explained that the company only started exporting to the Philippines in 2022. The estimated quantity is 100,000 pieces of LPG Cylinders valued at around xxx Million. China-made cylinders came in and competition has started.

Outsourcing by major LPG companies leads to the purchase of the lowest priced LPG Cylinders which will ultimately benefit the Philippine consumers. Price competition benefits the consumers

5. Hangzhou Yuhang Zhangshan Steel Cylinder Co., Ltd.

On 20 May 2023, the DTI received Hangzhou Yuhang Zhangshan Steel Cylinder Co., Ltd.'s accomplished questionnaire. Hangzhou stated that the total number of households using LPG is around 8 million pieces per year. The calculated monthly number of holding (one for use, one alternative, and one backup), for LPG steel cylinders in the Philippines is about 250 million pieces. The alleged injury of the Philippine industry is mainly attributable to the domestic industry's operational inefficiency which resulted from insufficient equipment, technology, know-how, and

worker's skills. The impact of COVID-19 pandemic on production has also contributed to the claimed injury due to the cessation of production around this time.

6. Hebei Baigong Industrial Co., Ltd.

On 20 May 2023, the DTI received Hebei Baigong Industrial Co., Ltd.'s accomplished questionnaire. The Company Hebei Baigong estimates that the annual demand of Philippine market is about 6 Million pieces per year, which the Philippine domestic industry can only satisfy at 40-50%. The insufficient production resulted in the Philippine market's demand for the imported product under consideration.

The downstream users of the Philippine market comprise of 95% household users and the rest are commercial users such as restaurants. The high price of the domestic products is largely influenced by the Philippine industry's reliance on imported inputs which in turn pushes up the production cost of the domestic industry.

COVID19 – The outbreak of COVID19 has caused the production of the Philippine domestic industry to cease. The domestic industry's inability to fulfill the demand of customers forced the customers to divert to imported products. Two of the applicant's previous customers have shifted to purchasing imported products from China after the pandemic.

7. Hubei Daly LPG Cylinder Manufacturer Co., Ltd.

On 20 May 2023, the DTI received Hubei Daly LPG Cylinder Manufacturer Co., Ltd.'s accomplished questionnaire. Hubei Daly stated that the LPG steel cylinder market in the Philippines is robust in demand due to large customer base and high level of urbanization. The large demand drives imports into the Philippine market.

Hubei Daly learned that the Philippine government issued a new technical regulation (DTI-DAO No. 22-11) prescribing the mandatory product certification of LPG pressure vessels and ancillary products in order to phase out outdated cylinders in use. It is therefore, expected for the upcoming 3-5 years that there will be a shortage of 6 million of the products under consideration, which demand the Philippine domestic producer will not be able to satisfy. As regards the price undercutting and underselling claimed by the Applicant/Petitioner, Hubei Daly submits that, the difference in price resulted from insufficient supplies and raw materials.

Steel and valves are heavily dependent on imports, which are about the two weaknesses of the Philippine domestic industry: 1) The relatively high cost and 2) the uncertain lead time that may be influenced by delayed shipping or customs clearance.

Hubei Daly is of the opinion that, the Philippine domestic industry's lack of access to local supply of raw materials. As far as Hubei Daly is concerned, the lack of raw materials and auxiliaries, that is, valves and valve seats for production of LPG steel cylinders, have led to the dependence on imports.

8. Hangzhou Tianlong Steel Cylinder Co., Ltd.

On 20 May 2023, the DTI received Hangzhou Tianlong Steel Cylinder Co., Ltd.'s accomplished questionnaire. LPG is a necessity for cooking in the Philippines, the use of which takes up a high portion among the substitutes. As a result, the consumption of LPG steel cylinder in the Philippines remains at a high level. However, the Philippine domestic industry is unable to fully satisfy the domestic demand of LPG steel cylinder, due to limited production resulting from high cost of production. Imports of LPG steel cylinders have played an important role in filling the gap between domestic demand and supply.

The domestic industry has only limited production capacity and thus, unable to fulfill the demands of the domestic market. Import from China acts as a complement to Philippine domestic production. Most of the raw materials and inputs the Philippine domestic industry uses, are imported from China, which pushed the cost of production up and the price of products of the domestic industry.

A.1.d.3 Foreign Embassies

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

1. Government of Mexico

On 11 April 2023, the International Trade Practices Unit of the Secretariat of Economy of Mexico transmitted their request to consider the exclusion of the imports originating from Mexico as provided by Article 9.1 of the WTO Agreement on Safeguards. The Government of Mexico expressed that according to UN Comtrade Database of the United Nations, the exports of the subject product to the Philippines from January 1, 2017 to December 31, 2021 are less than 3% of the total imports during the period of investigation.

2. Ministry of Commerce of the Kingdom of Thailand, Department of Foreign Trade (DFT)

On 12 April 2023, DFT submitted its position requesting for exclusion from the imposition of measures in accordance with Article 9.1 of the WTO Agreement on Safeguards. The following comments were also noted:

- Volume of Imports
 - Increased during 2019-2020 and dropped in 2021, therefore, the increase in imports has not been recent, sudden, sharp and significant enough, both quantitatively and qualitatively, to cause or threaten to cause serious injury.
 - Thailand should not be included in the safeguard measures investigation because the imports of the concerned products were below 3% during the past five years (2017-2021).

A.1.d.4 Association

The association below submitted comments relevant to the investigation:

- **China Chamber of Commerce for Metals, Minerals, and Chemicals Importers and Exporters (CCCMC)**

On 20 May 2023, the DTI received CCCMC's position paper. CCCMC is a nationwide and industrial non-profit social organization formed voluntarily by Chinese entities engaged in economic activities as regards to metals, minerals and related products, non-metallic minerals and related products, hardware products, building materials products, petroleum and related products, chemical raw materials and related products, as well as the upstream and downstream industrial chains in the above-mentioned fields.

CCCMC represents the following companies:

- Hebei Baigong Industrial Co., Ltd.
- Hubei Daly LPG Cylinder Manufacturer Co., Ltd.
- Hangzhou Yuhang Zhangshan Steel Cylinder Co., Ltd.
- Hangzhou Tianlong Steel Cylinder Co., Ltd.

The following are the comments:

Out of the three LPG Cylinder manufacturers in the Philippines, only the Applicant Ferrotech filed the Petition which accounts for less than one-third or 32.51% of the total production of LPG cylinders in the Philippines.

Although the petition was supported by FSC Metal Corporation (another Philippine LPG cylinder manufacturer), CCCMC wants to draw attention on whether the data and information of the Petitioner's own operation, can reflect the overall situation of the domestic LPG cylinder industry, and whether it can meet the criteria for filing a case under Section 6 of RA 8800.

Safeguard measures while the domestic industry cannot meet domestic market demand will lead to shortage of supply, increase in prices and market disruptions.

- Increase in cylinder prices will affect the promotion of the usage of LPG as environment-friendly energy source and will affect the profits of oil and gas companies which in turn will increase the cost of living of the general population.
- In addition, undue restrictions on imported LPG cylinders may prevent the normal renewal process of the products and thus, pose a safety hazard.

The proposed adjustment plans (procurement of new machinery and equipment, improvement of employee skills, and obtaining ISO certification are all normal proposals and requirement for a business in its regular operation and do not reflect efforts to enhance competitiveness.

There are no “Unforeseen Developments” in the case. CCCMC believes that the obligation of tariff concessions of the Philippines when it acceded to the WTO is entirely predictable including the increase in imports. Imposing safeguard measures without satisfying the requirement of “unforeseen developments” would violate the Philippines’s obligations as a WTO member.

A.2. Additional Documents Submitted by the Petitioner

On 24 April 2023, Ferrotech submitted the most updated data on their sales volume. On 07, 10, 24 July 2023 and 04 August 2023, the DTI received additional data from the petitioner and other domestic manufacturer relevant to their production, sales, capacity and employment.

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

The POI covers the import of LPG cylinders that enter the Philippine market from 2017 to 2021 and was updated to include imports in 2022 (January to December). All data were sourced from the Bureau of Custom-Single Administrative Document (BOC-SAD).

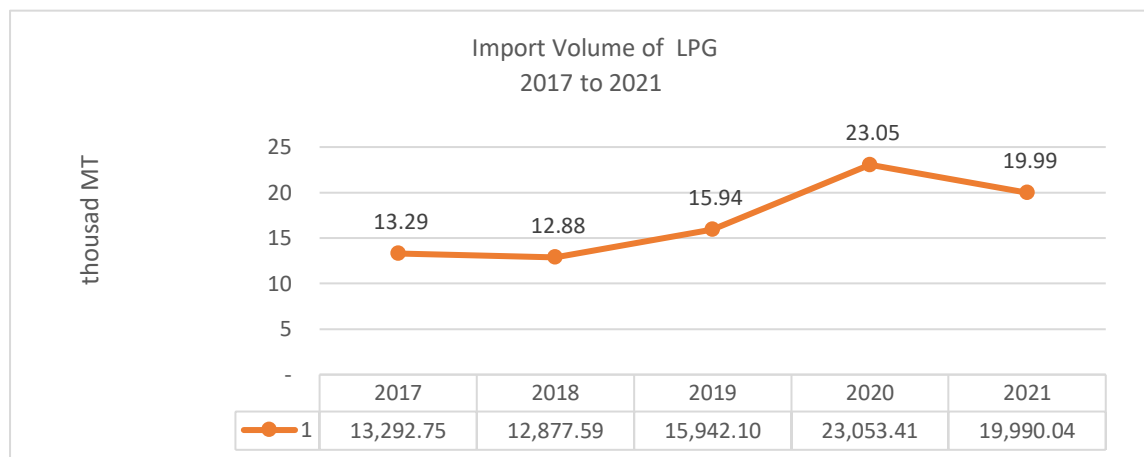
E. Determination of Increased Volume of Imports

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

E.1. Absolute Terms

1.a Import Volume – LPG Steel Cylinders

Table 1: Import Volume of LPG steel cylinders – 2017– 2022) in MT



Year	Period of Investigation					2022
	2017	2018	2019	2020	2021	
Imports	13,293	12,888	15,942	23,053	19,990	19,627
Growth Rate (%)	-	-3%	24%	45%	-13%	-2%

Source: Bureau of Customs – SAD

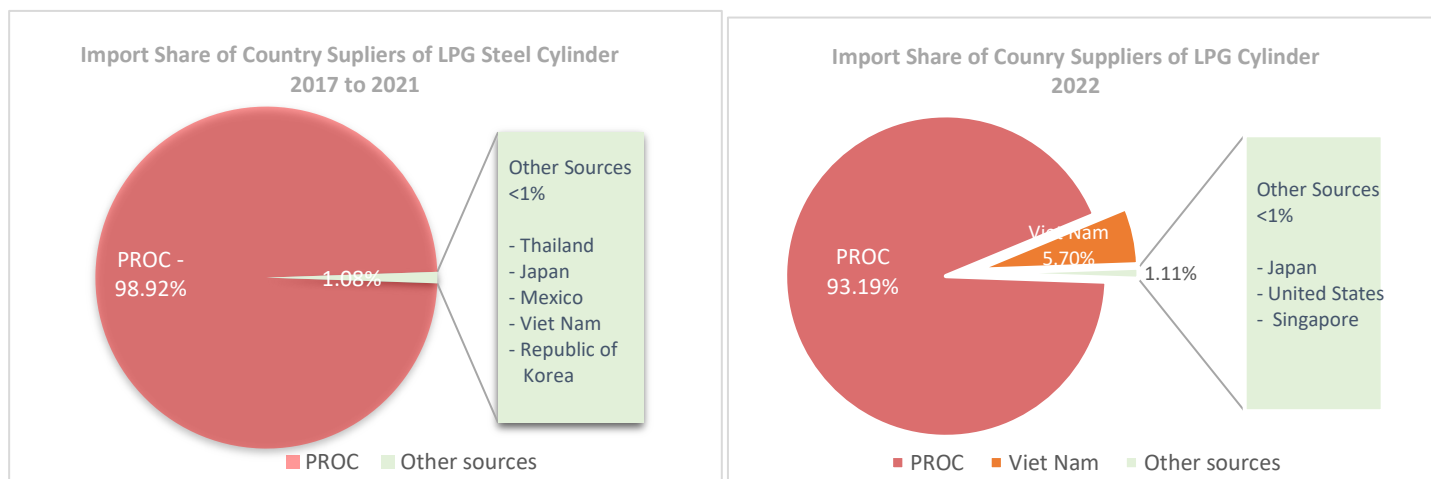
Note: The data reflected in the initiation report was revised to exclude importations which were not covered by the definition of the product under investigation

Imports of LPG steel cylinders accounted for more than 13,000 MT in 2017 and declined to about 3% in 2018. In the following year, the rate of increase grew by 24% over the 2018 level. Imports sharply increased by 45% in 2020. In 2021, imports decreased by 13% but were still higher than the pre-surge level. The most recent data available (Jan to Dec 2022) indicates that imports into the Philippines recorded at around 19,600 MT, slightly declined over the 2021 level but still higher than the pre-surge level.

The increase in imports of LPG steel cylinders during the POI was both sharp and significant enough up to the most recent period.

1.b Share of Imports (by Country)

2.a Import Volume of LPG Steel Cylinders (by Country of Origin) from 2017 to 2022



Country	Period of Investigation												2022	% Share
	2017	% Share	2018	% Share	2019	% Share	2020	% Share	2021	% Share	Total 2017-2021	% Share		
PROC	13,089	98.46%	12,695	98.51%	15,808	99.16%	22,756	98.71%	19,903	99.56%	84,250	98.92%	18,290	93.19%
Major Source	13,089	98.46%	12,695	98.51%	15,808	99.16%	22,756	98.71%	19,903	99.56%	84,250	98.92%	18,290	93.19%
Other Sources	204	1.54%	193	1.49%	134	0.84%	298	1.29%	87	0.44%	916	1.08%	1,337	6.81%
TOTAL IMPORTS	13,293	100%	12,888	100%	15,942	100%	23,053	100%	19,990	100%	85,166	100%	19,627	100%

Other Sources

Year Country

2017 Japan – 178 MT (1.34%), Thailand – 26MT(<1%)

2018 Japan – 152MT (1.18%), Mexico – 38MT (0.29%), Viet Nam – 3MT (<1%)

2019 Japan – 75MT (<1%), Republic of Korea – 2MT (<1%), Thailand – 57MT (<1%)

2020 Japan – 286MT (1.24%), Mexico – 11MT (<1%)

2021 Australia – 0.09MT (<1%), Japan – 83.94MT (<1%), Republic of Korea – 0.35MT (<1%), Mexico – 2.93MT (<1%)

2022 Japan – 219MT (1.11%), Singapore – 0.02MT (<1%), Viet Nam – 1,118MT (5.70%), United States – 0.05MT (<1%)

Source: Bureau of Customs – Single Administrative Document (SAD)

PROC

LPG steel cylinders sourced from PROC accounted for about 99% of the total Philippine imports during the POI (2017 to 2021), making it the country's largest supplier of the product. In 2022, Its import share declined to 93%, but remained to be the dominant supplier of LPG steel cylinders.

Viet Nam

Imports from Viet Nam started in 2018 with less than 1% share of total Philippine imports. Except for 2018, there were no recorded imports during the POI. In 2022, Viet Nam's import share increased to 1,118MT and recorded its biggest share at about 6% of the country's total LPG steel cylinders.

Other Sources

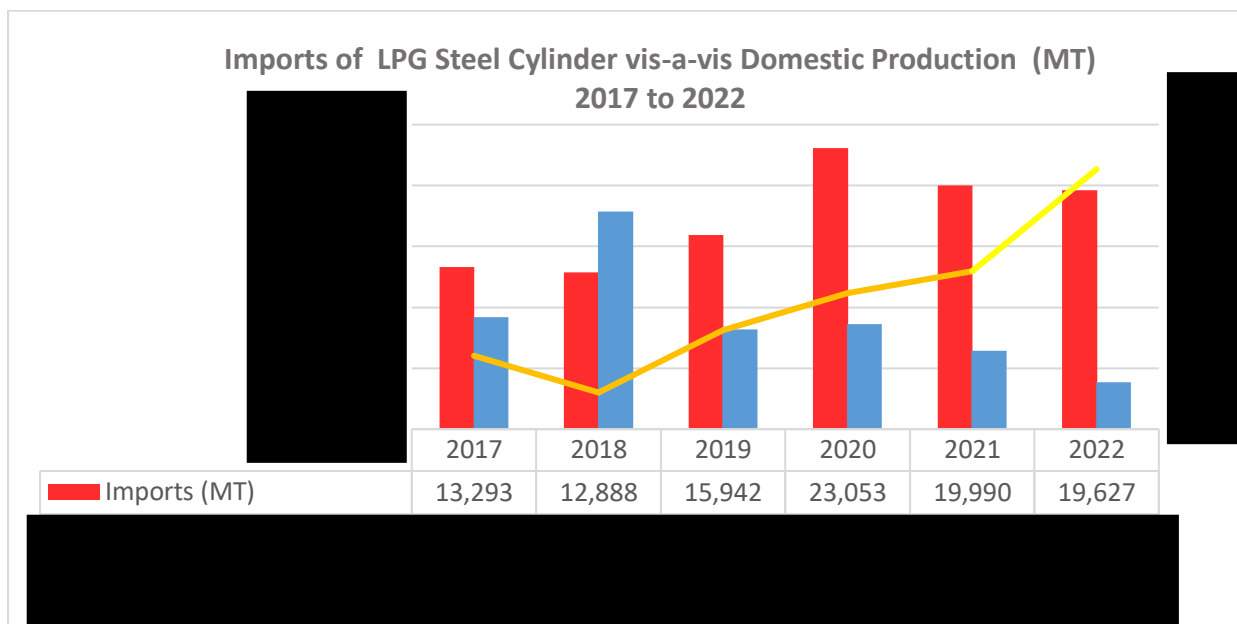
Other Sources of LPG steel cylinders for the POI include Japan, Thailand, Mexico, Republic of Korea, Australia, and United States.

De Minimis Import Volume

Rule 13.1(d) of the IRR of RA 8800 provides that “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.”

2. Relative Terms

Table 2: Comparison of Volume of Imports to Domestic Production of LPG Steel Cylinders (2017-2022) in MT



Source: Bureau of Customs (BOC-SAD) – Import Volume
Ferrotech Steel Corporation and FSC Metal Corporation – Domestic Production

The share of imports relative to local production continuously increased from 2019 to 2021. In 2022, import share is more than five times of domestic production.

Thus, it was observed that imports of LPG steel cylinders relative to domestic production significantly increased during the period of the observed surge.

E.3 Top 10 Importers and Exporters of LPG cylinder

E.3.1 Top 10 Importers of LPG Steel Cylinder

NO.	IMPORTER	2017	2018	2019	2020	2021	2022	Grand Total	% Share
1	Purestone Inc.	2,439	2,283	4,375	6,077	5,559	6,146	26,879	26%
2	Shann Ellize Enterprise	-	-	5,521	12,480	5,201	-	23,202	22%
3	Petron Corporation	3,219	2,415	2,775	2,634	3,653	3,790	18,485	18%
4	Aries Imex Trading Inc.	-	-	-	-	3,017	5,743	8,760	8%
5	Eirry Trading	3,926	2,867	-	-	-	-	6,794	6%
6	Echolandia Trading	-	4,408	2,366	-	-	-	6,774	6%
7	Nessyman Intl. Trading	2,677	-	-	-	-	-	2,677	3%
8	Jorejo Trading	194	145	75	280	265	15	974	1%
9	Full Speed Fuels Inc.	99	73	132	267	141	254	966	1%
10	L And C Specialized Goods Trading	-	-	-	-	609	287	896	1%
Total: Top 10 Importers (MT)		12,554	12,191	15,244	21,738	18,445	16,235	96,407	92%
Other Importers (MT)		739	696	698	1,315	1,545	3,392	8,385.89	8%
Grand Total		13,293	12,888	15,942	23,053	19,990	19,627	104,793	100%

E.3.2 Top 10 Exporters of LPG Steel Cylinder

NO.	COUNTRY	EXPORTER	2017	2018	2019	2020	2021	2022	Grand Total	% Share
1	PROC	Hangzhou Yuh Ang Zhangshan Steel Cylinder Co., Ltd.	7,231	7,645	8,389	12,975	9,168	7,600	53,009	50.58%
2	PROC	Hebei Baigong Industrial Co., Ltd.	2,439	2,407	4,375	6,077	5,559	6,922	27,780	26.51%
3	PROC	TPA Metals And Machinery (DG) Co., Ltd.	3,292	2,570	2,840	2,680	3,596	1,961	16,940	16.16%
4	PROC	Hubei Daily LPG Cylinder Manufacturer Co., Ltd.	-	-	-	319	970	1,163	2,453	2.34%
5	PROC	Hangzhou Tianlong Steel Cylinder Co., Ltd.	21	-	71	433	363	380	1,268	1.21%
6	VIET NAM	Tan Phong An Industrial Co., Ltd	-	-	-	-	-	1,118	1,118	1.07%
7	PROC	Shandong Huanri Group Co., Ltd.	73	73	132	267	141	-	686	0.65%
8	JAPAN	IMB Network Systems Co., Ltd.	147	145	75	138	40	-	544	0.52%
9	JAPAN	Eiko Co., Ltd	31	-	-	142	33	219	425	0.41%
10	PROC	Shandong Huanri Cylinder	-	-	-	-	-	254	254	0.24%
Total: Top 10 Exporters (MT)			13,235	12,840	15,882	23,032	19,871	19,618	104,478	99.70%
Other Exporters (MT)			58	47	60	21	119	9	315	0.30%
Grand Total (MT):			13,293	12,888	15,942	23,053	19,990	19,627	104,793	100%

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

V. EVIDENCE OF SERIOUS INJURY

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

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

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

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

A. Share of the Domestic Industry

1) Market Size

Table 3: Total Apparent Philippine Market (in MT) – Imported LPG Steel Cylinders and Domestic Sales

Year	Imports	Domestic Sales*	Total Philippine Market*
2017	13,293	100	100
2018	12,888	193	136
2019	15,942	90	108
2020	23,053	94	141
2021	19,990	70	118
2022	19,627	40	104

Source: Bureau of Customs (BOC-SAD) – Import Volume
 Ferrotech Steel Corporation and FSC Metal Corporation – Domestic Sales Volume
 *Figures indexed due to confidentiality

2. Market Share

Table 4: Volume of Imports of LPG steel cylinders vis-à-vis Domestic Sales (MT)

Year	2017	2018	2019	2020	2021	2022
Imports	13,293	12,888	15,942	23,058	19,990	19,627
Domestic Sales*	100	193	90	94	70	40
Total Phil. Market*	100	136	108	141	118	104
Market Share						
Imports	xxx	xxx	xxx	xxx	xxx	xxx
Domestic Sales	xxx	xxx	xxx	xxx	xxx	xxx

Source: BOC-IEIRD – Volume of Imports

Domestic Sales Volume – Ferrotech Steel Corporation and FSC Metal Corporation

*Figures indexed due to confidentiality

Total Philippine apparent market of LPG steel cylinders registered a fluctuating trend during the POI. Total apparent domestic consumption peaked in 2020.

The share of domestic sales to the Philippine market contracted during the POI. Imports continued to displace the domestic market and continued to cut into the industry's share which fell from a high in 2018 to a low in 2022. While imports share to the Philippine market steadily increased from 2018 to 2022.

B. Sales, Production, Ending Inventory and Capacity Utilization

B.1 Domestic Sales

Table 5: Domestic Sales Volume and Value

Year	Sales Volume (MT)*	% Increase (Decrease)	Sales Value (Php Million)*	% Increase (Decrease)
2017	100	-	100	-
2018	185	85.48	204	104.01
2019	126	(31.91)	151	(25.82)
2020	80	(36.39)	96	(36.89)
2021	74	(7.68)	102	6.88
2022	37	(50.07)	61	(40.00)

Source: Domestic Industry – Ferrotech Steel Corporation

*Figures indexed due to confidentiality

The domestic industry is in the business of contract manufacturing of all kinds of LPG tanks/cylinders for any 3rd party.

In 2018, sales volume and value increased by 85% and 104%, respectively, which also recorded the highest sales during the POI. However, from 2019 to 2022, sales volume decreased year-on-year by 32% in 2019, by 36% in 2020, by 8% in 2021 and further by 50% in 2022.

Sales value likewise plummeted by 26% in 2019 and 37% in 2020. In 2021, a slight increase of 7% in sales value and a sharp decline by 40% in 2022 was recorded.

According to the domestic industry, majority of cylinder requirement of the major customers were awarded to foreign supplier as evidenced with the declining purchase order versus the bid quantity.

B.2 Production

Table 6: Total Production

Year	2017	2018	2019	2020	2021	2022
Production (MT)*	100	188	123	78	73	42
% Increase (Decrease)	-	88.34	(34.81)	(36.19)	(7.38)	(42.06)

Source: Domestic Industry – Ferrotech Steel Corporation

*Figures indexed due to confidentiality

Domestic industry produces LPG cylinders based on awarded bid or purchase. Since the domestic industry produces the awarded bid or purchase, production volume followed a declining trend similar to the sales volume.

In 2018, production increased by 88% recording the highest volume of production during the POI. However, from 2019 to 2022, production volume decreased year-on-year by 35% in 2019, by 36% in 2020, by 7% in 2021 and further by 42% in 2022.

B.3 Finished Goods Inventory

Table 7: Finished Goods Inventory

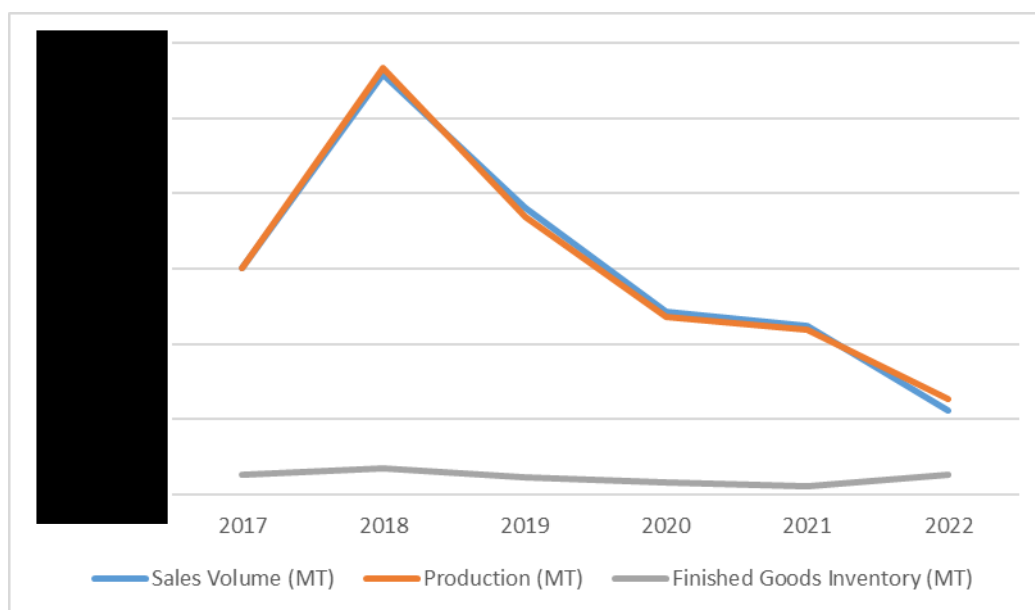
Year	Volume (MT)*	% Increase (Decrease)	Value (Php Million)*	% Increase (Decrease)
2017	100	-	100	-
2018	129	29.28	98	(1.99)
2019	87	(32.94)	151	53.94
2020	62	(28.07)	178	18.86
2021	43	(31.71)	55	(67.33)
2022	99	133.04	131	123.92

Source: Domestic Industry – Ferrotech Steel Corporation

*Figures indexed due to confidentiality

The finished goods inventory volume increased by 29% in 2018 and started to decrease from 2019 to 2021 by 33%, 28% and 32% year-on-year. The inventory value slightly declined by 2% in 2018, increased by 54% and 19% in 2019 and 2020, respectively. In 2022, both finished goods inventory volume and value increased by 133% and 124%, respectively.

Figure 1: Sales, Production and Finished Goods Inventory Volume



Based on the figure above, the sales and production volume followed a similar trend throughout the POI since the domestic industry manufactures based on purchase orders. The domestic industry maintained a minimal finished goods inventory.

B.4 Capacity Utilization

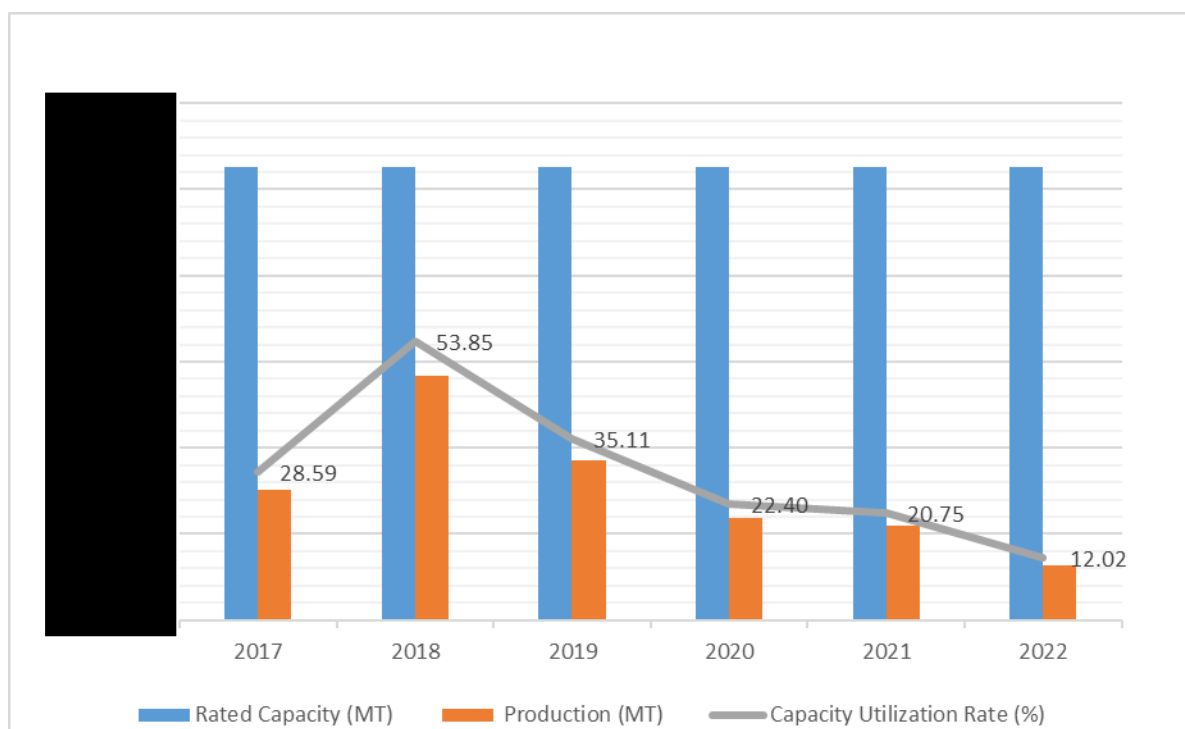
Table 8: Capacity Utilization

Year	Rated Capacity (MT)*	Production (MT)*	Capacity Utilization Rate (%)	% Increase (Decrease)
2017	100	100	28.59	-
2018	100	188	53.85	88.34
2019	100	123	35.11	(34.81)
2020	100	78	22.40	(36.19)
2021	100	73	20.75	(7.38)
2022	100	42	12.02	(42.06)

Source: Domestic Industry – Ferrotech Steel Corporation

*Figures indexed due to confidentiality

Figure 2: Rated Capacity, Production and Utilization Rate



The domestic industry recorded its highest capacity utilization rate at 54% in 2018 or an increase of 88% compared to the 2017 level. However, capacity utilization declined from 2019 to 2022 by 35%, 36%, 7% and further by 42%, year-on-year. The lowest level of capacity utilization was recorded in 2022 at 12%.

According to the domestic industry, the local manufacturer's existing capacity have potential to supply the requirement for brand new LPG cylinders during the remaining transition period of not more than two (2) years. Ferrotech can produce 1.3million cylinders per year (for single shift operation only), combined with other producer, the capacity will double. Thus, with the capacity of the other two LPG producers, it can be inferred that the LPG industry can supply the demand in the market.

C. Financial Performance/ Profitability

C.1 Profit and Loss

Table 9: Earnings Before Interest and Taxes

Particulars	2017	2018	2019	2020	2021	2022	% Increase (Decrease) (2017 vs.2018)	% Increase (Decrease) (2018 vs.2019)	% Increase (Decrease) (2019 vs.2020)	% Increase (Decrease) (2020 vs.2021)	% Increase (Decrease) (2021 vs.2022)
Sales*	100	204	151	96	102	61	104.01	(25.82)	(36.89)	6.88	(40.00)
Cost of Goods Sold*	100	209	153	97	109	67	108.71	(26.50)	(36.62)	12.43	(38.51)
Gross Profit*	100	157	130	78	29	1	56.62	(16.71)	(40.07)	(62.64)	(96.09)
Operating Expenses*	100	135	135	142	140	138	35.41	(0.49)	5.51	(1.37)	(1.39)
Operating Profit*	100	285	104	(310)	(644)	(830)	185.17	(63.39)	(396.53)	(107.88)	(28.95)

Source: Domestic Industry – Ferrotech Steel Corporation

*Figures indexed due to confidentiality

The industry's gross profit increased by 57% in 2018 but continuously declined from 2019 to 2022 year-on-year by 17%, 40% and 63%, and 96% respectively. While the operating expenses followed a fluctuating trend, an increase of 25% in 2018, a slight decline of 0.5% in 2019, an increase of 6% in 2020, a decline of 1.4% in 2021 and further decline by 1.4% in 2022. For the domestic industry's operating profit, the industry experienced an increase of 185% in 2018, however, operating profit started to decline by 64% in 2019.

The domestic industry recorded its first operating loss in 2020 and more than doubled its loss in 2021. The operating loss further increased by 29% in 2022. The highest recorded operating profit is in 2018 followed by a 2nd record high in 2019 before the recorded operating losses.

According to the domestic industry, gross and operating profit were greatly affected as they sell at almost cost just to keep operation.

C.2 Return on Sales

Table 10: Return on Sales

Particulars	2017	2018	2019	2020	2021	2022
Sales (Million)*	100	204	151	96	102	61
Operating Profit*	100	285	104	(310)	(644)	(830)
Return on Sales (%)	xxx	xxx	xxx	xxx	xxx	xxx

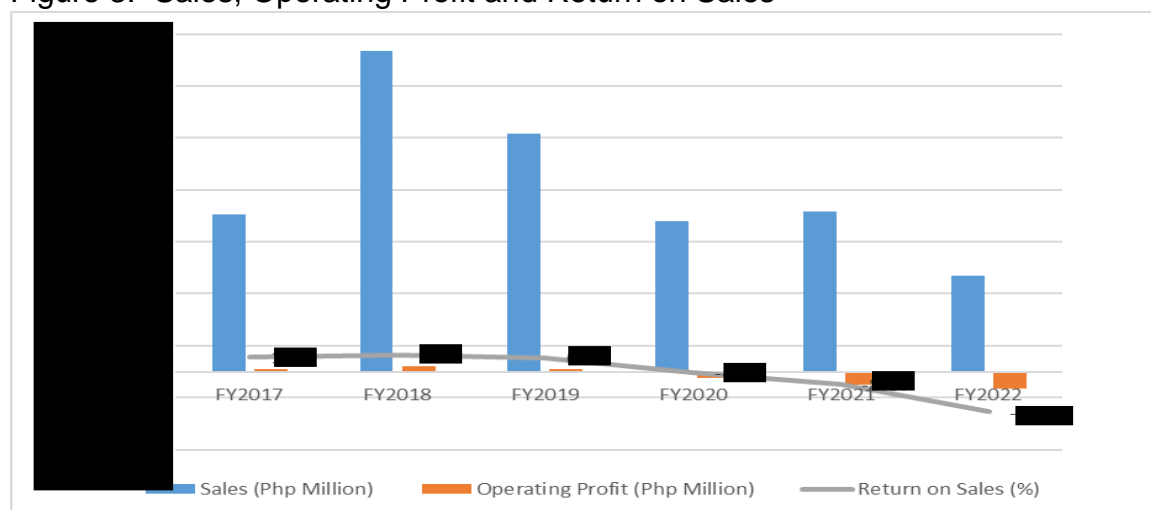
Source: Domestic Industry – Ferrotech Steel Corporation

*Figures indexed due to confidentiality

Return on Sales (ROS) is a measure of how efficiently a company turns sales into profits.

The highest ROS based on operating profit was recorded in 2018. It declined in 2019 and recorded negative ROS from 2020 to 2022 due to operating losses.

Figure 3: Sales, Operating Profit and Return on Sales



D. Employment and Labor Productivity

D.1 Employment

Table 11: Employment

Particulars	2017	2018	2019	2020	2021	2022
Direct*	100	102	155	155	155	116
Indirect*	100	116	76	53	57	70
Office*	100	104	122	126	124	152
Manpower agency*	100	119	66	35	41	51
Security*	100	100	100	120	120	100
Total*	100	114	86	66	69	75
Change (% Increase/ (Decrease)	-	14.33	(24.56)	(23.92)	5.24	9.13

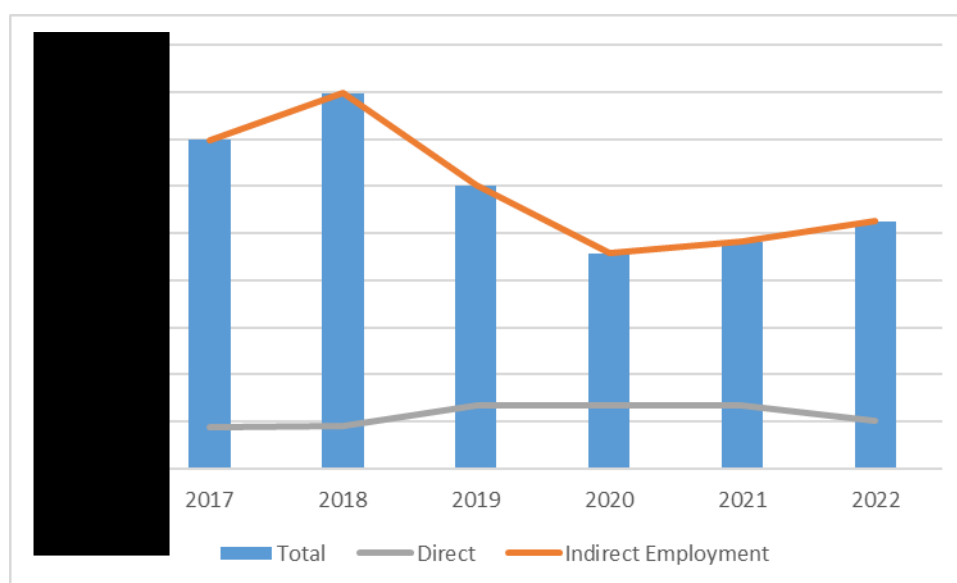
Source: Domestic Industry – Ferrotech Steel Corporation

*Figures indexed due to confidentiality

Table 11 shows the number of direct and indirect employment of the domestic industry.

In 2018, the total employment increased by 14% while it declined year-on-year by 25% in 2019 and further by 24% in 2020. Total employment increased by 5% in 2021 and further increased by 9% in 2022 but the level is still lower than the employment from 2017 to 2019. The indirect employment constitutes those employees in the office, manpower agency and security which accounted for an average of 78% of the total employment.

Figure 4: Employment



D.2 Productivity

Table 12: Labor Productivity

Year	Production Volume (MT)*	Employees for Production*	Labor Productivity (MT/employees)	% Increase (Decrease)
2017	100	100	xxx	-
2018	188	119	xxx	58.13
2019	123	66	xxx	17.91
2020	78	35	xxx	18.82
2021	73	41	xxx	(19.42)
2022	42	51	xxx	(53.65)

Source: Domestic Industry – Ferrotech Steel Corporation

*Figures indexed due to confidentiality

The table shows an increasing trend of labor productivity from 2017 to 2020 with an increase year-on-year by 58% in 2018, 18% in 2019 and 19% in 2020 but a decline of 19% in 2021 and further by 54% in 2022. It can be noted that the employees for production increased in 2018 but declined to almost half in 2019 and further half in 2020 but slightly increased in 2021, while production volume increased by 88% in 2018, it started to decrease year-on-year by 35% in 2019, by 36% in 2020, by 7% in 2021 and further by 42% in 2022.

The increasing trend of labor productivity is evident by the higher rate of decline in employees for production vis-à-vis decline in production volume, except in 2021 and 2022 where there is a slight increase of employment but still a decline in production.

E. Price Effects

E.1 Cost to Produce

Table 13: Cost to Produce per MT

Particulars	2017	2018	2019	2020	2021	2022
Raw Materials*	61.5	70.2	65.1	59.4	58.2	39.6
Direct Labor*	2.6	1.4	2.7	3.7	4.1	6.1
MOH*	28.1	23.2	25.4	26.0	26.9	41.0
Cost of Production (COP)*	92.1	94.8	93.2	89.1	89.2	86.7
Variable Expense*	4	3	4	6	6	7
Fixed Expense*	4	2	3	5	5	6
Cost of Production and Sales (COPS)*	100	100	100	100	100	100
% Increase (Decrease) – COP**		9.71	16.53	(16.32)	43.92	43.04
% Increase (Decrease) – COPS**	-	6.58	18.57	(12.45)	43.71	47.14

Source: Basic data from Domestic Industry – Ferrotech Steel Corporation

*Figures in percentage to the cost of production and sales (COPS) per MT

**Computed based on the absolute figures of COP/S to produce per MT

The Cost of Production (COP) was computed by dividing the absolute amounts by the production volume in MT.

The domestic industry's cost of production (COP) per MT increased throughout the POI except in 2020 which declined by 16%. COP increased by 10% in 2018 and further by 17% in 2019. Following a dip of 16% in 2020, COP increased by 44% in 2021 and further by 43% in 2022.

It can be noted that the highest cost component of the cost of production is the raw materials which recorded an increasing trend throughout the POI. According to the domestic industry, the other factors causing injury to them is the increasing cost of raw materials particularly steel, increasing cost of fuel and labor cost. Despite the increase in production, they were unable to increase the price because of the low price on imported cylinders which forced them to adapt import parity pricing to defend their market share.

E.2 Price Depression

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

During the period of investigation, price depression was recorded only in 2020 at 0.79%.

Table 14: Domestic Selling Price (₱ in MT)

YEAR	EX-WORK PRICE OF DOMESTIC INDUSTRY (₱ /MT)*	% INCREASE/ (DECREASE)
2017	100	-
2018	110	9.99
2019	120	8.94
2020	119	(0.79)
2021	124	3.96
2022	165	33.84

Source: Domestic Industry (Ferrotech Steel Corporation)

*Figures indexed due to confidentiality

E.3 Price Suppression

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.

During the period of investigation, no price suppression was recorded, the price difference was at the lowest in 2022 at 10.39%.

Table 15: Ex-Work Price of Domestic Product vs. Cost of Production (₱ in MT)

YEAR	EX-WORK PRICE OF DOMESTIC INDUSTRY (₱ / MT)* (A)	COST OF PRODUCTION (₱ / MT)* (B)	DIFFERENCE (₱ / MT) (A-B)*	% PRICE SUPPRESSION (A-B)/B*100
2017	100	100	100	46.99
2018	110	110	111	47.36
2019	120	128	103	37.77
2020	119	107	144	63.33
2021	124	154	59	17.97
2022	165	220	49	10.39

Source: Domestic Industry (Ferrotech Steel Corporation)

*Figures indexed due to confidentiality

E.4 Price Undercutting

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

Table 16: Comparison of Landed Cost and Ex-works Selling Price (₱/MT)

Country	Wtd. Ave. Landed Cost (₱/MT) (a)	Ave. Ex-works Selling Price (₱/MT) (b)	% Undercutting (b-a)/b*100
2021			
China	xxx	xxx	58.91
Japan	xxx	xxx	68.08
Korea	xxx	xxx	(6.37)
Mexico	xxx	xxx	(201.91)
Wtd Ave. 2021	xxx	xxx	58.90
2022			
PROC	xxx	xxx	68.15
Japan	xxx	xxx	73.74
Viet Nam	xxx	xxx	18.04
2022	xxx	xxx	65.36

Source: BOC-SAD – Wtd. Ave. Landed Cost

Domestic Industry (Ferrotech Steel Corporation) - Ave. Ex-works Selling Price

The major sources of LPG steel cylinders for the period 2021 to 2022 were PROC, Japan and Vietnam. Undercutting is recorded by 59% in 2021 and by 65% in 2022.

F. Other Issues

• Domestic Industry

- Petitioner lacks standing and representation to satisfy the domestic industry requirement.

Section 4 (f) of RA 8800 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".

Pursuant to Rule 4.1 cited above, Ferrotech is a juridical entity belonging to and part of the domestic industry, and having a material interest in the subject issue, falls under the said provision. Thus, it can and may file a verified petition. Other producers of LPG steel cylinders are Asian Unicorn Trading Ventures Corporation and FSC Metal Corporation (FMC), with the latter supporting the petition/application for safeguard measure under the Safeguard Measures Act.

- **Imports - There are no increased imports recent, sudden, sharp and significant enough to cause or threaten to cause serious injury.**
 - Imports of the concerned products did not increase consistently over the five-year period of investigation (2017-2021), but rather exhibited an initial upward trend followed by a downturn.
 - The imports did show an increase in the beginning of the period, but in 2021 the increase was only 6,697 tons or around 50% with an average annual growth rate of 10%.
 - This increase does not constitute an increase that is “sudden enough”, “sharp enough” or “significant enough.” Even considering the growth of 9,765 tons or a 73% increase from 2017-2020, this growth was primarily driven by the dual impact of the severe inadequacy of the domestic industry production (due to COVID-19 in 2020) and the simultaneous growth in market demand which led to an upward surge.

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

One of the elements of safeguard measures is increase in the volume of imports, in particular, either in absolute terms or relative to production. Increase in imports must recent, sudden, sharp and significant. Imports of LPG steel cylinders accounted for more than 13,000 MT in 2017. In 2019, the rate of increase grew by 24% over the 2018 level. Imports sharply increased by 45% in 2020. In 2021, imports decreased by 13% but were still higher than the pre-surge level. The most recent data in 2022, slightly declined over the 2021 level but still higher than the pre-surge level.

The share of imports relative to domestic production continuously increased from 2019 to 2021. In 2022, import share is x x x of domestic production.

- **Serious Injury**
 - Capacity of the local industry to supply the total projected LPG industry demand in order to comply with the LPG Law (estimated 6M generic cylinders needed to be replaced).
 - Explanation why the overall inventory quantity is decreasing during the POI while the trend of the inventory value is grossly inconsistent with the trend of the inventory quantity.
 - Explanation on the concern of heavy reliance on imported materials and imperfect supply chain of raw materials, resulting in high production cost.

According to the petitioner, local manufacturer's existing capacity have potential to supply the requirement for brand new LPG cylinders during the remaining transition period of not more than two (2) years. Ferrotech can produce x x x cylinders per year (for single shift operation only), combined with other producer, the capacity will double.

Ferrotech explained that for the years that the inventory volume is decreasing, and the inventory amount is increasing, this means that there are a number of LPG cylinders with high costs and are in the production plant. This is because of reduced production. Ferrotech produced cylinders per order only and does not produce without approved purchase orders from clients. Thus, losing its market share because of importation of cylinders.

- **Adjustment Plan**

- The proposed adjustment plans (procurement of new machinery and equipment, improvement of employee skills, and obtaining ISO certification) are all normal proposals and the requirement for a business in its regular operation and do not reflect effort to enhance effectiveness.

According to the domestic industry, all proposed adjustment plans reflect effort to enhance competitiveness. The petitioner will source raw materials suppliers from other countries. Ferrotech alone invest in additional new automatic welding machines which will increase its capacity. Further, once the requested safeguard duty is granted, Ferrotech commits to further invest in additional machines to be more competitive.

VI. 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 DTI informed the identified importers, foreign embassies of concerned countries, consumer groups, and associations relevant to the public interest clause.

Summary of Positions/ Comments (Public Interest)

In Opposition of SG Measures

- The Petitioner has not sufficiently demonstrated that delay in imposing safeguard measures would result in irreparable damage.
- Imposition of safeguard measures while the domestic industry cannot meet domestic market demand will lead to shortage of supply, increase in prices and market disruptions.

- Philippine producers cannot meet the market demand.
- Imposing safeguard measures at this time may cause difficulties in the implementation of relevant policies, disrupt market order, and increase undue economic burden on the general public.
- Increase in cylinder prices will affect the promotion of the usage of LPG as environment-friendly energy source and will affect the profits of oil and gas companies which in turn will increase the cost of living of the general population.
- Undue restrictions on imported LPG cylinders may prevent the normal renewal process of the products and thus, pose a safety hazard.

In Favor of SG Measures

- The relief being sought is protection from significantly much lower pricing of imported products from various countries.
- The relief will serve as protection to the LPG cylinders industry as a whole to remain competitive. Otherwise, the local industry will continue to suffer financially and lose market share to cheaper imported products.

VI. FINDINGS

A. Volume of Imports

A.1 In Absolute Terms

- There was a recent, sudden, and sharp increase in imports in absolute terms.
 - Rate of import increased by 24% in 2019.
 - Imports sharply increased by 45% in 2020
 - In 2021 and 2022, imports declined by 13% and 2%, respectively, but still higher than the pre-surge level

A.2 In Relative Terms

- Share of imports relative to domestic production increased from 2019 to 2021
- Import share is xxx of domestic production in 2022

B. Serious Injury

B.1 Market Size

- Apparent Philippine market was at its peak in 2020.
- Total Philippine apparent market of LPG steel cylinders registered a fluctuating trend during the POI.

B.2 Market Share

- Share of domestic sales to Philippine market exhibited a downward trend from 2018 to 2022, from a high of 58% to a low of 16%.

- Imports share to Philippine market continued to increase by 42% in 2018, 66% in 2019, 73% in 2020, 76% in 2021. In 2022, imports captured xxx of the Philippine market

B.3. Domestic Sales and Value

- Declining sales volume and value from 2019 to 2022
- From 2019 to 2021, sales volume dropped by 32%, 36%, and 8%, respectively. Domestic sales plummeted by 50% in 2022.

B.4 Production

a. Total Production

- Continuously declined from 2019 to 2021 by 34%, 36%, and 7%, respectively
- In 2022, continued to drop by 42% and reached its lowest level

b. Finished Goods Inventories Volume and Value

- Increased by 29% in 2018 and declined from 2019 to 2021 by 33%, 28% and 32%, respectively.
- In 2022, inventory volume and value increased by 133% and 124%, respectively.

c. Capacity Utilization

- Highest capacity utilization rate was recorded in 2018 at 54%
- Steadily declined from 2019 to 2021 (i.e. 35% in 2019, 36% in 2020, and 7% in 2021)
- In 2022, capacity utilization rate registered at its lowest at 12%

d. Cost of Production (COP)

- COP per MT increased throughout the POI except in 2020 which declined by 16%

B.5 Profitability

a. Profits and Losses

- Operating profit increased by 185% in 2018 and declined by 64% in 2019.
- Recorded its first operating loss in 2020 and more than doubled its loss in 2021. Operating loss further increased by 29% in 2022.

b. Return on Sales (ROS)

- Highest ROS based on operating profit was recorded in 2018.
- Negative ROS from 2020 to 2022 due to recorded operating losses.

B.6 Employment

- Total employment increased in 2018 by 14% but declined by 25% in 2019 and 24% in 2020
- In 2021, employment increased by 5% and 9% in 2022, but the level is still lower than the employment from 2017 to 2019.

B.7 Productivity

- Increased from 2017 to 2020, but declined by 19% in 2021 and further by 54% in 2022.

B.8 Prices

- In 2022, PROC and Viet Nam recorded price undercutting. Price depression was recorded only in 2020 at 0.79%. However, no price suppression was recorded during the POI.

VII. CAUSATION

The above evidence shows that serious injury to the domestic LPG steel cylinders industry was caused by the increased imports based on the following:

- There was an abrupt and notably sharp increase in the volume of imports both in absolute terms and relative to domestic production. Significant increase in the volume of imported LPG cylinders during the POI (i.e. 24% in 2019 and 45% in 2020). In 2021 and 2022, imports declined by 13% and 2%, respectively, but still higher than the pre-surge level, preceded injury suffered by the domestic industry. Increased imports is recent, sudden, sharp and significant enough.
- The condition of competition showed that the market share of domestic product decreased during the POI. Imports continued to displace the domestic market and continued to cut into the industry's sales and market share from 2018 to 2022.
- Domestic industry suffered significant impairment in its overall condition in terms of loss of market share, declining domestic sales, production, utilization rate, reduction in labor productivity, incurred losses and increase inventory.

a) Imposition of Provisional Safeguard Measures

Section 8 of RA 8800 states that:

“in critical circumstances where a delay would cause damage which would be difficult to repair, and pursuant to a preliminary determination that increased imports are substantial cause of, threaten to substantially cause, serious injury to the domestic industry, the Secretary shall immediately issue, through the Secretary of finance, a written instruction to the Commissioner of Customs authorizing the imposition of a provisional general safeguard measures.

Such a measure shall take the form of a tariff increase, either ad valorem or specific, or both, to be paid out through a cash bond set at a level sufficient to redress or to prevent serious injury to the domestic industry x x x. The cash bond shall be deposited with a government depository bank and shall be held trust for the importer who posted the bond. The duration of the provisional measure shall not exceed two hundred (200) days from the date of imposition xxx”.

The condition of competition shows that the market share of locally produced LPG steel cylinders was essentially displaced during the investigation as the share of imports in the Philippine market significantly increased. This has resulted to the domestic industry's loss of market share, declining domestic sales, production, utilization rate, reduction in labor productivity, incurred losses and increase inventory. The negative financial status of the industry has made it increasingly difficult to get financing for its modernization, expansion, and operational requirements.

If the surge in imports will continue, the local industry will lose its market share to cheaper imported products. Without the local LPG industry, consistency and availability of local supply will be imperiled.

Also, it has been established that the imposition of the provisional safeguard measure would be in the public interest. Users of LPG steel cylinders will retain their option to choose between the local and imported ones, since imports will still be allowed. The provisional safeguard measures will only level the pricing between the domestic product and the landed cost of imports. Thus, the imposition of the provisional measure will not cause a shortage of LPG steel cylinders in the domestic market. In the long run, it will turn out to benefit the Philippine economy as a whole if the domestic industry is given the opportunity to implement adjustment measures to be competitive with its foreign counterparts.

b) Conclusion

The existence of a causal link between the increased imports of the product under consideration and serious injury to the domestic industry has been established during the preliminary investigation. The increased volume of imports, both in absolute terms and relative to domestic production, was found to be the substantial cause of the overall impairment in the local industry's operation.

The case records will be transmitted to the Tariff Commission for the conduct of a formal investigation. It must be emphasized that a formal investigation is wider in scope, as it includes marathon public hearings to give all parties directly affected and other interested parties the opportunity to submit their views, present evidence including the opportunity to respond to the presentations of other parties.

Considering the above premises, the Department hereby recommends a ₱2.18/kg provisional safeguard measures in the form of a cash bond on imported LPG steel cylinders while the case is undergoing formal investigation by the Tariff Commission.

The measure shall be effective for a period of 200 days from the date of issuance of BOC of the relevant Customs Memorandum Order.

VIII. ADJUSTMENT PLAN

As part of its Adjustment Plan, the domestic industry (Petitioner) plans to implement the following projects:

- Procurement of new machine and equipment that offer the most advance technology to help increase production capacity and efficiency;
- Improvement of skills and competitiveness of its employees through additional trainings; and
- Attainment of ISO Certification to maintain the quality and safety of products and the effectiveness of the Petitioner's system.
- Ferrotech alone invest in additional new automatic welding machines which will increase its capacity. Further, once the requested safeguard duty is granted, Ferrotech commits to further invest in additional machines to be more competitive.

IX. THE WORLD TRADE ORGANIZATION AGREEMENT ON SAFEGUARDS

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

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

LPG steel cylinders are bound under the Philippines' Schedule of Concessions for HS Code 731100 under the WTO Agreement. The investigation is also governed by RA 8800, the Safeguard Measures Act, and the terms and conditions of the Agreement on Safeguards.

IX.a. Unforeseen Development

As per Volza's China Export data, LPG cylinder export shipments from China stood at 3.2K, and exported by 225 China Exporters to 252 Buyers.

China exports most of its LPG cylinders to United States, Philippines and Bangladesh and is the 3rd largest exporter of LPG cylinders in the World.

The top 3 exporters of LPG cylinders are India with 9,312 shipments followed by Thailand with 5,011 and China at the 3rd spot with 3,231 shipments.

Source: <https://www.volza.com/p/lpg-cylinders/export/export-from-china/?fbclid=iwar1vmgpmhr4x5wqzafstyw7c6rfi2-mdmpix6sur8axnfpvp-xu0634i0mo>

Moreover, since 2017 the government has been pushing households in northern China to switch to gas or electricity-fired heating from coal-burning units in a bid to curb air pollution.

Residential LPG demand in the southern city of Shenzhen in Guangdong province is shrinking as the local government requires residential buildings to use piped natural gas. Some communities with access to natural gas pipelines are also no longer allowing LPG cylinder deliveries. Source: https://www.argusmedia.com/en/news/2143677-chinas-lpg-sector-faces-demand-natural-gas-challenge?fbclid=IwAR0Ltf-LS7uAe0ME4cQSsXvPMxuibFBZag8xxONT_oLh1y1P0Xq1_InxsCo

IX.b. 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 04 April 2023, the Philippine Permanent Mission in Geneva was officially notified of the application for safeguard measures investigation on imported LPG steel cylinders from various countries.

X. DECISION

The Department of Trade and Industry, acting under Sections 7 and 8 of RA 8800, otherwise known as the Safeguard Measures Act and on the basis of the submissions of interested parties and pieces of evidence made available to the Department, the existence of a causal link between the increased imports of the products under consideration and the serious injury to the domestic industry has been established in the investigation.

The existence of critical circumstances on imported LPG steel cylinders was established which warrants the imposition of a provisional safeguard measure in the form of a cash bond equivalent to ₱2.18/kg covering products with AHTN Code 7311, while the case is under formal investigation by the Tariff Commission, for a period of 200 days from the date of issuance by the Bureau of Customs of an Order.

The case records will then be transmitted to the Tariff Commission for a formal investigation to determine whether or not there is a need to impose a definitive safeguard measure. It must be emphasized that a formal investigation by the Commission is wider in scope as it includes marathon public hearings to give all parties directly affected and such other interested parties the opportunity to be heard and to present evidence including the opportunity to respond to the presentations of other parties and to submit their views.

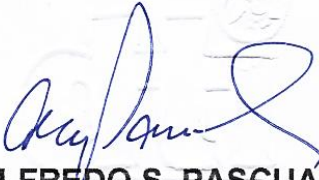
However, imports originating from member countries which cannot be considered a substantial cause of serious injury or threat thereof as well as developing countries covered by Rule 8.8 of the IRR of RA 8800 shall not be subject to the provisional safeguard measure. Attached as Annex C is the list of said developing countries.

Thus, importers of LPG steel cylinders from a country that is exempt from the provisional safeguard duty shall submit a Certificate of Origin (CO) issued by the authorized agency/office in the source country of manufacture subject to affixation of "Apostille" to the document or authentication by the Philippine Embassy/Consulate General, as applicable. Further, CO's issued to claim preferential tariffs is sufficient proof of origin in this case to meet the requirements for exemption from the provisional safeguard duty.


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). Other imports originating from member states of Free Trade Agreements that the Philippines entered into, such as ACFTA, PJEPA, AJCEPA, AKFTA, AIFTA, AANZFTA, PH-EFTA FTA, RCEP and AHKFTA shall follow the notification and/or consultation requirements provided under the said FTAs.

SO ORDERED.

29 November 2023



ALFREDO S. PASCUAL
Secretary



LIST OF IMPORTERS

I. Identified by Ferrotech Steel Corporation

NO.	COMPANY NAME	NO.	COMPANY NAME
1	ANGEL&LUIS STAR TRADE INC.	18	JAYZ MARKETING
2	ARIES IMEX TRADING INC.	19	JOREJO TRADING
3	BRENTON TECH SPECIALIST INC.	20	KBDF CONSUMER GOODS TRADING
4	BRIGHT GOAL TRADING	21	LEOGUN INTERNATIONAL TRADING
5	CACEMU CONSUMER GOODS TRADING	22	NESSYMAN INTL. TRADING
6	DESMO TRADING	23	NOGIEDEL ENTERPRISE
7	DIVI ONL INCORPORATED	24	NOLRAM TRADING
8	ECHOLANDIA TRADING	25	PEIDEWORTH MARKETING
9	EIRRY TRADING	26	PETRON CORPORATION
10	ELEVENTH TRADING	27	PURESTONE INC
11	FULL SPEED FUELS INC.	28	QUESTCOM TRADING
12	GADMY ENTERPRISES	29	SHANN ELLIZE ENTERPRISE
13	HANDOG INDUSTRIAL GASES	30	SILVER PINNACLE ENTERPRISES
14	IMPAXIVE IMPORT AND EXPORT TRADING	31	TUPIE ALL STAR TRADE INC.
15	IMPERATUM HARDWARE TRADING	32	UNIONGAS CORPORATION
16	ISLA LPG CORPORATION	33	VOWELFRANK ENTERPRISES
17	ISLAND AIR PRODUCTS CORP	34	WQSY MARKETING

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

NO.	COMPANY NAME	NO.	COMPANY NAME
1	ANGEL & LUIS STAR TRADE INC.	11	ELEVENTH TRADING
2	ARIES IMEX TRADING INC.	12	FIDEPAN TRADING
3	BRENTON TECH. SPECIALIST INC.	13	FULL SPEED FUELS INC.
4	BRIGHT GOAL TRADING	14	FZ IMPORT EXPORT INC.
5	CACEMU CONSUMER GOODS TRADING	15	GADMY ENTERPRISES
6	DESMO TRADING	16	GOODWILL MACRO RESOURCES INC.
7	DIVI.ONL INCORPORATED	17	GREENOLOGY INNOVATIONS, INC.
8	DONGGWANG CLARK CORPORATION	18	INSIGNIA CONSTRUCTION SUPPLIES WHOLESALE
9	ECHOLANDIA TRADING	19	IPHIOS CONSTRUCTION MATERIALS TRADING
10	EIRRY TRADING	20	ISLA LPG CORPORATION
21	ISLAND AIR PRODUCTS CORPORATION	36	PEIDEWORTH MARKETING
22	JAYZ MARKETING	37	PETRON CORPORATION
23	JHI IMPORT EXPORT TRADING	38	PURESTONE INC.
24	JOREJO TRADING	39	QUESTCOM TRADING

25	KBDF CONSUMER GOODS TRADING	40	SHANN ELLIZE ENTERPRISE
26	L AND C SPECIALIZED GOODS TRADING	41	SHINSHIRO ONLINE STORE
27	LEOGUN INTERNATIONAL TRADING	42	SILVER PINNACLE ENTERPRISES
28	LINDE PHILIPPINES INC.	43	STILTON CORPORATION
29	LIQUIGAZ PHILIPPINES CORPORATION	44	SUBICTRAK INTERNATIONAL INC.
30	MACONDRAY PHILIPPINES CO. INC.	45	TUPIE ALL STAR TRADE INC.
31	MULTIFLEX HOUSEHOLD DISTRIBUTION	46	UNIONGAS CORPORATION
32	NAMKWANG ENGINEERING AND CONSTRUCTION CO. LTD.	47	VOWELFRANK ENTERPRISES
33	NESSYMAN INTL. TRADING	48	WQSY MARKETING
34	NOGIEDEL ENTERPRISE	49	YALE TRAK PHILIPPINES, INC.
35	NOLRAM TRADING		

LIST OF EXPORTERS

I. Identified by Ferrotech Steel Corporation

NO.	COMPANY NAME	COUNTRY
1	HANGZHOU YUHANG ZHANGSHAN STEEL CYLINDER CO., LTD.	PROC
2	SHANDONG HUANRI GROUP CO., LTD.	PROC
3	QINGDAO HONGYANG YUHE IMPORT AND EXPORT CO., LTD.	PROC
4	EIKO CO., LTD.	Japan
5	HUBEI DALY LPG CYLINDER MANUFACTURER CO., LTD.	PROC
6	IMB NETWORK SYSTEMS CO., LTD.	Japan
7	HANGZHOU TIANLONG STEEL	PROC
8	TPA METALS AND MACHINERY (DG)	PROC
9	HEBEI BAIGONG INDUSTRIAL CO., LTD.	PROC
10	HANGZHOU TIANLONG STEEL CYLINDER CO., LTD.	PROC
11	METAL MATE CO., LTD.	Thailand
12	GUANGZHOU HONG YOU TRADING CO.	PROC

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

NO.	COMPANY NAME	COUNTRY
1	ARCOSA INDUSTRIES DE MEXICO S DE RL	Mexico
2	BEIJING AIRLOCUS TECHNOLOGIES CORP.	PROC
3	CHENGLI SPECIAL AUTOMOBILE CO., LTD.	PROC
4	EIKO CO., LTD	Japan
5	EROOM ENGINEERING CO LTD	South Korea
6	GUANGZHOU HONG YOU TRADING CO.	PROC
7	HANGZHOU TIANLONG STEEL CYLINDER CO. LTD.	PROC
8	HANGZHOU YUH ANG ZHANGSHAN STEEL CYLINDER CO., LTD.	PROC
9	HEBEI BAIGONG INDUSTRIAL CO., LTD.	PROC
10	HUBEI DAILY LPG CYLINDER MANUFACTURER CO., LTD.	PROC
11	HUBEI YAOXING INTERNATIONAL TRADING CO., LTD.	PROC
12	HUNAN EDGE MACHINERY CO. LTD.	PROC
13	IMB NETWORK SYSTEMS CO., LTD.	Japan
14	LINDE GAS SINGAPORE PTE LTD.	Singapore
15	METAL MATE CO. , LTD	Thailand
16	MINH ANH INVESTMENT DEVELOPMENT	Viet Nam
17	NAMKWANG ENGINEERING & CONSTRUCTION CO. LTD.	South Korea
18	QINGDAO HONGYANG YUHE IMPORT AND EXPORT CO., LTD	PROC
19	SAHAMITR PRESSURE CONTAINER PUBLIC	Thailand
20	SHANDONG HUANRI GROUP CO., LTD.	PROC
21	SUMITOMO NACCO FORKLIFT CO., LTD.	Japan
22	T.K. TRADING CO., LTD.	Japan
23	TAN PHONG AN INDUSTRIAL CO., LTD.	Viet Nam
24	TPA METALS AND MACHINERY (DG) CO., LTD.	PROC
25	TRINITY INDUSTRIES DE MEXICO S. DE R	Mexico
26	WENZHOU ECOTEC ENERGY EQUIPMENT CO., LTD.	PROC
27	ZHEJIANG KIN SHINE TECHNOLOGY CO.,	PROC

ANNEX C

**List of Developing Countries and Separate Customs Territories
Excluded from the Imposition of Provisional Safeguard Measure
on LPG Steel Cylinders**

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

Europe & Central Asia	Middle East	Americas	East Asia & Pacific
Armenia Azerbaijan Georgia Kazakhstan Kyrgyzstan Tajikistan Turkiye Turkmenistan Uzbekistan	Bahrain Iran, Islamic Rep. Iraq Jordan Kuwait Lebanon Oman Qatar Saudi Arabia 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. Colombia Costa Rica Cuba Dominica Dominican Rep. Ecuador El Salvador Falkland Is. (Malvinas) Grenada Guatemala Guyana Honduras Jamaica Mexico Montserrat Netherland Antilles Nicaragua Norfolk Is. Panama Paraguay Peru Puerto Rico St. Helena St. Kitts & Nevis St. Lucia St. Vincent & the Grenadines Suriname Trinidad & Tobago Turks & Caicos Is. Uruguay US Virgin Is. Venezuela	American Samoa Brunei Darussalam Cambodia Cook Is. Fiji French Polynesia Guam Hong Kong, China Indonesia Kiribati Korea, Dem. Rep. Lao PDR Macau, China Malaysia Marshall Islands Micronesia, Fed. Sts. Mongolia Myanmar Nauru New Caledonia Niue Northern Marianas Is. Palau Papua New Guinea Pitcairn Is. Samoa Singapore Solomon Islands Chinese Taipei Tokelau Thailand Tonga Tuvalu Vanuatu. Wallis & Futuna Is.