

DEPARTMENT OF TRADE AND INDUSTRY

SAFEGUARD MEASURES CASE NAME:

APPLICATION OF LPG STEEL CYLINDER INDUSTRY

PUBLIC VERSION

SGM CASE NO. : SG01-2023

DATE : 29 March 2023

**REPORT ON THE INITIATION OF A PRELIMINARY
INVESTIGATION ON THE APPLICATION FOR
SAFEGUARD MEASURES ON THE IMPORTATION OF
LPG STEEL CYLINDERS FROM VARIOUS
COUNTRIES**

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I. INTRODUCTION

This is an evaluation report on the evidence submitted by the LPG steel cylinder industry represented by Ferrotech Steel Corporation (Ferrotech). The industry filed an application for the imposition of safeguard measures on the importation of liquefied petroleum gas (LPG) cylinders from various countries.

Ferrotech alleged that serious injury to the domestic industry was caused by the increased imports of LPG steel cylinders which are classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Code 7311.

A. The Philippine Industry's Petition

A.1 Parties to the Petition - Domestic Industry/Petitioner

Petitioner/Applicant Ferrotech Steel Corporation (Ferrotech) is an entity duly organized and existing under the laws of the Philippines. It manufactures liquefied petroleum gas (LPG) steel cylinders in the following sizes: 1kg, 2.7kg, 5kg, 7kg, 11kg, 22kg and 50kg, for industrial, commercial and household use, both for the domestic and Southeast Asian markets. Their head office and their manufacturing plant are both located in Valenzuela City.

Under Section 4 (f) of RA 8800 otherwise known as the Safeguard Measures Act (SMA), "domestic industry" is defined as referring to the **"domestic producers, as a whole, of like or directly competitive products manufactured or produced in the Philippines or those whose collective output of like or directly competitive products constitutes a major proportion of the total production of those products"**.

Further, 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.” Evidently, Ferrotech, being 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.

A.2 Industry Overview

Ferrotech 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 a 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 steel cylinder 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. Ferrotech’s 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 constitutes 32% share of the total domestic production based on the list of LPG Steel Cylinders for household use PS license holders as of 27 October 2022. The other identified producers include FSC Metal Corporation (FMC) with 59% share which is supportive of the investigation being conducted by DTI, and 8% share by Asian Unicorn Trading Ventures Corp.

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

Source: Bureau of Philippine Standards

A.3 Importers and Exporters of LPG 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 Documents Received/Gathered by DTI

On 05 May 2022, the DTI received the applications for safeguard measures investigation on the imported LPG cylinder file by the Legal Counsel of Ferrotech. The DTI evaluated the initial documents and informed Ferrotech to submit additional data. Series of communication such as letters and virtual meetings were conducted.

On 31 August 2022, revised application was submitted by Ferrotech. DTI further evaluated the submitted application and sent another set of inquiries relevant to the submitted application. On 28 September 2022, DTI representatives visited the plant of Ferrotech in Valenzuela City. The requested additional files were submitted the same day.

On 21 October 2022, BIS transmitted a letter to FSC Metal Corporation (FMC) requesting for comments/views relevant to the application for safeguard measures investigation. On 26 October 2022, FMC expressed their support to the said application.

On 13 January 2023, BIS received the non-confidential version of the application by Ferrotech.

II. THE PROCESS OF INITIATION OF INVESTIGATION

A. Acceptance of the Petition

In accepting the petition, the Secretary relied on the following provisions of the IRRs of RA 8800:

Rule 6.3 b provides, *"the Secretary shall preliminary screen the application if the following conditions are met:*

- i. The application is signed;*
- ii. All relevant questions are answered or the reasons for the absence of information are given; and*
- iii. The attachments to the application are complete".*

Rule 6.3 c provides, *"failure to supply all the information sought in the application will lead to the non-acceptance thereof. The Secretary shall check the consistency of the information provided in the application against other information available to him. The Secretary shall clarify any unclear or ambiguous statement with the applicant".*

Rule 6.3 d provides, *"as soon as the requirements are completed, the Secretary shall acknowledge in writing that he has already accepted a properly documented application. The date of the Secretary's letter shall be considered as day zero (0) of the five (5) calendar days within which he is required to determine whether there is sufficient evidence to justify the initiation of an investigation. The Secretary shall issue the letter as soon as practicable from his receipt of a properly documented application. If the applicant decides to give the Secretary further information in support of an application, the five (5) day period herein mentioned shall commence from the date of the submission of the new information. After this period, the Secretary shall no longer entertain any information that may be provided by the applicant".*

On 24 March 2023, the Secretary officially informed Ferrotech Steel Corporation that their petition has been accepted as a properly documented application.

B. Decision to Initiate

Rule 6.4 a of the IRRs of RA 8800 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".*

III. 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. Relevant Provisions on Initiation of Investigation

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) a 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"*.

IV. 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 of the imported LPG steel cylinders with the locally produced LPG steel cylinders is required to determine if these are like or directly competitive products.

A.1 Domestic Product

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 Liquefied Petroleum Gas (LPG).

A.1.1 Uses and Applications

LPG Cylinder is a metal container use to store and transport Liquefied Petroleum Gas (LPG), this can be applied in residential, commercial, agribusiness, industrial 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.

The Philippine National Standards (PNS) 03-1:2000 for LPG steel cylinder specifies the requirements for materials, design, construction, workmanship, testing and markings of steel cylinders.¹

A.1.2 Production Process

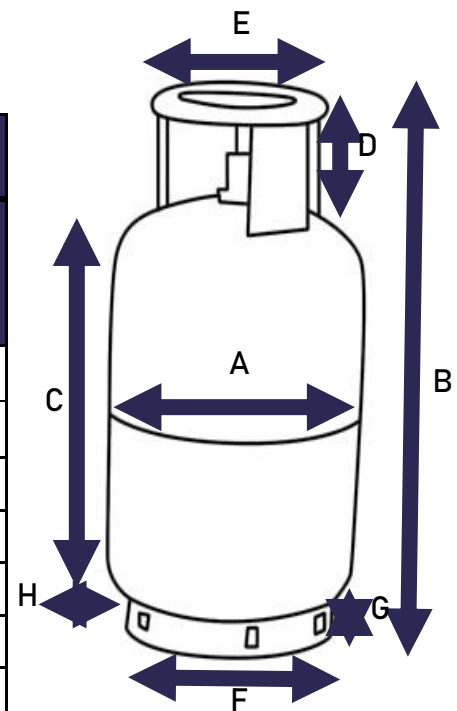
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¹https://www.bps.dti.gov.ph/index.php/component/booklibrary/115/view_bl/53/pressure-vessels/123/steel-cylinders-for-liquefied-petroleum-gas-lpg-part-1-specification

A.1.3 Physical Dimensions

1. Physical Measurements and Parts:

CODE	DESCRIPTION	Imported Cylinder	Local Cylinder
		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:

xxx

Imported Materials	Local Materials
1. Coil 2. Neckring 3. Saw Flux 4. Saw Wire 2.4 5. Mig Wire 1.2 xxx	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.	
	<i>-Seamless steel cylinders</i>	
	7311.00.23	<i>--Of a capacity of less than 30 l, for Liquified Petroleum Gas (LPG)</i>
	7311.00.24	<i>--Of a capacity of 30 l or more, but less than 110 l, for Liquified Petroleum Gas (LPG)</i>
	7311.00.25	<i>--Other, for Liquified Petroleum Gas (LPG)</i>
	7311.00.26	<i>--Other, of a capacity of less than 30 l</i>
	7311.00.27	<i>--Of a capacity of 30 l or more, but less than 110 l</i>
	7311.00.29	<i>--Other</i>
		<i>-Other:</i>
	7311.00.91	<i>--Of a capacity not exceeding 7.3 l</i>
	7311.00.92	<i>-- Of a capacity more than 7.3 l but less than 30 l</i>
	7311.00.94	<i>-- Of a capacity of 30 l or more, but less than 110 l</i>
7311.00.99	<i>--Other</i>	

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. <i>-Seamless steel cylinders</i>								
7311.00.23	<i>--Of a capacity of less than 30 l, for Liquified Petroleum Gas (LPG)</i>	10	0	5	0	0	6	0	0
7311.00.24	<i>--Of a capacity of 30 l or more, but less than 110 l, for Liquified Petroleum Gas (LPG)</i>	10	0	5	0	0	6	0	0
7311.00.25	<i>--Other, for Liquified Petroleum Gas (LPG)</i>	10	0	5	0	0	6	0	0
7311.00.26	<i>--Other, of a capacity of less than 30 l</i>	0	0	1	0	0	0	0	0
7311.00.27	<i>--Of a capacity of 30 l or more, but less than 110 l</i>	0	0	1	0	0	0	0	0
7311.00.29	<i>--Other</i>	0	0	1	0	0	0	0	0
7311.00.91	<i>--Of a capacity not exceeding 7.3 l</i>	10	0	5	0	0	6	0	0
7311.00.92	<i>-- Of a capacity more than 7.3 l but less than 30 l</i>	10	0	5	0	0	6	0	0
7311.00.94	<i>-- Of a capacity of 30 l or more, but less than 110 l</i>	10	0	5	0	0	6	0	0
7311.00.99	<i>--Other</i>	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

B. Comparison between Imported and Domestic Product

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

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

C. Period of Investigation

The LPG cylinder POI is from 2017 to 2021. The import volume was updated to reflect the most recent data available, which is through July 2022. Ferrotech Steel Corporation submitted data until March 2022 on the economic indicators i.e. sales, production, profitability, and inventory among others. The said information will be used to determine whether the increased imports are the substantial cause of serious injury to the domestic industry. The said data will be updated during the preliminary investigation.

D. 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.”*

D.1 Volume of Imports

The DTI-BIS has evaluated whether the product concerned is imported in increased quantities, absolute or relative to domestic production and/or on such terms or conditions as to cause, or threaten to cause serious injury to the local liquefied petroleum gas (LPG) steel cylinders industry during the five (5) year period to the most recent data available. It should be noted that during the POI, there were no importations of LPG from the local LPG producer.

The POI covered imports of LPG steel cylinders which entered the Philippine market from 2017 to 2021. The said data were updated until July 2022. All import data were sourced from the Bureau of Customs.

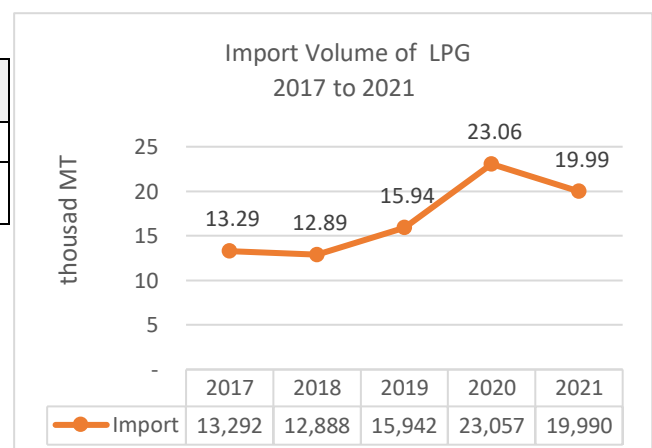
The table below shows the development of imports for the years 2017 to 2021.

D.1.1 Absolute Terms - Import Volume – LPG Steel Cylinders

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

Year	2017	2018	2019	2020	2021	2022 (Jan - July)
Import	13,293	12,889	15,942	23,058	19,990	10,827
Growth Rate (%)	-	-3%	24%	45%	-13%	-

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



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 July 2022), indicates that imports into the Philippines reached around 11,000 MT or 54% of the 2021 level.

D.1.2 Share of Imports (by Country) of LPG Steel Cylinder

The PROC supplied more than 90% of all LPG steel cylinders imported into the Philippines during the POI, making it the country's largest supplier of LPG steel cylinder.

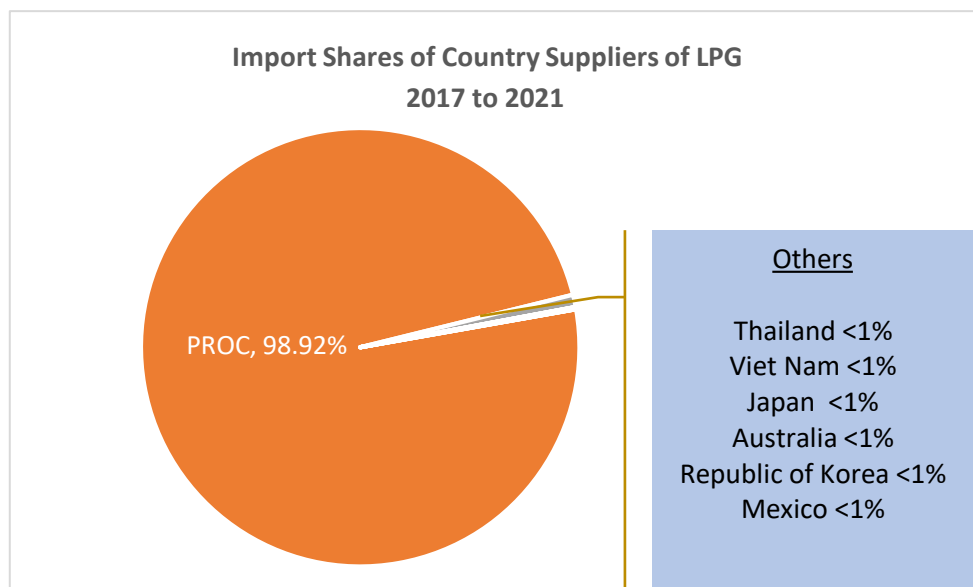


Table 2: Import Volume of LPG steel cylinders Per Country (2017– July 2022) in MT

Country	2017	% Share	2018	% Share	2019	% Share	2020	% Share	2021	% Share	Total 2017-2021	% Share	2022 Jan-Jul	% Share
PROC	13,089	98.46%	12,696	98.5%	15,808	99.16%	22,760	98.71%	19,903	99.56%	84,256	98.92%	10,639	98.26%
Major Source	13,089	98.46%	12,696	98.5%	15,808	99.16%	22,760	98.71%	19,903	99.56%	84,256	98.92%	10,639	98.26%
Other Sources	204	1.54%	193	1.49%	134	0.84%	298	1.29%	87	0.44%	916	1.08%	188	1.74%
TOTAL IMPORTS	13,293	100%	12,889	100%	15,942	100%	23,058	100%	19,990	100%	85,172	100%	10,827	100%

Other Sources:

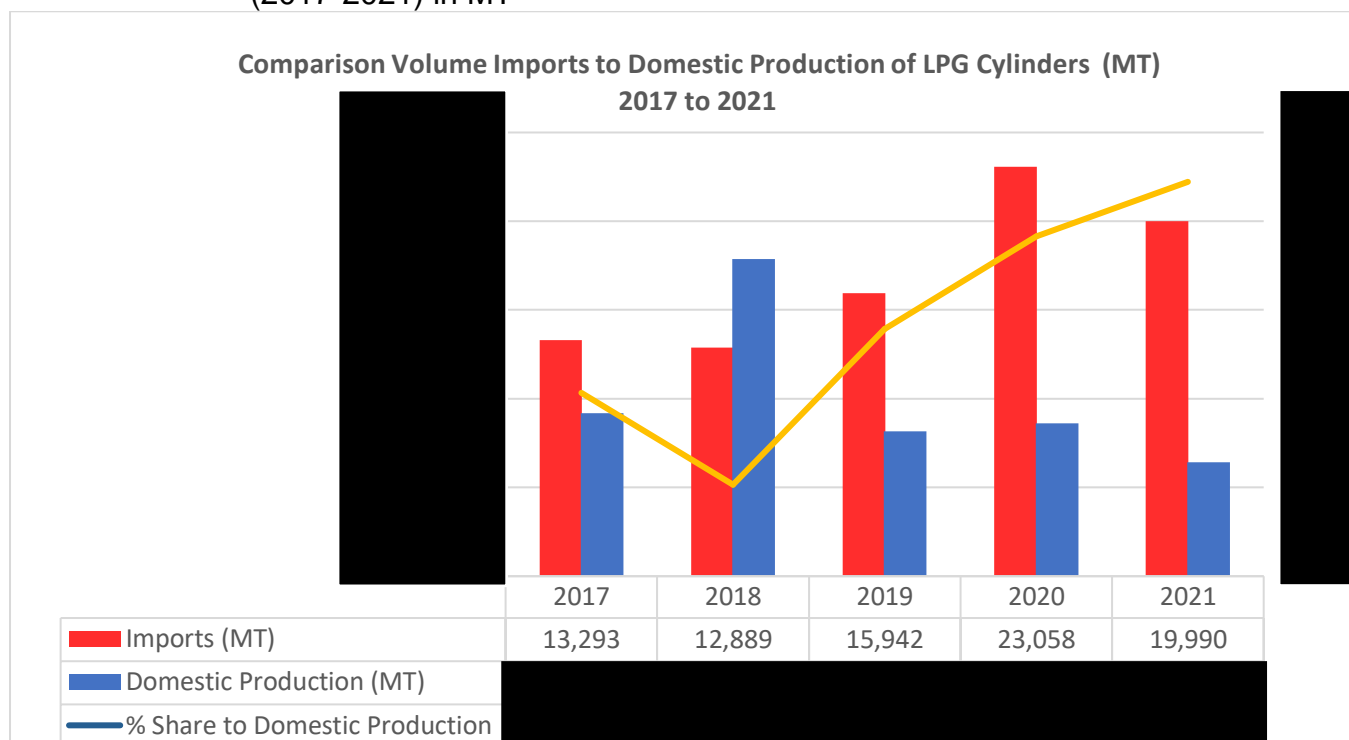
Year	Country
2017	Japan – 178 MT (1.34%), Thailand – 26MT or 0.19%
2018	Japan – 152MT (1.18%), Mexico – 37.60MT (0.29%), Viet Nam – 2.64MT (0.02%)
2019	Japan – 75MT (0.47), Republic of Korea – 2MT (0.02%), Thailand – 57MT (0.36%)
2020	Japan – 286MT (1.24%), Mexico – 11MT (0.05%)
2021	Australia – 0.09MT (<1%), Japan – 83.94MT (0.42%), Republic of Korea – 0.35MT (0.002%), Mexico – 2.93MT (0.01%)
2022 (Jan to July)	Japan – 114MT (1.05%), Singapore – 0.02MT (<1%), Viet Nam – 75MT (0.69%)

Source: Bureau of Customs (BOC-SAD)

D.2 Relative Terms

D.2.1 LPG Steel Cylinder

Table 3: Comparison of Volume of Imports to Domestic Production of LPG Cylinder (2017-2021) in MT



Sources: Import Volume - Bureau of Customs (BOC-SAD)
Domestic Production - Domestic Industry (Ferrotech Metal Corporation and FSC Metal Corporation)

Note: On 21 October 2022, BIS sent a letter to FSC Metal Corporation (FMC), which the petitioner (Ferrotech Steel Corporation) had identified as one of the producers of LPG cylinders, requesting their views/comments about whether or not they support the safeguard measure application. On 26 October 2022, FMC strongly recommends that the government immediately impose a limit on the importation of LPG cylinders in order to safeguard local producers and control unemployment. Among other things, FMC gave data on their local production.

Relative to domestic production, the share of imports of the product under investigation significantly increased during the POI. Imports of LPG steel cylinder in relation to production significantly increased i.e. xxx (2019), xxx (2020) and xxx (2021).

In view of the above, it is concluded that there was a recent, sudden, and sharp increase in imports in both absolute and relative terms.

D.3 Top 10 Importers and Exporters of LPG cylinder

D.3.1 Top 10 Importers of LPG Steel Cylinder

Table 4: Top 10 Importers of LPG steel cylinders (2017– 2021) in MT

NO.	IMPORTER	2017	2018	2019	2020	2021	Total 2017- 2021	% Share
1	Shann Ellize Enterprise	-	-	5,521	12,480	5,201	23,202	27.24%
2	Purestone Inc.	2,439	2,283	4,375	6,077	5,559	20,733	24.34%
3	Petron Corporation	3,219	2,415	2,775	2,634	3,653	14,695	17.25%
4	Eirry Trading	3,926	2,867	-	-	-	6,794	7.98%
5	Echolandia Trading	-	4,408	2,366	-	-	6,774	7.95%
6	Aries Imex Trading Inc.	-	-	-	-	3,017	3,017	3.54%
7	Nessyman Intl. Trading	2,677	-	-	-	-	2,677	3.14%
8	Jorejo Trading	194	145	75	280	265	959	1.13%
9	Full Speed Fuels Inc.	99	73	132	267	141	712	0.84%
10	Island Air Products Corporation	21	-	71	230	336	658	0.77%
Total: Top 10 Importers		12,574	12,191	15,315	21,969	18,172	80,221	94.19%
<i>Other Importers</i>		<i>718</i>	<i>698</i>	<i>627</i>	<i>1,089</i>	<i>1,818</i>	<i>4,950</i>	<i>5.81%</i>
Grand Total:		13,293	12,889	15,942	23,058	19,990	85,172	100%

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

D.3.2 Top 10 Exporters of LPG Steel Cylinder

Table 5: Top 10 Exporters of LPG steel cylinders (2017– 2021) in MT

NO.	COO	EXPORTER	2017	2018	2019	2020	2021	Grand Total	% Share
1	PROC	Hangzhou Yuh Ang Zhangshan Steel Cylinder Co., Ltd.	7,231	7,645	8,389	12,975	9,168	45,409	53.31%
2	PROC	Hebei Baigong Industrial Co., Ltd.	2,439	2,407	4,375	6,077	5,559	20,858	24.49%
3	PROC	TPA Metals And Machinery (DG) Co., Ltd.	3,292	2,570	2,840	2,680	3,596	14,978	17.59%
4	PROC	Hubei Daily LPG Cylinder Manufacturer Co., Ltd.	-	-	-	319	970	1,290	1.51%
5	PROC	Hangzhou Tianlong Steel Cylinder Co. Ltd.	21	-	71	433	363	888	1.04%
6	PROC	Shandong Huanri Group Co., Ltd.	73	73	132	267	141	686	0.81%
7	Japan	IMB Network Systems Co., Ltd.	147	145	75	138	40	544	0.64%
8	Japan	Eiko Co., Ltd	31	-	-	142	33	207	0.24%
9	Thailand	Metal Mate Co. , Ltd	-	-	57	-	-	57	0.07%
10	PROC	Qingdao Hongyang Yuhe Import And Export Co., Ltd	-	-	-	-	44	44	0.05%
Total Top 10 Exporters			13,235	12,840	15,940	23,032	19,915	84,962	99.75%
<i>Other Exporters</i>			<i>58</i>	<i>49</i>	<i>2</i>	<i>26</i>	<i>75</i>	<i>210</i>	<i>0.25%</i>
Grand Total			13,293	12,889	15,942	23,058	19,990	85,172	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 6: Total Apparent Philippine Market (in MT) – Imported LPG Steel Cylinder and Domestic Sales

Year	Imports	Domestic Sales*	Total Philippine Market*
2017	13,293	100	100
2018	12,889	185	113
2019	15,942	126	121
2020	23,058	80	156
2021	19,990	74	136
2022 (Jan to July)	10,827	-	-

Sources: Bureau of Customs (BOC-SAD) – Import Volume
Domestic Industry (Ferrotech Steel Corporation) – Domestic Sales Volume
*Figures indexed due to confidentiality

Total Philippine apparent consumption of LPG steel cylinders continued to be relatively robust during the POI (i.e. approximately 16,000MT to 25,000MT).

Total apparent domestic consumption amounted to approximately xxx at the beginning year of the POI. In 2018, domestic demand expanded by 13%. Annual apparent demand grew by 7% in 2019 which may be attributed to the increase in imports by 24% while share of domestic sales declined by 32%. It peaked to more than xxx LPG cylinder in 2020 due to a 45% growth in imports and 36% decline in sales. The increase in domestic consumption was taken by the increase in imports all throughout the POI.

In 2021, demand for LPG contracted by 13% as sales and imports decreased by 8% and 13%, respectively.

2. Market Share

Table 7: Volume of Imports of LPG steel cylinder vis-à-vis Domestic Sales (MT)

Year	2017	2018	2019	2020	2021
Imports	13,293	12,889	15,942	23,058	19,990
Domestic Sales*	100	185	126	80	74
Total Phil. Market*	100	113	121	156	136
Market Share					
Imports	xxx	xxx	xxx	xxx	xxx
Domestic Sales	xxx	xxx	xxx	xxx	xxx

Sources: BOC-SAD – Volume of Imports
Domestic Industry (Ferrotech Steel Corporation) - Domestic Sales
*Figures indexed due to confidentiality

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 sales and market share from xxx in 2018 to its lowest share at xxx in 2021. The loss of market share was taken by imports during the POI. This dominance persisted in 2020 and 2021 notwithstanding the Covid 19 pandemic.

B. Sales, Production, Ending Inventory and Capacity Utilization

B.1 Domestic Sales

Table 8: 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 (Jan-Mar)	7	-	13	-

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 2021, sales volume decrease year-on-year by 32% in 2019, by 36% in 2020 and further by 8% in 2021.

Sales value likewise plummeted by 26% in 2019 and 37% in 2020. In 2021, a slight increase of 7% in sales value.

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 9: Total Production

Year	2017	2018	2019	2020	2021	2022 (Jan-Mar)
Production (MT)*	100	188	123	78	73	6
% Increase (Decrease)	-	88.34	(34.81)	(36.19)	(7.38)	-

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 2021, production volume decreased year-on-year by 35% in 2019, by 36% in 2020 and further by 2% in 2021. For the first quarter of 2022, production volume is only 8% of the total 2021 production level or 3% compared to the highest 2018 level.

B.3 Finished Goods Inventory

Table 10: Finished Goods Inventory

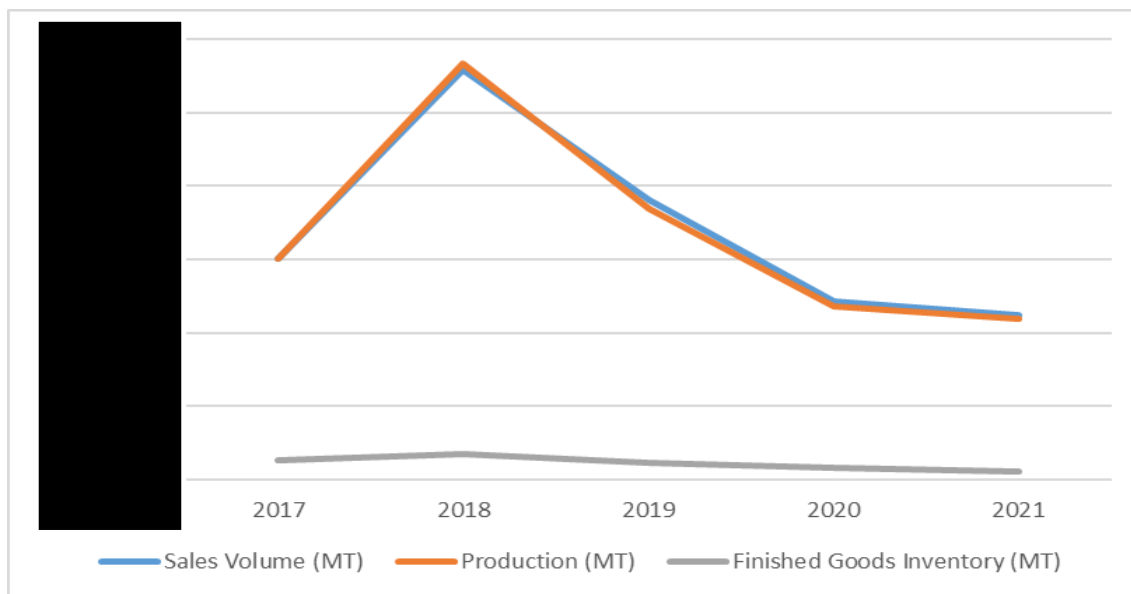
Year	Volume (MT)*	% Increase (Decrease)	Value (Php Million)*	% Increase (Decrease)
2017	100	-	100	-
2018	129	29.28	98	(1.99)
2019	87	(32.94)	151	53.94
2020	62	(28.07)	178	18.86
2021	43	(31.71)	55	(67.33)
2022 (Jan-Mar)	29	-	69	-

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. However, the inventory value slightly declined by 2% in 2018, increased by 54% and 19% in 2019 and 2020, 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

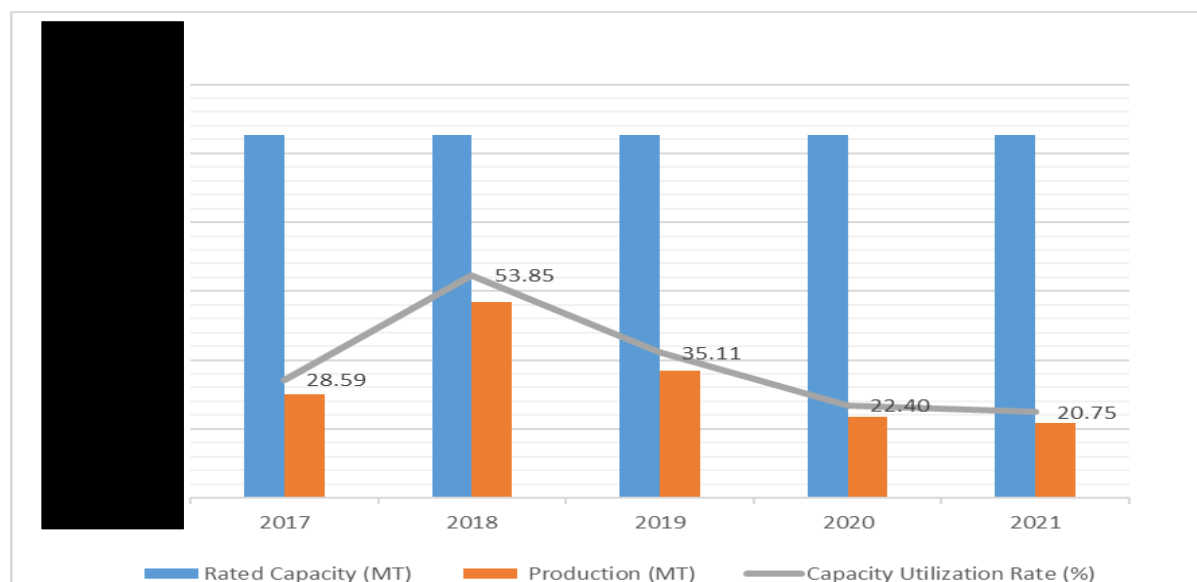
Table 11: Capacity Utilization

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 (Jan-Mar)	35	6	4.73	-

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 2021 by 35%, 36% and further by 7%, year-on-year.

The other identified producers include FMC with rated production capacity of x x x and Asian Unicorn Trading Ventures Corp. with rated production capacity of x x x. Thus, with the capacity of the other two LPG producers, this can be interpreted that the LPG industry can supply the demand in the market. The apparent demand of LPG cylinders for 2021 recorded at x x x MT.

C. Financial Performance/ Profitability

C.1 Profit and Loss

Table 12: Earnings Before Interest and Taxes

Particulars	2017	2018	2019	2020	2021	2022 (Jan-Mar)	% Increase (Decrease) (2017 vs.2018)	% Increase (Decrease) (2018 vs.2019)	% Increase (Decrease) (2019 vs.2020)	% Increase (Decrease) (2020 vs.2021)	% in Q1 2022 compared to 2021
Sales*	100	204	151	96	102	13	104.01	(25.82)	(36.89)	6.88	12.54
Cost of Goods Sold*	100	209	153	97	109	13	108.71	(26.50)	(36.62)	12.43	12.13
Gross Profit*	100	157	130	78	29	8	56.62	(16.71)	(40.07)	(62.64)	28.18
Operating Expenses*	100	135	135	142	140	32	35.41	(0.49)	5.51	(1.37)	22.77
Operating Profit*	100	285	104	(310)	(644)	(135)	185.17	(63.39)	(396.53)	(107.88)	21.03

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 2021 year-on-year by 17%, 40% and 63%, 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 and a decline of 1.4% in 2021. For the domestic industry's operating profit, the industry experienced an increase of 185% in 2018, but 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 highest recorded operating profit is in 2018 followed by profit in 2019. In the first quarter of 2022, the domestic industry recorded also an operating loss.

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 13: Return on Sales

Particulars	2017	2018	2019	2020	2021	2022 (Jan-Mar)
Sales (Million)*	100	204	151	96	102	13
Operating Profit*	100	285	104	(310)	(644)	(135)
Return on Sales (%)	xxx	xxx	xxx	xxx	xxx	xxx

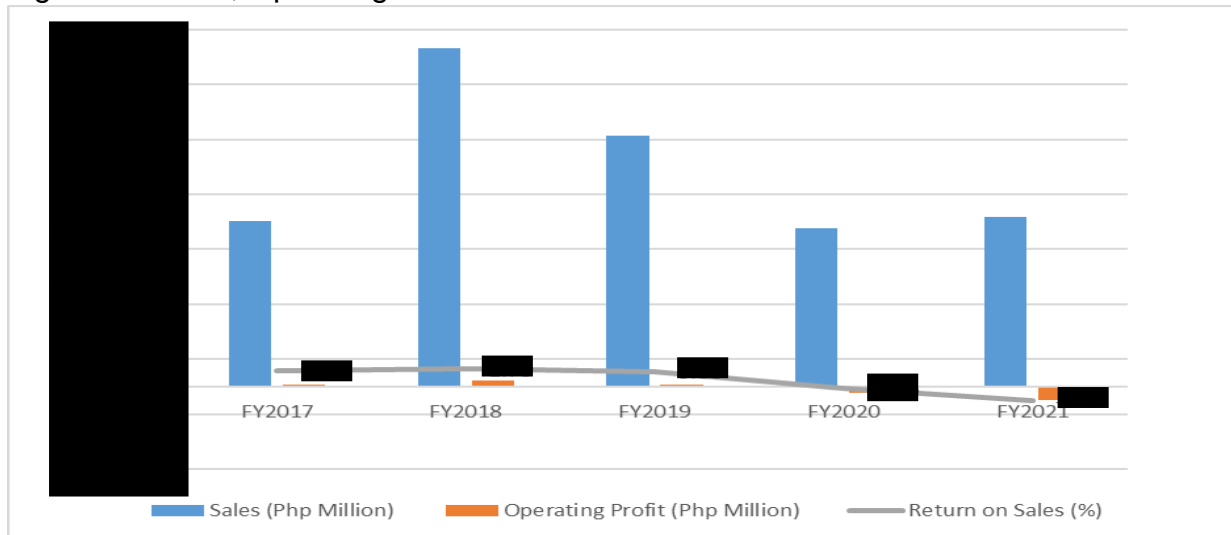
Source: Domestic Industry – Ferrotech Steel Coporation

*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 at 1.79%. It declined in 2019 and recorded negative ROS in 2020, 2021 and 1Q of 2022 due to recorded operating losses.

Figure 3: Sales, Operating Profit and Return on Sales



C.3 Return on Assets

Table 14: Return on Assets

Particulars	2017	2018	2019	2020	2021	2022 (Jan-Mar)
Average Assets*	100	133	143	134	144	155
Operating Profit*	100	285	104	(310)	(644)	(135)
Return on Assets (%)	xxx	xxx	xxx	xxx	xxx	xxx

Source: Domestic Industry – Ferrotech Steel Coporation

*Figures indexed due to confidentiality

Return on Assets (ROA) is a profitability ratio that measures how well a company is generating profits from its total assets. The highest ROA was recorded in 2018 at 1.92%.

D. Employment and Labor Productivity

D.1 Employment

Table 15: Employment

Particulars	2017	2018	2019	2020	2021	2022 (Jan-Mar)
Direct*	100	102	155	155	155	155
Indirect*	100	116	76	53	57	56
- Office*	100	104	122	126	124	122
- Manpower agency*	100	119	66	35	41	41
- Security*	100	100	100	120	120	100
Total*	100	114	86	66	69	68
Change (% Increase (Decrease))	-	14.33	(24.56)	(23.92)	5.24	-

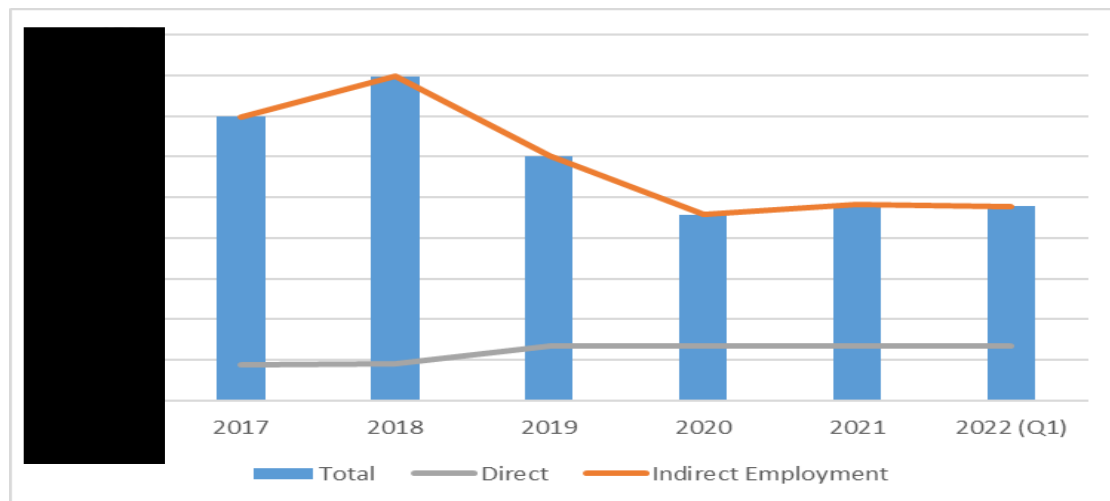
Source: Domestic Industry – Ferrotech Steel Coporation

*Figures indexed due to confidentiality

Table 15 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. In 2021, total employment increased by 5% 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 16: 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 (Jan-Mar)	6	41	-	-

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. 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 and started to decrease year-on-year by 35% in 2019, by 36% in 2020 and further by 2% in 2021.

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 where there is a slight increase of employment but still a decline in production.

E. Price Effects

E.1 Cost to Produce

Table 17: Cost to Produce per MT

Particulars	2017	2018	2019	2020	2021	2022 (Jan-Mar)
Raw Materials*	61.5	70.2	65.1	59.4	58.2	42.4
Direct Labor*	2.6	1.4	2.7	3.7	4.1	5.2
MOH*	28.1	23.2	25.4	26.0	26.9	36.3
Cost of Production (COP)*	92.1	94.8	93.2	89.1	89.2	84.0
Variable Expense*	4.0	2.9	3.6	5.6	5.6	8.5
Fixed Expense*	3.8	2.2	3.2	5.3	5.2	7.5
Cost of Production and Sales (COPS)*	100	100	100	100	100	100
% Increase (Decrease) – COP**		9.71	16.53	(16.32)	43.92	12.58
% Increase (Decrease) – COPS**	-	6.58	18.57	(12.45)	43.71	19.52

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.

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. The domestic industry estimated that 82% of direct materials are considered imported. These are hot rolled coil, neckring, saw flux and saw wire, among others.

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. The domestic industry plans to procure new machines and equipment as these offer the most advance technology to help increase the capacity and efficiency of its production.

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%.

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.

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 18: Comparison of Landed Cost and Ex-works Selling Price (P/MT)

Country	Wtd. Ave. Landed Cost (P/MT) (a)	Ave. Ex-works Selling Price (P/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
Major Sources 2022 (Jan.- March)			
PROC	xxx	xxx	65.23
Japan	xxx	xxx	76.47
Wtd. Ave. 2022	xxx	xxx	65.27

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 March 2022 were PROC and Japan. Undercutting recorded by 59% in 2021 and by 65% in 2022 (January to March).

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 Jan to July 2022, imports recorded at 54% of the 2021 level

A.2 In Relative Terms

- Share of imports relative to domestic production has significantly increased during the POI.
- Total imports of LPG steel cylinders in relation to production significantly increased i.e. 195% (2019), 268% (2020) and 311% (2021).

B. Serious Injury

B.1 Market Size

- Total Philippine apparent consumption of LPG steel cylinder grew during the POI from approximately 16,000MT to 25,000MT.
- Total apparent domestic consumption amounted to approximately 16,000MT at the beginning year of the POI. In 2018, domestic demand increased by 13%. Annual apparent demand went up by 7% in 2019 which may be attributed to increased imports by 24% while share of domestic sales declined by 32%. It peaked in 2020 due to 45% growth in imports and 36% decline in share of domestic sales.

B.2 Market Share

- 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 sales and market share from 30% in 2018 to 10% in 2021.
- The loss of market share was taken by imports during the POI. This dominance persisted in 2020 and 2021 notwithstanding the Covid-19 pandemic.

B.3. Domestic Sales and Value

- Declining sales volume and value from 2019 to 2021
 - Sales volume decreased by 32% in 2019, by 36% in 2020 and further by 8% in 2021.
 - Sales value declined by 26% in 2019 and 37% in 2020. In 2021, a slight increase of 7% in sales value due to a 3.96% increase in price.

B.4 Production

a. Total Production

- Declining production from 2019 to 2021.
- Production volume decreased by 35% in 2019, by 36% in 2020 and further by 2% in 2021

b. Finished Goods Inventories Volume and Value

- The finished goods inventory volume increased by 29% in 2018 and started to decrease from 2019 by 33% to 28% in 2020 and further by 32% in 2021.
- The inventory value slightly declined by 2% in 2018, increased by 54% in 2019 and 19% in 2020.

c. Capacity Utilization

- The domestic industry recorded capacity utilization rate at 54% in 2018 or an increase of 88% compared to the 2017 level.
- Capacity utilization declined from 2019 by 35% to 36% in 2020, and further by 7% in 2021.
- With the capacity of the other two LPG producers, the LPG industry can supply the demand in the market.

d. Cost of Production (COP)

- COP per MT increased throughout the POI, except in 2020 which declined by 16%
- COP increased by 10% in 2018 and by 17% in 2019 and further increased by 44% in 2021.

B.5 Profitability

a. Profits and Losses

- Gross profit increased by 57% in 2018 but continuously declined from 2019 by 17% to 40% in 2020 and further by 63% in 2021. Operating expenses showed fluctuating trend, increase of 25% in 2018, a decline of 0.5% in 2019, increase of 6% in 2020 and decline of 1.4% in 2021.
- Operating loss in 2020 and in 2021. In the first quarter of 2022, the domestic industry also recorded an operating loss

b. Return on Sales (ROS)

- The highest ROS based on operating profit was in 2018 at xxx. It declined in 2019 and recorded negative ROS in 2020, 2021 and 1st Quarter of 2022 due to recorded operating losses.

B.6 Employment

- In 2018, the total employment increased by 14% while it declined by 25% in 2019 and further by 24% in 2020.
- In 2021, total employment increased by 5% but the level is lower than the employment from 2017 to 2019.

B.7 Productivity

- Labor productivity increased by 58% in 2018, 18% in 2019 and 19% in 2020 but a decline of 19% in 2021

B.8 Prices

- PROC and Japan recorded price undercutting and 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:

- Significant increases in volume of imported LPG Steel Cylinder. The rate of import increased by 24% in 2019 and sharply increased by 45% in 2020. Imports reached at 54% based on the 2021 level. During the POI, the industry suffered declines in sales, production, utilization rate, employment, profitability and even losses, and existence of price depression and price undercutting.

- 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 30% in 2018 to 10% in 2021.

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.

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. Notification Requirement

Article 12.1 of the WTO Agreement on safeguards states 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;

X. DECISION

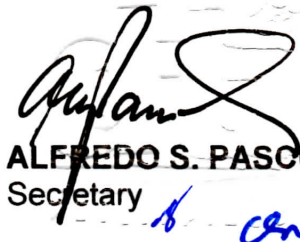

Based on the above findings, increased imports of LPG steel cylinders are the substantial cause of serious injury to the domestic industry in terms of declining market share, production, sales, capacity utilization, employment profitability and even losses, and existence of price depression and price undercutting.

Wherefore, premises considered, the Department, finds *prima facie* evidence to initiate and conduct a preliminary safeguards investigation to determine whether LPG steel cylinders are being imported into the Philippines in increased quantities and causing serious injury to the domestic industry.

Let the notice of initiation of a preliminary safeguards investigation be published in two (2) newspapers of general circulation and individual notices be sent to all interested parties including the country members concerned.

SO ORDERED.

29 March 2023


ALFREDO S. PASCUAL
Secretary 

ANNEX A

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	JOEJO 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	JOEJO 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		

ANNEX B

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