

# 1 THE APPLICANT/S

Photocopy this worksheet before you start so you can complete it for each relevant producer.

Please give details for each of the **Philippine producer/s** by or on whose behalf this application is made.

1.1 Name FERROTECH STEEL CORPORATION

1.2 Address NO. 28 MALINIS STREET LAWANG BATO VALENZUELA CITY

1.3 Phone 8403-8888 1.4 Fax 8403-8888

1.5 Email Address mahernandez@ferrotechsteel.com

1.6 Names and titles of contact people for this case.

Benito T. Keh - President

Romina A. Hernandez - AVP Administration

Atty. Jose Salvador M. Rivera, Jr. - Legal Counsel

1.7 Ownership details. Submit articles of incorporation; SEC registration etc.

Corporation

Please refer to Annex "A" - SEC Registration and Articles of Incorporation

Provide broad details of shareholding e.g. 100% privately owned, or 45% XYZ Corp., 55% ABC Corp.

1.8 Details of company accounting year.

Calendar year ending every December 31

1.9 Briefly list all products manufactured and/or sold. *(Continue on separate sheet if needed.)*

LPG Steel Cylinders for Household use.

Sizes : 1.4kg , 2.7kg , 5 kg, 7kg, 11kg, 22 kg, 50 kg

1.10 Describe your distribution channels

Customers to submit Purchase Order after a bidding has been approved. We only manufacture the cylinders based on the specifications and quantity indicated in the PO. Delivery will depend on the instructions and destinations set by the customer anywhere in Luzon, Visayas and Mindanao.

1.11 Describe your production process. Provide flowchart of manufacturing operations.

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**BIS-IRM-SGM-SF-02**  
**Application to Initiate Safeguard Measures Investigation**

## 2 OTHER PHILIPPINE PRODUCER/S

Photocopy this worksheet before you start so you can complete it for each relevant producer.

Please give details for any other **Philippine producer/s**.

2.1 Name FMC Metal Corporation

2.2 Address Office: No. 3 La Salle St. Cubao QC / Plant Address : Riverside St. Tatalon Ugong Valenzuela City

2.3 Phone (02)8288 4850      2.4 Fax \_\_\_\_\_

2.5 Email Address fmc@fscmetal.com

2.6 Briefly, list all products manufactured and/or sold.

LPG Cylinders with sizes - 1kg, 2.7kg, 5kg, 7kg, 11kg, 22kg, 50kg  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Product	Quantity	Total B

Total domestic production of the or directly competitive products by Philippine producers \_\_\_\_\_

Total domestic production (i.e. Total B)	Total C

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## 2a SUMMARY OF PHILIPPINE PRODUCERS

### Total Philippine Domestic Production of Like or Directly Competitive Products for the past Five (5) Years (During the period .... / .... / .... to .... / .... / ....)

The period is the most recent representative period immediately preceding the date of herein protest.

Domestic production of **like or directly competitive products** by those **Philippine producers** who have, in writing, *supported* the Application

	Quantity
Producer:	
Producer:	
	<b>Total A</b>

Domestic production of **like or directly competitive products** by **other Philippine producers**

	Quantity
Producer:	
Producer:	
	<b>Total B</b>

Total domestic production of **like or directly competitive products** by **Philippine producers**

Total domestic production (i.e. Total A + Total B)	<b>Total C</b>
Total A as % of Total C	%

### 3 THE PRODUCT

- 3.1 Please describe the imported product.  
*(Submit samples (if possible), brochures, catalogues and specifications).*

Imported LPG Cylinders are for household and commercial use. Most of these imported cylinders do not have embossed markings to identify the owner as stated in the requirements of PNS 03-1:2000 "No. 9 - Marking"

Please refer to Annex "C" - photos of imported cylinders

- 3.2 Please provide the tariff classification, statistical code and tariff duty for the imported product. If included in a preferential agreement, state the nature of the agreement and margin(s) of preference granted.

Tariff Classification is 73.11 - Containers for compressed or liquefied gas, of iron or steel

Rates of Duty ( 2017-2020) - 10%

**NOTE:** The Tariff Commission, Bureau of Customs, customs brokers or consultants can provide the correct tariff classifications.

- 3.3 Please describe the **like products and/or directly competitive products** produced by Philippine industry.

*(Submit samples (if possible), brochures, catalogues and specifications).*

LPG Cylinder is a metal container use to store and transport a Liquefied Petroleum Gas (LPG). 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

Explain how the products produced by the Philippine industry are **like or are directly competitive** with the imported products, including physical characteristics, tariff heading, tariff duty, end use, methods of manufacture and marketing system.

Our product is directly competitive with the imported one because we ensure quality, strict adherence to Philippine National Standard 03-1:2000 in the manufacturing process of our produced LPG cylinders for household and commercial use. As to our marketing system, we only produced products based on Purchase order of our customers.

**NOTE:** If the products you manufacture are not identical to the imported products, please give details and explain how you consider that they closely resemble or are substitutable with the imported products. Describe any differences in nature or end-use between the imported products and your product.

## 4 SOURCE/S OF THE IMPORTED PRODUCT

4.1 Name the **countries of export** of the imported product.

People's Republic of China - brand new

Japan - used

4.2 Provide the complete names and addresses of the overseas producers and/or exporters supplying the imported products

Please refer to Annex "D" - List of overseas producers of LPG Cylinders

4.3 Give the names and addresses of any known importers of the imported products and describe the nature of their business, e.g. wholesaler, retailer.

Please refer to Annex "E" - List of local importers

4.4 Indicate when the imported products began causing injury.

The imported products began causing injury to our industry on year 2017

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## INJURY

In order to investigate claims of **serious injury or threat thereof**, the Bureau of Import Services must have evidence showing:

- The volume of imports of the product under consideration
- The impact of the increased imports on the Philippine market
- The economic impact of the increased imports of the product under consideration on the Philippine producers.

All information provided to support claims of injury unless specifically requested must cover the last five (5) years immediately preceding the date of the protest. If the application was submitted on the second semester of the current year, the information shall cover the previous five (5) years and the period of the current year for which statistics are available.

It is important for applications to show a **causal link** between the increased imports of the product under consideration and the alleged injury. For example, a decrease in local production and sales may be causally linked to an increase in imports of the imported product.

You may believe that although your industry is not currently suffering injury, there will be injury if the importation of the product under consideration is not stopped. Your application will then be based on **threat of injury**.

When the Department of Trade and Industry makes a determination of **threat of injury** it does so on the basis of guidelines set down in Section 12 of RA 8800 and its Implementing Rules and Regulations.

- A determination must be based on facts, not merely on allegation, conjecture or remote possibility. The change in circumstances which will create a situation in which the increased imports of the product under consideration will cause injury must be clearly foreseen and imminent.

In considering the injury factors set out in RA 8800, the Bureau will take account of the following key factors among others, in determining that a **threat of injury** exists:

- The likelihood of substantially increased imports evidenced inter alia by existence of letters of credit, supply contract, award of a tender or irrevocable offer
- The exporters' capacity to increase exports in the Philippine market
- Inventories of the products being investigated
- Economic impact on Philippine producers.

None of these factors alone will necessarily give decisive guidance to the determination, but taken together, must lead to the conclusion that further increased exports are imminent and that, unless protective action is taken, **serious injury** could occur.

Your application should have enough information to permit the Bureau to assess the claims in terms of these guidelines.

***In critical circumstances where a delay would cause damage which would be difficult to repair, and after a preliminary determination that increased imports are a substantial cause of, or threatens to substantially cause serious injury to the domestic industry, provisional safeguard measures may be imposed. If you think this situation applies to your industry, then you should request that provisional safeguard measures be imposed. You must also state the degree or extent to which the application of such provisional measures will help improve your present situation. Please provide also a statement on the impact to your industry if imports continue within the next sixty (60) days of the filing of the petition.***

## 5 INCREASED IMPORT VOLUME

### 5.1 State quantities of imports of the imported product.

Please refer to Annex "F" Importation Summary for the most recent five (5) years

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### 5.2 State dollar value of imports of the imported product.

\$ 76,299,264.25

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For both items on this page, please provide these details for the most recent five (5) years available, if possible by month or by quarter and for each country from which imports are being sourced. This information may be available from the Philippine Statistics Authority or the Bureau of Customs.

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## 6 ECONOMIC IMPACT

Complete the following injury summary for domestic sales of the **like or directly competitive product** for the most recent five (5) years available, if possible by month or by quarter.

Table should show the consolidated figures of all the producers by or for whom this application is made. Please state if the table covers different accounting years, and if so, identify the different accounting years for each producer.

### Injury Summary

Accounting Period  
Sales Volume  
Revenue  
Cost of Production  
Gross Profit  
Selling and Admin.  
Earnings Before Interest and Tax (EBIT)

### Per Unit:

Revenue  
Cost of Production  
Gross Profit  
Selling and Administration  
EBIT

Complete the following cost of production of the **like or directly competitive product** under protest for the most five (5) years available.

Raw Materials  
Conversion Cost  
Specify  
    Direct Labor  
    Factory Overhead  
    Variable Expense  
    Fixed Expense



## 6.1 OUTPUT

- 6.1.1 Provide details of any decline in the industry's output of the **like or directly competitive product** for the Philippine market for the last five (5) years.

Please refer to Annex "G" Production Capacity and Output

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## 6.2 RAW MATERIALS USAGE

- 6.2.1 Indicate the utilization for each major raw material used for production of the **like or directly competitive product**.

Please refer to Annex "H" Direct Material Procurement Plan

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- 6.2.2 State whether the specific raw material is imported or locally produced.

Please refer to Annex "I" Direct Material Procurement Plan (Local & Imported)

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## 6.3 SALES

- 6.3.1 Provide details of any decline in the industry's sales of the **like or directly competitive product** for the last five (5) years.

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- 6.3.2 Explain any lost sales due to direct competition from the imported product

Majority of cylinder requirement of our major customers were awarded to foreign supplier

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- 6.3.3 Give copies of any correspondence or cancelled orders from the industry's customers showing they are buying the goods from other sources.

Not applicable

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- 6.3.4 Provide a schedule of volume and value of export sales over the most recent five (5) years available, if possible by month or by quarter.

Not applicable

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## 6.4 MARKET SHARE

- 6.4.1 Provide evidence of the size of the Philippine market, preferably by volume, but otherwise by value, for the last five (5) years.

We can only provide the quantity of our locally produced cylinders for the last five (5) years

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- 6.4.2 Compare the market share of domestic industry with the share held by imports over the most recent five (5) years where data is available.

Please refer to Annex "K" Market share of our company for the locally produced cylinders with the share held by import cylinders

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## 6.5 PRICES

- 6.5.1 Outline the extent to which the increased imports have affected domestic prices for the most recent five (5) years, where data is available. Provide supporting documents e.g. price lists, invoices, decline in average unit ex-factory prices, increases in costs and any information on your pricing policy and history.

Despite the increase in cost in production, we have been unable to increase our price because of the low price of imported cylinders. We are forced to adapt an import parity pricing to defend our market share.

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Annex "L" - ( Confidential)

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## 6.6 PROFITS

- 6.6.1 Explain how the **gross** and **net profit** on the domestic sales of **like or directly competitive product** have been affected.

This explanation should be consistent with changes in gross and net profit shown on page 8 above.

Due to competition from imports, the Gross and Net Profit were greatly affected as we need to sell at almost cost just to keep operation

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## 6.7 PRODUCTIVITY

- 6.7.1 Show how productivity has been affected in the most recent five (5) years, monthly or quarterly if possible.

Remember to state the basis used for measuring productivity (e.g. Production per worker, or per period etc.)

Our productivity target is eight (8) cylinders per employee. However, since 2017, we only produced an average of six (6) cylinders per employee per shift due to minimal orders

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## 6.8 RETURN ON INVESTMENTS

- 6.8.1 Show return on shareholders' funds or return on assets, or a similar appropriate measure of return on investment, in terms of net profit for the most recent five (5) years available.

Please refer to Annex "M" - ROA Summary for the recent five (5) years

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- 6.8.2 Provide details of how any allocation of shareholder's funds or assets has been made to like or directly competitive product.

Not applicable

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## 6.9 USE OF PRODUCTION CAPACITY

- 6.9.1 State the industry's production capacity for the most recent five (5) years available, if possible on a monthly or quarterly basis, for the **like or directly competitive product**

Please refer to Annex "N" - Production capacity for the most recent five (5) years

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Explain the basis for this assessment, e.g. machine capacity, number of shifts, and state the units of measurement, for example, tons, meters, liters

- 6.9.2 What has been the industry's capacity utilization rate for the periods specified above?

Please refer to Annex "O" Capacity utilization rate

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## 6.10 INVENTORIES

- 6.10.1 Provide details on the effect of increased imports of the product under consideration on the volume and value of inventories of the **like or directly competitive products** in absolute terms and relative to sales and domestic production for the most recent five (5) years.

Please refer to Annex "P"

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**6.11 OTHER ADVERSE EFFECTS**

6.11.1 Please give evidence to support claims of injurious effects (actual or potential) in any of the following areas for the most recent five (5) years:

- Cash flow – specify cash inflows and cash outflows
- Employment
- Wages
- Growth
- Ability to raise capital
- Investments

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Please refer to Annex " Q " summary of cash flow, employment from 2017 to 1st Qtr of 2022

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**6.12 OTHER CAUSES OF INJURY**

6.12.1 Please comment on factors other than the imported product that have injured, or are injuring the industry. These factors could include:

- Reduction in demand or changes in the pattern of consumption
- Restrictive trade practices of, and competition between, overseas and the Philippine producers
- Developments in technology
- The export performance of the Philippine producers.

Increase in cost of raw materials particularly steel

Increase in cost of fuel

Increase in labor cost

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**6.13 IMPORTS BY THE INDUSTRY**

If the industry has imported the subject product in the past five (5) years please provide:

- Full description of the product

Not applicable

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- Details of each shipment (including dates of importation, supplier, country of origin, volume and value (FOB and CIF).

Not applicable

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- An explanation why the industry has imported the subject product.

Not applicable

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## 7 SAFEGUARD MEASURES SOUGHT

- 7.1 Provide a statement on the form and duration of the safeguard measures you would like to be implemented by the government to assist your industry.

We would like to request for ten (10) years duration of safeguard measures. This is in order for us to be competitive with imported LPG cylinders to remain viable and for the continuity of operation

## 8 ADJUSTMENT PLAN

- 8.1 Provide a statement on the **adjustment plan** or set of actions that the domestic producers will undertake for the purpose of improving their competitiveness and adopting to the new market conditions.

We plan to procure new machines and equipment as these offers the most advance technology to help increase the capacity and efficiency of our production to be able to supply the local demand of LPG cylinders. Improvement of skills and competitiveness of our employees through additional trainings is also included in our adjustment plan. We also aim to secure ISO Certification to maintain quality, safety of our products and effectiveness of our system

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# RA 8800 – SAFEGUARD MEASURES ACT

## Application to Initiate a Safeguard Measures Investigation

I hereby apply to initiate a safeguard measures investigation

Imported products under HS Codes 73.11 specifically 7311.00.23; 7311.00.24 and 7311.00.25

from (country/ies of export)

People's Republic of China

In support of this application I attach evidence of:

- (i) Volume of increased imports
- (ii) Injury to the industry; and
- (iii) A causal link between the increased imports and alleged injury.

and such information as is reasonably available to me in relation to the matters referred to in RA 8800, the Philippine Safeguard Measures Act.

This application is made [by] [on behalf of] the Philippine Industry producing like or directly competitive product to those subject to the application comprising a major proportion of the total Philippine production of those products.

Furthermore, I certify that the information contained in this application are accurate and complete to the best of my knowledge.

Signature

Name ROMINA A. HERNANDEZ

Position AYP-Administration

Date May 5, 2022