DEPARTMENT OF TRADE AND INDUSTRY

SAFEGUARD MEASURES CASE NAME:

APPLICATION OF PETROCHEMICALS INDUSTRY

PUBLIC VERSION

SGM CASE NO.	**:**	**SG06-2020**
DATE	**:**	**17 September 2021**

REPORT ON THE PRELIMINARY AFFIRMATIVE FINDINGS ON THE APPLICATION OF SAFEGUARD MEASURES ON LINEAR LOW-DENSITY POLYETHYLENE (LLDPE)

REPORT ON THE PRELIMINARY DETERMINATION OF SAFEGUARD MEASURES ON LINEAR LOW-DENSITY POLYETHYLENE (LLDPE)

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 JG Summit Petrochemical Corporation (JGSPC). The subject product is Linear Low-Density Polyethylene (LLDPE) which is classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Codes:

LLDPE	
3901.10.12	3901.40.00
3901.10.92	3901.90.90

This report addresses the issue on whether the evidence submitted by the domestic industry, 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 Party to the Petition - Domestic Industry/Petitioner

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".*

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".*

JGSPC was incorporated in 1994 as a joint venture between JG Summit Holdings, Inc. and Marubeni Corporation. Today, JGSPC is the largest manufacturer of polyolefins in the Philippines. It is the first and only integrated PE and PP resin manufacturer in the country. They produce HDPE, LLDPE, PP-H, and PP-R resins marketed under the EVALENE® brand using the world-renowned UNIPOL™ technology. [1]

JGSPC's in-house fabrication capabilities allow it to understand the customers' technical, operational, and performance requirements. The Product R&D laboratory has the following equipment that enables it to conduct lab-scale fabrication and analysis: blown

[1] https://jgspetrochem.com/jg-summit-petrochemical-corporation/company-overview/

film line, tubular water quench/IPP film line, cast film line, injection molding, blow molding, compression molding, compounding using a single screw or twin-screw extruder. [2]

According to JGSPC, for their local and indirect export sales, they primarily sell its LLDPE resins directly to over 200 local plastic product manufacturers and secondarily through distributors. While for export sales, JGSPC mainly sells through accredited distributors and trading partners. Since 1998, JGSPC has sold its products to over thirty (30) countries worldwide.

Pursuant to Rule 4.1 cited above, JGSPC meets the legal requirement since JGSPC is the sole manufacturer producing 54,789 metric tons in 2019 which accounted for a 100% share of the total domestic production of LLDPE.

A.2. Industry Overview

Petrochemicals is a strategic sector of the economy that could anchor the country's industrial development. Because of its strong linkages upstream, midstream and downstream, the sector provides robust multiplier effects on other main sectors of the economy such as construction, electronics and computer, medical services, transportation and automotive, packaging, education, telecommunications, electrical and water distribution, agriculture and fishery, and furniture, among others[3].

The industry's objective is to achieve self-sufficiency in strategic resin supply and increase the petrochemical sector's contribution to total Philippine GDP from Php 44 B in 2010 to Php 113 B in 2018 and Php 215 B by 2025 through the progressive integration of upstream, midstream and downstream components of the sector. Such progressive integration will involve the entry into various other petrochemical branches that will provide exponential value addition in different industries, spurring domestic and export growth and potentially contributing up to 5-10% of GDP by 2025.

A.3. Importers and Exporters of LLDPE

Annexes A and B are the lists of importers and exporters of LLDPE products during the period of the investigation.

A.4. Others

DTI notified other interested parties (i.e. industry associations) regarding the application for safeguard measure investigation and requested them to submit their positions thereof. (Annex C).

[2] https://jgspetrochem.com/choose-us/
[3] http://industry.gov.ph/industry/petrochemicals/

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 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 states that:

"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 of the imported LLDPE with the locally produced LLDPE is required to determine if these are like or directly competitive products.

A.1 Domestic Product

Linear Low-Density Polyethylene (LLDPE) is a type of polyethylene resin with densities ranging from 919-925 kg. Specific gravity of less than 0.94. Primarily sold as translucent white pellets or in granular form.


Actual Size


Pellets


Granules

A.2. Product Specification

Evalene® Grade Name	Melt Index (190°C/2.6kg, g/10 min)	Density (g/cm³)	Physical Characteristics	Characteristics
LF08262	0.8	0.926	Translucent white pellets or in granules	Unimodal C6 LLDPE Film, Barefoot
LF08263	0.8	0.926		Unimodal C6 LLDPE Film, with Slip & Antiblock
LF10181	1	0.918		Unimodal C4 LLDPE Film, with Slip & Antiblock
LF10182	1	0.918		Unimodal C4 LLDPE Film, Barefoot
LF20184	2	0.918		Unimodal C4 LLDPE Film, Medium Slip, Medium Antiblock
LF20185	2	0.918		Unimodal C4 LLDPE Film, Barefoot
LF20186	2	0.918		Unimodal C4 LLDPE Film, High Slip, High Antiblock

Source: Domestic Industry

A.3. Uses and Applications

LLDPE is very flexible and elongates under stress. It can be used to make thinner films, with better environmental stress cracking resistance. It also has good resistance to chemicals making them ideal for a broad range of applications such as:

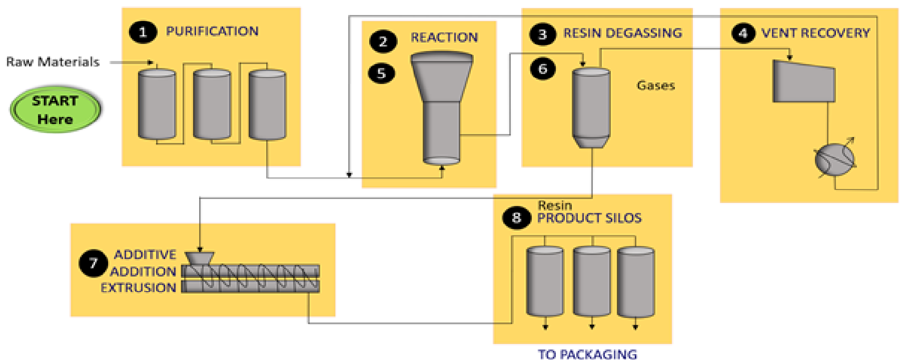
Evalene® Grade Name	Typical Application
LF08262	Heavy duty sacks, Agricultural films, High-performance flexible and industrial packaging requiring superior puncture and tear resistance
LF08263	Heavy duty sacks, Agricultural films, High-performance flexible and industrial packaging requiring superior puncture and tear resistance, high tear strength and good openability
LF10181	Flexible packaging, Agricultural films, Industrial liners, Garment bags, Trash bags, Shopping bags, Ice bags
LF10182	Flexible packaging
LF20184	Flexible packaging, Agricultural films, Industrial liners, Garment bags, Trash bags, Shopping bags, Ice bags
LF20185	Stretch films, Flexible packaging
LF20186	Flexible packaging, Agricultural films, Industrial liners, Garment bags, Trash bags Shopping bags, Ice bags

Source: Domestic Industry

A.4. Manufacturing Process

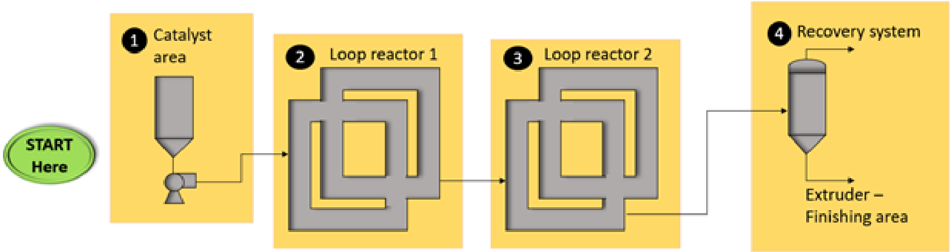
a) Univation UNIPOL™ PE Process Technology

UNIPOL™ PE Gas Technology – Existing 320 kilotons per annum (kTA) plant is one of the world's most widely used PE technology, having more than 165 licensed reactor lines in 28 countries, with a total capacity of more than 48 Million MTA.



Source: Domestic Industry

b) Chevron Phillips MarTech™ ADL PE Process: Technology able to produce both LLDPE and HDPE



Source: Domestic Industry

JGSPC will start to operate its third PE line using US-based Chevron Phillips MarTECH ADL™ PE production technology. The line, which has a rated production capacity of 250kTA, will be able to produce bimodal, metallocene, and bimodal metallocene LLDPE resins, for which there is no local production. The new PE line will have an initial planned grade slate of 6 new grades for LLDPE, thereby bringing the total number of LLDPE grades to 13, targeted to be Operational by 1Q of 2022 (from initial target completion of 4Q 2020).

According to JGPSC, the current and upcoming LLDPE resin product is produced using the two world's most widely used PE Process technologies and as such are similar and substitutable with other imported LLDPE resin products, especially those used for film applications

A.5. Distribution Channel

For local and indirect export sales, JGSPC primarily sells its LLDPE resins directly to over 200 local plastic product manufacturers and secondarily through distributors. While for export sales, JGSPC mainly sells through accredited distributors and trading partners.

Source: Domestic Industry

B. Imported Product

B.1. Product Description under the Tariff and Customs Code 3901 (LLDPE)

AHTN	***Description***	***MFN***	***AANZFTA***	***AIFTA***			***AJCEPA***	***ATIGA***
			2015-2020	***2015***	***2016 - 2018***	***2019 - 2020***	***2015-2018***	
3901	**Polymers of ethylene, in primary forms**							
3901.10.12	--- Linear Low-Density Polyethylene (LLDPE)	***10***						***0***
3901.10.92	--- Linear Low-Density Polyethylene (LLDPE)	***10***						***0***
3901.40.00	- Ethylene-alpha-olefin copolymers, having a specific gravity of less than 0.94	***3***						***0***
3901.90.90	-- Other	***3***	***0***	***2***	***1***	***0***	***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
AANZFTA ASEAN-Australia/New Zealand Free Trade Agreement

AIFTA ASEAN-India Free Trade Agreement
AJCEPA ASEAN-Japan Comprehensive Economic Partnership Agreement

ATIGA ASEAN Trade in Goods Agreement

JGSPC claimed that LLDPE is imported into the domestic market under several HS and AHTN tariff headings, under 3901.10.12, 3901.10.92, 3901.40.00 and 3901.90.90. The multiplicity of tariff lines that LLDPE currently falls under is the subject of a petition filed by the Association of Petrochemical Manufacturers of the Philippines (APMP) with the Tariff Commission, received on January 21, 2019 and still pending resolution. APMP filed the petition in support to JGSPC, as JGSPC is the affected member company producing LLDPE. According to JGSPC, per the Tariff Commission, its combined report for both LLDPE and LDPE petitions was already submitted to the Committee on Tariff Related Matters (CTRM). To date, APMP is awaiting for the decision of the CTRM.

C. Comparison between Imported and Domestic Product

Locally produced and imported LLDPE products are like products on the following because of the subsequent characteristics:

i. Same end-use applications
ii. Same Tariff Classifications
iii. Have same applications and functions
iv. Same manufacturing process

D. Product Exclusions

After considering the industry's position as well as the submissions of all interested parties (i.e. exporters, importers, associations, foreign embassies, etc.), DTI took note of the LLDPE products that, at present, are not being produced by the domestic industry. LLDPE products that are excluded are special wires and cable grades, and rotational molding grades in powder form.

Also excluded are LLDPE products for which domestically-manufactured counterpart products of comparable quality or sufficient quantity are not available i.e. Hi Performance PE Grades such as metallocene LLDPE, C6 hexene, and C8 Octene LLDPE products.

III. THE PROCESS OF PRELIMINARY INVESTIGATION

A. Acceptance of the Petition and Decision for Preliminary Investigation

In accepting the petition of the Philippine LLDPE 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 August 2020, the Secretary officially informed JGSPC that their application has been accepted as properly documented. On 28 August 2020, 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 September 2020, Notice of Initiation was published at the 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 09 September 2020, 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 quarantine measures imposed to contain the pandemic. 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 Importers Responses to the Questionnaire

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

1. **Inca Philippines, Inc.**

On 29 September 2020, DTI received Inca Philippines, Inc.'s comments. The following are their comments:

<table>
<tr><td>Product Imported</td><td>High-Density Polyethylene Resin
(Polymers of Ethylene: 3901.10.92)
There are no available manufacturers of Rotational Molding Grade Polyethylene in powder form (500 microns particle size), with a melt index of 4 to 8 g/10mm. JGSPC does not produce powder polyethylene.</td></tr>
<tr><td>Inventories of Imported Product

Total Importation for the Last 5 Years</td><td><table><tr><td>2016 – 30.07 MT</td><td>2019 – 72.67 MT</td></tr><tr><td>2017 – 85.99 MT</td><td>2020 – 91.33 MT</td></tr><tr><td>2018 – 45.65 MT</td><td></td></tr></table>
1,663.0 MT USD 1,601,224.00</td></tr>
<tr><td>Injury</td><td>No injury to applicant JGSPC since it does not produce Rotational Molding Grade HDPE/LLDPE.
The product under investigation is only applicable to processes such as Injection Molding, Blow Molding, and Extrusion Molding. The latter processes need LLDPE or HDPE in pellet form which is not the manufacturing process being utilized by Inca.</td></tr>
</table>

Others/General Comments	• Inca is a 32-year old manufacturer of plastic products and has been importing Rotational Molding Grade Polyethylene in Powder Form for use in its rotational molding factory to produce large hollow plastic tanks, septic tanks, drums and various waste bins. • JGSPC up to now is unable to manufacture and supply Inca with the grade and powder form of resin that it needs to its manufacturing process. • Inca's annual requirement for said rotational molding grade resin is very small, i.e., 239 MT per annum or 20 MT per month for the past 10 years. That may be the reason why JGSPC is not motivated or inclined to pursue the development, manufacture and supply of rotational molding grade resin. • Inca as a resin importer poses no threat at all or injury to JGSPC and should safeguard measures be imposed in the form of additional tariffs to protect JGSPC, rotomolding grade resin should be excluded from the list and Inca should be able to continue to import without additional tariffs. • Inca should not be included as one of those importers that caused injury to JGSPC since the latter is not producing the plastic grade of PE resin that Inca needs in its Rotational Molding Process. Should in the near future JGSPC will be able to provide Rotational Molding Grade Resin, Inca is very much willing to buy or use said resin grade since we do not have to stock substantial amount of inventory if locally available.

2. Prima Plastic Manufacturing Corporation

On 06 October 2020, DTI received Prima Plastic Manufacturing Corporation's comments. The following are their comments:

Product Imported	• Bimodal HDPE resins C6 and C8 metallocene LLDPE Bimodal C4 resins C4 resins
Tariff Classification	• LDPE AHTN Code: 3901.40 LLDPE/C4 AHTN Code: 3901.10.92/3901.40.00 HDPE AHTN Code: 3901.20.00 C6 and C8 Metallocene AHTN Code: 3901.40.00 C4 LLDPE
Source Countries	• Imported Products are sourced from the USA, Malaysia, Thailand, Saudi Arabia and United Arab Emirates • Local LLDPE products have only C4 performance compared to the imported ones which have C6-C8. C4 products do not have the

Difference between Imported and Local Products	required seal strength, seal through contamination properties and hot tack properties, which are the properties needed in flexible packaging. Although JG Summit has one C6 grade material, its application is limited and is only Unimodal material. • As to HDPE, local grades are only Unimodal material which when compared to imported Bimodal materials, cannot match up to downgauging of film. Film toughness and strength are poor in Unimodal materials.
Philippine Market/Injury Other Factors that may have Caused Serious Injury	• The imposition of safeguard tariff will cause irreparable damage to the downstream industry and drive the market to imports not only on packaging materials, but in the form of finished products. • Local industry stands to close down and will increase the number of unemployment. • Over the years, JG Summit has proven to be a non-reliable supplier in terms of delivery and competitive pricing. • JG Summit machines have also aged considerably and they do not have the grades that meet the quality and performance requirements of the end-users, such as seal through contamination, hot tack and film strength capable of downgauging. • Prima Plastic supports PPIA's position paper submitted, including any supplemental industry position that is against the imposition of safeguard duty (that will benefit only a single midstream industry player at the expense of the entire downstream industry). • JG Summit's capacity was designed 30 years ago, and this is less than half of the current demand. • JG Summit cannot claim serious injury, as the problem is of their own making. They want to sell high locally and sell low to the export market. On the other hand, Prima Plastic's thrust is to buy local, buy Filipino. • Based on import data submitted by JG Summit, the reason for the import surge in 2018 and 2019, is that they cannot supply as evidenced by the complaint filed with BOI by PPIA last January 2018. If JG Summit can only supply the local market, then no one will import. • Prima Plastic usually source and prioritize what is locally available, but unfortunately JG Summit does not make C6 and C8 material which is in high demand in today's packaging. JG Summit also does not make Bimodal HDPE material. • Thus, the application for Safeguard Duty of P15,000 per MT or USD 300 per MT for a period of 10 years, is without basis and highly unreasonable. If granted will only cause serious distortion between raw materials and the finished products and will generate more importation of finished goods. The government should not protect one industry at the expense of another.

	• Serious injury may be caused by its aging equipment which is almost 25 years old. Its machines are outdated and can only produce ordinary LLDPE and HDPE. It is only now that JG Summit is catching up. JG Summit likewise experiences frequent unscheduled shutdown. • Based on the data submitted by JG Summit, 2017 shows very little import volume, the reason is that the downstream industries are buying heavily from JG Summit to a point that it can no longer supply. This forced the downstream industries to supplement their inventories through importation. From then on, JG Summit has been selling higher compared to the imported ones which lessened the domestic order volume and reduced JG Summit's backlog.
Others/General Comments	• The claim of the JG Summit of serious injury was baseless and is more on greed and intends to capture the local market at the expense of the downstream industry. • The domestic downstream industry has always supported JG Summit by buying local. However, in 2017 when prices of the C2 and C3 surged, JG Summit opted to sell their raw materials, leaving the local industry in a panic and having nothing to produce. Some companies have to shut down operations because of material shortage due to non-delivery by JG Summit. • PPIA even filed a complaint with BOI, however after the meeting arranged by BOI, JG Summit decided to raise their selling price by about P3.00 per Kilogram. JG Summit did that to discourage the downstream industry from buying in order to lessen their delivery backlog and this situation has not improved until today. • JG Summit can compete against foreign suppliers. However, it opted to sell high locally, forcing the downstream local industries to import instead. • JG Summit is producing HDPE, LLDPE and PP resins. However, it is only requesting safeguard duty for HDPE and LLDPE, when in fact all the resins are priced higher locally and PP is among the resins that are imported together with HDPE and LLDPE. - The reason for this is that JG Summit manufactures BOPP film and if PP is included in the safeguard duty this would put them out of business, will create a tariff distortion, and force local converter to import finished goods from the ASEAN region. - The second reason is that there is another local Petrochem, Petron that probably did not like the idea of safeguard duty. - The third reason is that JG Summit materials are outdated. It does not have C6 and C8 to cope up with the market demand. Further, their HDPE is only Unimodal where the market demands for Bimodal materials. • JG Summit manufacturing equipment has aged already and is probably poorly maintained, thus becoming very unreliable resulting in frequent shutdown causing material shortage. One way to support supply is to import and doing importation requires a long term

	relationship with the supplier. One has to have a monthly purchase quantity to establish a supplier relationship. • The complaint filed by JG Summit is without basis and will only retard the growth and development of the downstream industry and the country. Their claim is out of selfish interest and aimed at earning huge profits at the expense of the downstream industry and thereby destroying the country's economy. Thus, the complaint should be dismissed as the continuation of this complaint is just a waste of time and money.

3. Astrobag Manufacturing Corporation

On 23 September 2020, Astrobag Manufacturing Corporation submitted its comments. Astrobag stated that they will be adopting the position of the Philippine Plastics Industry Association, Inc. (PPIA), pursuant to their Position Paper dated 14 September 2020 and submitted on 15 September 2020.

The position paper consists of seven (7) pages and strongly points out the reasons that show why Astrobag strongly opposes the safeguard Duty of Php15,000.00 or USD300.00 per ton stated in the application.

4. Apollo Bag Industrial Corporation

On 24 September 2020, Apollo Bag Industrial Corporation submitted its comments. Apollo Bag stated that they will be adopting the position of the Philippine Plastics Industry Association, Inc. (PPIA), pursuant to their Position Paper dated September 14, 2020 and submitted on September 15, 2020.

The Position Paper consists of seven (7) pages and strongly points out the reasons that shows why Apollo Bag strongly opposes the safeguard Duty of Php15,000.00 or USD300.00 per ton stated in the application or any amount sought for the importation of HDPE and LLDPE resins.

5. PhilPlastic and Polymers, Inc.

On 29 September 2020, PhilPlastic and Polymers, Inc. submitted its comments stating that they will be adopting the position of the Philippine Plastics Industry Association, Inc. (PPIA), pursuant to their Position Paper dated September 14, 2020 and submitted on September 15, 2020.

6. Cebu Sherilin Trading Corporation

On 29 September 2020, DTI received Cebu Sherilin Trading Corporation's comments. The following are their comments:

Product Imported	• LLDPE
Tariff Classification	• HS Code 3901 400 0000
Source Countries	• ASEAN, USA and Middle East

Difference between Imported and Local Products Inventory	• Price – Price of local product is much higher compared to the imported ones from the ASEAN region or elsewhere. • Local producers cannot supply the local demand due to limited production. • The quality of local product cannot entirely meet the quality needed by the customers. • Manufacturers prefer the price, quality and the supply of the imported products. • Normal Inventory – *xxx*
Philippine Market Serious Injury	• LLDPE is mixed with LDPE to gain strength for the bags. The Philippine market is very competitive and since the item concerned is a commodity, the local producer should also compete. • The serious injury is a false claim. JG Petrochemical should compete especially that they are at an advantage being the only local manufacturer. • Serious injury will fall on the buyers. The market has been growing and the volume of supply needed is also getting bigger. Thus, no one plant can supply the demand.
Others/General Comments	• Resins are commodity items and prices vary from day to day and month to month. Local suppliers normally give a very meager discount, while imported ones especially on lean months have bigger discounts. • The volume or supply are always assured by the suppliers of the imported products. • LLDPE is a common raw material for the manufacture of plastic bags. It is basically a commodity item. The Philippine market has been increasing and no single supplier can supply the demand. There would be a shortage in supply if the government will control it. The government should let the market prevail and choose the price.

7. Philippine Spring Water Resources Inc.

On 30 September 2020, DTI received Philippine Spring Water Resources Inc.'s (PSWRI) comments. The following are their comments:

Product Imported Source Countries	• HDPE • LLDPE • ASEAN-Member countries

Difference between Imported and Local Products	• The available locally-produced resin is not sufficient to meet the demand of PSWRI. • The quality of the locally-produced resin cannot meet the standard to produce the closure caps being manufactured by PSWRI for its business of processing, bottling, selling and distribution of mineral water.
Others/General Comments	• PSWRI has been importing resin directly from abroad (ASEAN-Member countries) for the manufacture of its own closure caps. PSWRI is not selling resin sourced from abroad. • The unit price of the imported resin is higher than the market price of the locally-produced resin. • PSWRI previously bought locally-produced resin from Petitioner JG Summit, however, the same does not match the standard grade or cannot meet the standard requirement of the machines producing closure caps. Both the actual product result of the closure caps using the locally-produced resin from JG Summit, and the confirmatory tests made by PSWRI showed bottle leakage attributable either to poor quality of the subject locally-produced resin or the same is incompatible with or cannot meet the standard requirement of the machines used by PSWRI in producing closure caps. • The significant reason and essential consideration of PSWRI in importing resin for the manufacture of its closure caps, is quality. It will eventually redound to customer satisfaction and led to followership, aside from the quality of its drinking water. All other competitors of PSWRI such as Wilkins, Summit, and Absolute are also sourcing out resin from abroad due to quality. • PSWRI is not aware or even privy of any record of the alleged sudden surge or influx of imported resin of any or all types, for the last five (5) years, which is similar to or in likeness to the locally-produced resin. • It is submitted that the spirit behind RA 8800, is to level the playing field between the importer of like or similar product and the locally-produced product with the end in view of protecting the interest and plight of the local producers of like or similar product by imposing a safeguard duty within a limited period of time until the condition sought to be protected is achieved. • With all due respect, the essential elements which would warrant the application of RA 8800 is wanting or not present in the present Petition. • Thus, it is respectfully prayed that the Petition of JG Summit for the imposition of remedies under RA 8800 be denied specifically with respect to PSWRI, considering that it is importing resin for its won consumption and not for sale.

8. Shrinkpack Philippines Corporation

On 02 October 2020, DTI received Shrinkpack Philippines Corporation's comments. The following are their comments:

Product Imported	• HDPE (2 manufacturers and 2 grades) • LLDPE C4 (6 manufacturers and 11 grades) • LLDPE C6 (5 manufacturers and 8 grades) • LLDPE C8 (1 manufacturer and 1 grade) • mLLDPE (2 manufacturers and 3 grades)
Tariff Classification	• 3901.20.00, 3901.10.92, and 3901.40.00 • The products being imported are a variety of C4 Butene, C6 Hexene, C8 Octene grade Linear low density polyethylene and high density polyethylene for blown film process application. Grades vary by density, melt flow index, mechanical and optical properties, processability, chemical and heat resistance, barrier properties, and applications.
Source Countries	• Malaysia, Thailand, Singapore, Saudi Arabia, United States, Qatar and Canada.
Difference between Imported and Local Products	• The manufactured products of the domestic industry Evalene LF08262 and LF08263 differ in density and melt flow index from the imported products in the same grade category of C6. • This only allows limited applications of the domestic product to the manufacturing of the products. JGSPC's LF10181, LF 10182, LF 20184, LF20185, 20186 are all C4 Butene LLDPE and thus, differ from the C6 grade Shrinkpack procure. • The C4 products are not able to substitute for the C6 products of the domestic market as these would produce different mechanical and optical properties such as the toughness and stiffness required of the final product. • Likewise, the difference of MFI and density would also affect the properties of the final product. Other factors include processability, and compatibility of the product with machinery and other additives and grades. • JGSPC does not produce Metallocene LLDPE (mLLDPE) products. The catalyst metallocene are the new generation linear low density polyethylene. Lastly, JGSPC does not offer or produce a domestic product of C8 Hexene grade LLDPE. Both mLLDPE and C8 LLDPE procured by Shrinkpack are under the AHTN codes affected.

Philippine Market	• Shrinkpack expects the demand for both the imported and domestic polyethylene to slowdown or stagnate until 2021-2022 due to the coronavirus pandemic. The GDP of Q2 dipped to -16.5% and a consumer consumption record of -15.5%. The economic impact of the lockdown is expected to bounce back 2021 and recover to pre-Covid19 levels in 2022.
Others/General Comments	• JGSPC does not produce similar or equivalent versions of certain LLDPE grades that meet the performance requirement of our customers as listed in section 2.3 of the questionnaire. Some examples of this would be the grades which are C6 grade. JGSPC only produces 2 grades of C6 grade material (Evalene LF08262 and LF08263) with density, melt flow index, mechanical and optical properties, and processability that heavily differ from the grades produced by other manufacturers. These factors allow limited application of JGSPC C6 grade into Shrinkpack's product line. • Furthermore, JGSPC does not produce Octene grade C8 LLDPE and metallocene LLDPE as their product line is limited, as of now to C4 and C6 grade LLDPE. Grades such as this are affected by the safeguards measure as both products will fall under the AHTN Code 3901.40.00 despite it being non-competing with JGSPC current offerings. • Shrinkpack believes that safeguard measures to benefit a single midstream company at the expense of the downstream industry would cripple the plastic manufacturing and converting companies in the Philippines. The safeguard tariff would make Shrinkpack and other converting companies uncompetitive against ASEAN and global manufacturers. • Shrinkpack's major clients conduct global and regional biddings. Some of these companies are tax exempt and receive tax holidays due to their nature as exporters. The safeguard measures would render Shrinkpack uncompetitive and would drive these international brand owners to purchase packaging materials and possibly eventually their finished products from countries like Malaysia and Vietnam on zero import duties. This would severely impact the packaging industry and would ripple into the downstream local finished goods manufacturing plants. This will put at risk the 400+ direct and indirect Shrinkpack employees and their families and possibly affect thousands of Filipino jobs. Shrinkpack highly protests the implementation of safeguard measures on the importation of high-density polyethylene and linear low-density polyethylene.

9. ESTA Fine Color Corporation

On 02 October 2020, DTI received ESTA Fine Color Corporation's (EFCC) comments. EFCC stated the following:

<table>
<tr><td>Product Imported

Tariff Classification and Duty
Source Countries

Difference between Imported and Local Products</td><td>

LLDPE M200024 – HS Code 3901.90.90
LLDPE MG2000 – HS Code 3901.40.00
Tariff Duty is 3%
Saudi Arabia (by SABIC Asia Pacific, PTE, Ltd.)
The main difference between the imported LLDPE products and those manufactured by the domestic industry is the melt-flow rate (MFR) of the products: Domestic LLDPE – 0.8 – 2.0 grams/10 minutes, Imported LLDPE – 20 grams/10 minutes.
As the formulation of different products require different processes, so does the need for materials with different MFI. We would not be able to blend properly the colorants and additives which would greatly affect the quality of colorants to the plastic converters. The plastic converters would have more quality and processability issues.

</td></tr>
<tr><td>Year-end Inventories of Products in Question (in kgs)</td><td>
<table>
<tr><th></th><th>LLDPE MG200024</th><th>LLDPE M200024</th></tr>
<tr><td>2015</td><td>xxx</td><td></td></tr>
<tr><td>2016</td><td>xxx</td><td></td></tr>
<tr><td>2017</td><td>xxx</td><td></td></tr>
<tr><td>2018</td><td>xxx</td><td></td></tr>
<tr><td>2019</td><td>xxx</td><td>xxx</td></tr>
</table>
</td></tr>
<tr><td>Philippine Market</td><td>

EFCC's imported product is a niche product. EFCC is not aware of the domestic market segmentation since it cannot compare the local product and imported product. However, EFCC is unable to use the local product, since if it does, EFCC will lose competitive efficiency and reduction of the quality of its manufactured products which will also affect domestic converters. The technical specifications are very different.
EFCC's imported product is a niche product. Unfortunately, the applicant/petitioner does not have the equivalent product that EFCC can use.

</td></tr>
<tr><td>Others/General Comments</td><td>

EFCC do not trade the imported product (resins) it imports, but use the same as part of raw material for the manufacturing of plastic colorants and additives. EFCC's colorant and additive pricing structure depends on processing costs, raw materials and other direct/indirect costs of the final product.
EFCC does not sell or trade the imported product as it is. It is just one of the raw materials being used to manufacture color and additive carriers that is being supplied to its client plastic converters.

</td></tr>
</table>

	• While JG Summit is requesting for government support to apply safeguard measures to support lower the volume of imports, EFCC believes that a blanket increase in tariffs is not the answer. Doing so will severely hurt other companies like EFCC, that imports a type of LLDPE that is not locally produced.

10. Tradeton Corporation

On 22 October 2020, Tradeton Corporation replied to the questionnaire and stated the following:

Product Imported Tariff Classification Source Countries Difference between Imported and Local Products	• Octene Copolymer LLDPE, Hexene Copolymer LLDPE and Butene Copolymer LLDPE • HS Code: 3901 9090 • USA, Europe, Thailand and Saudi Arabia • The products imported by Tradeton Corporation are specialty LLDPE metallocene production technology-based products having octene, hexene, and butene copolymers. These products possess properties such as sealing property, vacuum sealing moisture and ethylene barrier and control capabilities that are specific to the unique requirement of the packaging industry and agriculture (banana and pineapple) produce exporters. • The LLDPE produced by JG Summit Petrochem are general purpose LLDPE butene copolymer only and produced by a common Gas-Phased production method UNIPOL, which are totally different and cannot be used for said applications due to lack of the aforementioned qualities. • Importations – 2017 (743 MT), 2018 (1,380 MT), 2019 (863 MT), 2020 (85 MT). • Inventory – Approximately *xxx*.
Philippine Market/ Serious Injury	• The LLDPE product Tradeton imports from the Dow Chemical company technically fall under the HS Code the JG Summit is petitioning. However, the said products are not actually the same products due to the copolymer content and different manufacturing technology (Metallocene vs. Gas-Phased swing UNIPOL process). Technically, they do not compete directly with JG Summit Products due to the inherent differences in properties and requirements, the specific need of the food, pharma, consumer packaging and agriculture fresh products for the export market. Currently, there is no locally-produced alternative for these high-end copolymer LLDPE products. The existing JG Summit Petrochem products do not meet the said specific requirement. • JG Summit's claim is too broad for the different LLDPEs. The Petition covers products that belong to the high-end copolymer

	spectrum that they do not even produce, but required by the specific packaging and fresh fruit export industry. • Imposing a penalty on these inequivalent products will directly impact the consumers without any relief on the resulting unnecessary additional costs. • If the plastic resin product costs will go up due to the subject petition, there is a high chance of the local manufacturers just importing finished products such as lamination film or even finished good packaging, effectively contributing to the demise of the local specialty packaging industry. • Products imported under tariff heading 3001.40.00 are already imposed with 3% duty outside of ASEAN. • Should JG Summit be granted a blanket tariff protection, this will directly impact the agricultural and fresh fruit export of the Philippines, making them more expensive vs. Asian competitors in Malaysia and Indonesia. Also, in the specialty packaging sector, this will increase the cost of food items and medicines that will directly impact the local consumers, as packaging companies will pass the cost to them. • The high cost of production is inherent in JG Summit due to their technology and economies of scale. • Tradeton Corporation is an importer of specialty plastics for the packaging industry, mainly film and lamination packaging focused on industries requiring special packaging material with average profit margin between 3% to 5% only.

11. Plastic Container Packaging Corporation

On 05 October 2020, DTI received Plastic Container Packaging Corporation's comments. The following are their comments:

Product Imported	• HDPE Resin for Rigid Packaging
Tariff Classification	• 3901.20.00 Zero Tariff Duty (Polymers of Ethylene in Primary Form) 3902.30.90 Zero Tariff Duty (Polymers of Propylene in Primary Form)
Source Countries	• Singapore and Malaysia
Difference between Imported and Local Products	• Imported product is more efficient for PCPC's equipment. • Imported product easily passes the customer quality standards.
Inventory	• *xxx*

Philippine Market	• The domestic rigid plastic packaging market is very small relative to our ASEAN neighbors. In fact Philippines is one of the smallest in terms of plastic consumption. The local market is very sensitive to supply and price disruptions. It is very sensitive to fluctuations is the supply reliability, price, power and labor.
Serious Injury	• The claim of the applicant with regard to serious injury is mainly because of their problem in supply. Local manufacturers are forced to import to become a reliable supplier to their customers. The sudden lack of supply from JF Petrochem severely affects the operations and supply of PCPC's customers. For the past years, there have been several instances of this occurrence in the market. • One of the factors that causes injury is the world prices and the supply of Naphtha. Another is the exchange rate and the reliability of JGSPC's manufacturing supply.

12. Weida Philippines, Inc. (WPI)

On 05 October 2020, DTI received Weida Philippines, Inc.'s comments. WPI stated that the product WPI imported is described as Polyethylene Powder (Roto-mold grade C4 and C6) with Tariff Code 3901.90.90. The imported products are compounded/pelletized, pulverized (ready-to-use PE powder), from Malaysia. The local product is compounded, pulverized (ready-to-use PE powder).

WPI uses LLDPE C4 and C6 Resins (Roto-Molded Grade) for its production of PE tanks. JG Summit confirmed that they do not have the same specifications as the ones required by WPI. Thus, they are not affected by the imported LLDPE raw materials that WPI is importing from Malaysia. Furthermore, WPI also outsourced a percentage of its raw materials production requirement from Polymer Link Philippines, Inc., creating a balanced usage of LLDPE from both the imported and locally-produced sources.

WPI also supports locally compounded LLDPE resins for its production usage. Aside from imported LLDPE, WPI also outsourced PE powder from Polymer Link Philippines, Inc., as an alternative supplier. Since 2009, WPI has already inquired from JG Summit of the availability of the required LLDPE resins, but to no avail. JG Summit does not have the right LLDPE grade for the use of WPI in its operations. This year, WPI again inquired if they already have the WPI required specifications, but the same is still not available

13. TAT Recyclables & Renewables Corporation

On 05 October 2020, DTI received TAT Recyclables & Renewables Corporation's comments. The company is an industrial plastic scrap recycler. Scraps such as trimmings, plastic production rejects, cut outs, etc., are the raw materials. Such raw materials are collected from local plastic manufacturing companies (not imported and not from garbage – not post-consumer scraps), when local plastic manufacturing output is weak, so is TAT's business. It thrives when the local manufacturing sector is strong. TAT further commented that:

- For the past ten (10) years, local plastic manufacturing volume has been in the decline due to the following reasons: A. Zero Tariffs on Plastic Finished Products such as: 1) Plastic Packaging Products; 2) Flexibles; 3) Housewares; 4) Construction; 5) LLDPE Banana Covering Films; and 6) Plastic Woven Sacks; B. High Local Production and Logistics Cost – 1) Our electricity is more expensive compared to ASEAN manufacturing hubs like Malaysia, Thailand and Vietnam; 2) Higher nationwide transport cost. Shipping a 20-foort FCL from Manila to Davao or Manila to Cebu is more expensive than Malaysia port to any port in the Philippines, or Thailand port to any port in the Philippines and China port to any port in the Philippines; and C. Negative Information About Plastics such as: negative environmental and health benefits of plastics which leads to nationwide banning, though a lot of these information were never verified through scientific research, but just a show of budgetary prowess.

- Imposition of a safeguard measure for the raw materials of the plastic manufacturing industry will create more tariff imbalance making manufacturing locally more expensive and sending more manufacturing overseas including the downsizing of local supporting industry like TAT – engaging in recycling, machine shops, utilities, and etc. Further, making the Philippines a mere consumer country, that has minimal manufacturing capability is disastrous for the country's future. Raw materials are similar to capital equipment, they are needed to grow industries and provide jobs. Imposing safeguards for the benefit of one company alone and to the detriment of the many downstream plastic manufacturing companies will be deemed counterproductive. Government will earn additional taxes from the raw materials import but will lose more significant form of taxes and other economic benefit that will be generated from the manufacturing and job creation.

14. Plastmann Industrial Corpration

On 06 October 2020, Plastmann Industrial Corporation expresses support for the Position Paper already submitted by the Philippine Plastic Industry Association, Inc. (PPIA) dated September 14, 2020. As a client of JGSPC, Plastmann Industrial is in a constant struggle with higher local price from JGSPC compared to regional Asian suppliers. The price disparity has already made Plastmann's products uncompetitive forcing their clients in turn to importation of finished products rather than local sourcing.

- Plastmann can only be competitive as a manufacturing entity if only the price of resin is likewise competitive.

- The nature of Plastmann's business requires the use of accredited and approved grades which is determined by the clients. Many of the grades are simply not available locally or if not unacceptable in terms of quality.

- The imposition of the safeguard measure in favor of JGSPC will render importation of accredited and approved grades, effectively expensive forcing clients to import finished products instead of local sourcing.

- Vital to any industry is a reliable supply of raw materials. Sadly, several instances have shown JGSPC to be deficient in this regard. Plastmann have encountered a number of delays in the delivery of materials from JGSPC with the reason being cited as the breakdown of their equipment. In one instance, it took JGSPC 7.5 months to complete a delivery. The said supply disruption due to the delayed delivery by JGSPC caused Plastmann financial losses and affected its reputation as a reliable supplier. No compensation, rebate or assistance was offered by JGSPC to Plastmann.

- While Plastmann supports local industry, it should not be penalized for the midstream supplier's inability to provide consistent, reliable, quality and competitively-priced products.

15. United Polyresins, Inc.

On 08 October 2020, United Polyresins, Inc., commented that they strongly oppose the Safeguard Duty (P15,000.00 or USD 300.00 per ton in the application or any amount) being sought for the importation of HDPE and LLDPE resins in line with the JGSPC petition (SG05-2020-HDPE and SG06-2020-LLDPE).

United Polyresins, Inc., is ahead of the trends in the industry, having rigorous studies about HDPE and LLDPE resin supply and demand. It stands with the Philippine Plastics Industry Association, Inc. (PPIA), with their position paper which indicated several disadvantages and drawbacks, not just to the Philippine plastic industry but to the Philippine market as well. However, with 50 years of manufacturing plastic packaging products, United Polyresins, Inc., has its full support towards the establishment of an integrated and healthy Philippine Petrochemical Industry. With this proposal of JGSPC, the Safeguard duty will not be necessary since importation of HDPE and LLDPE materials will not pose a threat to their business in the coming years.

Currently, JGSPC has pending deliveries of HDPE and LLDPE resin to United Polyresins, Inc., which means that they may not be able to supply competently nationwide, as the demand for plastic packaging remains constant, if not increasing. Granting JGSPC's petitions will make them sole conglomerate for the whole country and when the time comes they might not be able to keep up with the demand and they will then control the price for the said resin materials and pose a threat to the hundreds of plastic downstream industries and thousands of small businesses that are end-users of United Polyresins' products in the country.

16. Marulas Industrial Corporation

On 08 October 2020, DTI received Marulas Industrial Corporation (MIC) comments stating that as a member of the Philippine Plastic Industry Association, Inc. (PPIA), expresses its full support to the Association and with it its commitment to serve and protect the local downstream plastic industry and the thousands of Micro, Small and Medium Enterprises through its Position Paper on the application for safeguard duty for imported HDPE and LLDPE resins.

MIC stressed that JGSPC imports petrochemical resins to augment the local supply chain for its own manufacturing needs. MIC is of the view that, for any industry to thrive and constantly improve, there must be fair competition. Monopolies and/or quasi-monopolies are the turf that is best suited to Government as it is specifically geared toward public service and the general good. When applied or granted to any specific entity, the industry will suffer from some or all of the following: higher prices for consumers, less incentive to cut costs, to innovate and to invest, productive inefficiency, potential diseconomies of scale, gaining of political power to protect one's vested interests and ultimately less choice for consumers.

Further, MIC stated that as it is, JG Summit Petrochemicals Group (JGSPG) with its two (2) wholly-owned subsidiaries, (JG Summit Petrochemicals Corporation and JG Summit Olefins Corporation) collectively owns and operates the largest polyolefins manufacturing facilities in the country. With the non-operation of the NPC Alliance, that leaves the JGSPG as the only integrated PE and PP resin manufacturer and sole domestic supplier of PE. With only one source, disruption in any operation while expected, will be unacceptable. What will happen to the supply chain of the downstream industries if it is left without a viable recourse during a planned shutdown, regular maintenance, and emergency repair activities, political/economic events, and force majeure.

Resin importations under the safeguard duty arrangement, will inevitably result to increased manufacturing costs, thereby putting domestic producers at a further cost disadvantage vis-à-vis imported finished goods. It is therefore, unthinkable to believe that a country will prioritize the interest of one single entity's medium term bottom-line to the detriment of its entire downstream industry. The financial losses cited by JGSPG in its application/petition for the Safeguard Measures was inconsistent with its expansion plans:

Ongoing petrochemical expansion project with new production units

- A going concern can invariably lose out in so many ways, and they can include the following: inadequate equipment, technology obsolescence, high input costs, product quality issues, production and logistical inefficiency, unforeseen events, force majeure, mismanagement, fraud, changing political landscape, environmental policies, and taxation. Any combination of these reasons can and may play a role instead of the importation of resins.

- Along with the points raised by PPIA, MIC reiterates the fact that the Philippine industry comprises the upstream, intermediate, midstream and downstream industries and does not refer to any one single entity and extra care should be taken in determining who are really affected.

17. Citiplas Plastic Servicing Center

On 09 October 2020, DTI received Citiplas Plastic Servicing Center's comments. The company stated the following comments:

Product Imported Tariff Classification	• HDPE (Ellene5604/Titanex 1881/Titanzex HF 7000/Innoplus HF 7000) • LLDPE (Innoplus 7801A/Innoplus 7810 D/ SASOL 1820 T HDPE – 3901 (3901.20.00 AHTN 10 MFN 10) LLDPE – 3901 (3901.10.99 MFN 10 AHTN 10, 3901.10.92 MFN 10 AHTN 10,

	3901.40.00 MFN 10 AHTN 10, 3901.90.90 MFN 3 AHTN 3)
Source Countries	• Singapore, Thailand, Malaysia and Taiwan
Difference between Imported and Local Products	• The imported materials may have certain advantages over domestic products in terms of technological advancement and R&D, though certain local producer can produce same products as the one imported. However, the properties, composition and quality differ from each other. Plus a wider range of product resin grades to choose from that are not readily available locally.
Importation for the Last Five (5) Years	• 2015 – 23,533,500 KGS 2016 – 23,979,000 KGS 2017 – 24,466,500 KGS 2018 – 24,966,000 KGS 2019 – 25,736,400 KGS
Year-End Inventories	• 2015 – (Thailand: *xxx*, Malaysia: *xxx*, USA: *xxx*, Singapore: *xxx*) 2016 – (Thailand: *xxx*, Malaysia: *xxx*, USA: *xxx*, Singapore: *xxx*) 2017 – (Thailand: *xxx*, Malaysia: *xxx*, USA: *xxx*, Singapore: *xxx*) 2018 – (Thailand: *xxx*, Malaysia: *xxx*, USA: *xxx*, Singapore: *xxx*) 2019 – (Thailand: *xxx*, Malaysia: *xxx*, USA: *xxx*, Singapore: *xxx*) As of October 1, 2020 – (Thailand: *xxx*, Malaysia: *xxx*, USA: *xxx*, Singapore: *xxx*)
Philippine Market	• Plastic industry is a highly competitive industry which caters to almost all types of markets. It is segmented into flexible and rigid plastics. Most plastics packaging companies create their own brand to distinguish them from competition, though some companies try to imitate or copy other company's brands and products. Majority of the packaging market is needed by the lower income households wherein they are price sensitive. • Basically, the market consists of Luzon, Visayas and Mindanao. Some products are affected by the ongoing plastic regulation which affects overall plastic consumption. Prices are variable since plastics are petroleum based. So it largely depends on oil prices. With varying needs of consumers, companies adapt to these changes by offering products that meet the demands. • With the pandemic, many companies are suffering due to labor issues and operational capability. Costs are increasing as many companies are adapting to the new normal with new workplace safety policies. • The importance of importing raw materials presents an alternative for companies to be competitive, as these consists of 60-70% of production cost. This is also to ensure that companies need to operate consistently without any interruption on any of their supply chain.
Serious Injury	• The expansion for additional capacity as stated by the Applicant is not yet operational and thus, the supply chain is still limited. • The rate of increase of imports was raised by the Applicant in order to compensate for the unavailable supply locally. Previous

	experience presents that most of the Applicant's production equipment are under maintenance.
Factors that Cause Serious Injury	• Factors that Citiplas Plastics consider as Causing the Serious Injury: 1) Untimely delivery of raw materials; 2) Insufficient volume to serve the customer requirements; 3) Inconsistency of product quality and batch delivery; and 4) Non-commitment to quantity ordered, adjustment in allocation when something went wrong (e.g. machine breakdown, shortage of input processing of materials, etc.).
Others/General Comments	• The imposition of a safeguard tariff will: - It will cause irreparable damage to the market and drive the market to import not only packaging materials but also the finished products. - It puts company employees and their families, stakeholders, and customers, who depend on Citiplas Plastic's products as their source of income, at risk of losing their jobs/livelihood. - JG Summit has proven to be a non-reliable supplier, in terms of delivery, quality and competitive pricing (e.g. delay of deliveries which affects the company's operations, inconsistency of batch deliveries wherein some lots have quality issues, and certain situations when the prices are unstable especially when demand/supply is a concern). - Evalene does not have the grades that meet the quality and performance requirements of the end-users (e.g. bimodal grades, high molecular grade, as well as resin grades for specific application, etc.). • This is to support PPIA's position paper submitted, including any supplemental industry position paper submitted, including any position that is against the imposition of a safeguard duty that benefits a single mainstream industry player at the expense of the entire downstream plastic manufacturing and converting industry.

18. Artpack Philippines, Inc.

On 14 October 2020, DTI received Artpack Philippines, Inc.'s comments. Artpack Philippines stated the following:

Product Imported	• HDPE and LDPE
Tariff Classification	• 3901 1019.00 – TAR SPIEC 10%
Source Countries	• Hongkong, China, Singapore and Malaysia
Difference between Imported and Local Products	• In terms of quality, there is no difference between the local and imported product.

Philippine Market	• In terms of cost, there is a big difference between JG Summit as the local supplier and the foreign supplier. Artpack Philippines is not satisfied with the delivery of JG Summit which it cannot comply on the required dates, considering that it is the domestic supplier. JG Summit likewise requires the issuance of a P. O. one (1) month in advance or payment first. Suppliers of imported products on the other hand, gives a 30-day L. C. • Because of the delay in the delivery by JG Summit, Artpack Philippines is bound to compromise its production that results in the delay of delivery to customers.
Others/General Comments	• Artpack Philippines does not sell resin because they use it for their production of plastic sando bags and export it to the USA and Puerto Rico. • Artpack Philippines can buy the domestic supplier's products for the use of its production for as long as the former can give a good allocation, price and, most especially compliance to the delivery time. Considering that JG Summit is the local supplier it should have more stocks of its products available to local customers.

19. Liquid Packaging Corporation (LPC)

On 20 October 2020, DTI received Liquid Packaging Corporation (LPC) comments. LPC is a manufacturer of plastic bottles and has been an importer of plastic resin. The main essential component of LPC's products is PET (Polyethylene Terephthalate) resin. LPC produces caps, lids and other plastic products. These products are produced from other types of plastic like HDPE and LLDPE. Plastic resin has various types and LPC uses the same in particular for injection and blowing and majority of LPC's sources are from abroad, especially the PET, LLDPE and some HDPE blow grade. In the event that supplies are tight, particularly the HDPE, LPC sources them from local traders. LPC further stated the following comments:

- As to Cost – The landed cost of imported resin is lower compared to the market price of the locally-acquired raw material resin.

- As to Resin Type – The type of plastic resin that LPC is using for its lids is not produced by JG Summit Petrochem, particularly the LLDPE injection grade.

- As to Supply – LPC inquired before from traders for JG Summit Petrochem's HDPE Evalene product, however, it appears that they have supply issues.

- As to Recent Activity – LPC is still on testing stage with JG Summit's HDPE blowing grade and there is no definite schedule yet as it is prioritizing its production. Any plastic material /resin that has a grade or application that complies with LPC's requirement may be used as long as it passes the testing process of and received recommendation from the company's Quality Assurance.

20. Phelps Dodge Philippine Energy Products Corporation

On 16 November 2020, DTI received Phelps Dodge Philippine Energy Products Corporation's comments. The company stated the following comments:

Products Imported Tariff Classification Source Countries Difference between Imported and Local Products	• PE Compounds (raw materials for cables) HDPE, LDPE, MDPE, LLDPE and LPE • AHTN Code 3901.2000 (ASEAN Origin – Zero, China Origin – 5%, Other Countries w/o FTA – 10%) • USA, Korea, China, Thailand, Malaysia, Singapore, Europe and Middle East • The products being imported by PDPEPC are wire and cable compound grades cable insulation or jacket that are compliant with the international wire and cable standards. • The JGSPC domestically produced materials are only good for packaging use and not applicable/compliant for wire and cable applications.
Importation Volumes for the Last five Years	• 2016 – 2020: 1,540.7 MT (CIF Manila)
Year-End Inventories for the Last Five Years	• 2015 – *xxx*, 2016 – *xxx*, 2017 – *xxx*, 2018 – *xxx*, 2019 – *xxx*
Philippine Market	• The application of PE materials used by PDPEPC are for low voltage and medium voltage cables and telecom cables. The major customers are power distribution utilities, power plants, industrial plants and telecommunications companies. • The general market segmentations are a) Power/electric distribution and transmission companies, b) Power generating and industrial plants, c) Construction industry for residential/commercial buildings, and d) Government infrastructure projects. • PDPEPC does not have information on factors causing serious injury claimed by the applicant/petitioner as it does not use PE grades produced by the applicant.
Others/General Comments	• PDPEPC opposes the petition of JGSPC insofar as it includes specific products it is importing as essential raw materials (polyethylene wire and cable grade compounds) for the production of power cables and wires. Said products should not be included in the proposed safeguard measures on importation of HDPE and LLDPE pellets and granules, as this would pose serious injury to domestic manufacturers of power cables and wires, including PDPEPC. These imported raw materials are not produced locally by JGSPC or any other domestic manufacturer. • PDPEPC and other local wire and cable manufacturers have long been importing all wire and cable and PE compounds used for production of wires and cable as these are not available locally.

	• The products being imported by PDPEPC are compliant with international wire and cable standards, while the products produced by JGSPC locally are intended for packaging use and are not suitable for wire and cable applications. • JGSPC does not have the manufacturing capability to produce special wires and cable PE grades that will meet PDPEPC's requirements to manufacture wire and cables. • Over the years, local manufacturers of cables and wires have been losing market share due to the proliferation of imported cables and wires. Increasing the duty on imported raw materials would further erode PDPEPC's competitiveness as to pricing compared to imported cable and wires. • The proposed safeguard measure insofar as it would include the imported raw materials used in manufacturing power cables and wires, would be detrimental to the financial viability of the local manufacturers and would put them (including PDPEPC) at a serious disadvantage compared to imported power cables and wires.

21. Jason Manufacturing Phils. Corporation

On 03 October 2020, DTI received Jason Manufacturing Phils. Corporation's comments. The company stated the following comments:

Product Imported Tariff Classification Source Countries Difference between Imported and Local Products	• LLDPE Qamar FD21HS, and LLDPE Lotrene Q2018H • 3901.9090 – 3 % Tariff Duty, and 3901.4000 – 3% Tariff Duty • Saudi Arabia and Qatar • The difference between the imported products and the domestically manufactured is mainly the proprietary qualities of the raw materials. JMPC have products in its item line-up that require very specific features of those raw materials sourced abroad, that is, a specific clarity and a specific elasticity; and property to withstand freezing temperatures without resulting in the degradation of the quality of the plastic bags. • These very specific proprietary qualities of the raw materials being imported by JMPC are far more superior than the quality of the locally manufactured raw materials. Even though the local manufacturer would report that their raw materials have the same Melt Index (MI) as with the imported raw materials, the results differ in terms of quality of the end product.
Importations of the Products Subject of Investigation (LLDPE Qamar, LLDPE Lotrene	• 2015 – 475.25MT, 2016 – 1995MT, 2017 – 1050MT, 2018 – 1008.75MT, 2019 – 1046.25MT

and HDPE Ellene) for the Last Five (5) Years	
Projection for the Next two (2) Years	• Between steady at the current, to an increase of 10% if the economy recovers well after the COVID-19 pandemic.
Pricing Structure in the Philippine Market	• 2015 – *xxx* 2016 – *xxx* 2017 – *xxx* 2018 – *xxx* 2019 – *xxx*
Philippine Market	• The plastic industry in the Philippines, is extremely competitive. This was made even more so by the government's thrust to eradicate the use of plastics in favor of environmental preservation. The requirement for plastic products have diminished over the years, making for cutthroat competition. As such, each manufacturer must find its own competitive advantage in order to maintain an edge in positioning their products in the market. • JMPC customizes the mixture of its raw materials in order to come up with proprietary properties that would allow it to compete successfully in the local market. In this regard, unhampered access to the global raw materials market at fair value is imperative to the survival of the industry.
Serious Injury	• There seems to be no serious injury to the applicant as their Income Tax Return filed in the last five (5) years have not shown heavy losses. • The main factor that resulted in the serious injury the applicant claimed to have incurred was brought about by the lapse in proper maintenance of their machineries. Their operation became inconsistent because of this, causing massive delays in the delivery of pending orders in the downstream industry. This resulted in the local supply of raw materials becoming undependable. • This gap in the supply and demand caused by the applicant's limited production capacity, was what prompted the need for the plastic manufacturers to source its raw materials abroad, to ensure its continuous operation. • Another factor may be the inherent limitation in the quality of the raw materials produced by the applicant. JGSPC's LLDPE raw materials has two (2) kinds of Melt Index (MI): MI-1 and MI-2. But even if such is the case, the quality of the resulting finished product is still very much behind those produced using imported raw materials.
Others/General Comments	• At present, the applicant JGSPC is the sole producer of HDPE and LLDPE resins in the Philippines. From the time the applicant started its operation up to this day, the downstream plastic industry has rendered its full support to the applicant. However, problems in the supply chain remain pervasive as the applicant still frequently failed in its commitment to deliver raw materials over an extended period of time. The plastic

	downstream industry is forced to import raw materials from abroad in order to: 1) fill in the gap, 2) ensure the continuous operation, and 3) stabilize the prices of raw materials and finished products in the local market. • The applicant insisted on its claim of the increased volume of importation of HDPE and LLDPE without mentioning their failure in maintaining a steady supply of raw materials in the local market. They seemed to have no surplus in their inventories and are constantly out of stock, because their machineries are frequently breaking down. At 200,000 metric tons annual volume production, the applicant can only supply 50% of the yearly total requirement of the plastic downstream industry. • Because the applicant already has the monopoly in the local production of HDPE and LLDPE, increasing the tariff to give them a safeguard measure seems tantamount to putting them in a position of monopoly. It would force the plastic downstream industry to settle for quality that is substandard. If the safeguard measure will be implemented, it would cause the increase in the landed cost of imported raw materials, which will inevitably result in the huge distortion in the prices of locally produced plastic products against imported finished products, since the current tariff setup for the finished plastic products is zero (0) duty. All this might lead to the collapse of the downstream plastic industry and the subsequent displacement of tens of thousands of workers.

A.1.d Exporters Responses to the Questionnaire

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

1. Sumitomo Chemical Asia Pte Ltd (SCA)

On 17 September 2020, DTI received Sumitomo Chemical Asia Pte Ltd (SCA) comments through its Legal Counsel, Quisumbing Torres Law Office. SCA stated the following comments:

Products Exported to the Philippines	• Sumitomo Polyethylene HDPE Blow Film (F0554) MFR 0.05 with density of 0.951 for Shopping bag, garbage bag and industrial liner. • Sumitomo Polyethylene HDPE Blow Moulding (B2555) MFR 0.3 with density of 0.954 for Small to medium size container.
Philippine Market/ Serious Injury	• There is an inability of the Philippine local production capacity to meet local demand. The local demand for plastics in the Philippines exceeds the local domestic production capacity. The shortfall between local demand and local production capacity is naturally covered by imports.

	• In addition, the local demand for plastics in a healthy market would usually grow each year. If local production capacity is and remains stagnant and/or unstable, there would necessarily be an increase in importations. • Importation of HDPE and LLDPE also meet the local demand for products which are not produced locally (for example, bimodal HD film), in addition to meeting the shortfall of local production.
Comments on Specific Claim Made by the Petitioner/ Applicant in Regards to Serious Injury	• While there has been an increase in imports of HDPE and LLDPE, there is no showing that the increased imports of HDPE and LLDPE have a causal link to the serious injury or threat to the domestic industry, for the following reasons: - It is normal for a demand for plastics to grow on a year on year basis. Where there is no increase in domestic capacity, such lack of increase in domestic capacity will necessarily translate into an increase in volume of imported goods. The Petitioner fails to show that it has the capacity to accept and produce higher quantities of HDPE and LLDPE as the demand for plastics increase. - The current 320,000 MT capacity of the Petitioner is not sufficient to fulfill the demand of the local downstream industry. Imports are needed to make up for the shortfall. - The Petitioner's decision to reduce its production volumes naturally resulted in a decrease in the Petitioner's domestic sales figures in 2018 and 2019. There is no sufficient proof that the reduction in Petitioner's domestic sales in 2018 and 2019 was due to the increase in imports. - Apart from the Petitioner's insufficient production capacity to meet local demand, SCA understands that the Petitioner has experienced production stoppages from time to time, thereby, further affecting its ability to meet local demand. The Petitioner should be required to a) provide evidence and explanation for its production stoppages and b) demonstrate that its loss in sales cannot be attributed to such stoppages. If the Petitioner is unable to demonstrate item b), then any loss in sales due to production stoppage cannot be attributed to the alleged increase in imports. - The Petitioner's failure to meet local demand requirements in 2018 prompted major industry players to secure their raw material requirements from other dependable sources, such as imports. In these circumstances, major downstream players had no choice but to divert and commit volumes normally supplied by domestic resin producers, and obtain such volumes from foreign suppliers to ensure a steady supply. This would explain the increase in imports in 2018 and 2019. In addition, the October to November 2019 cracker shutdown likely resulted in the increase of 26% for HDPE imports (Initiation Report, SG05-2020, p. 24)

	and 9% for LLDPE imports (Initiation Report, SG06-2020, p.24) in 2019. Reports on shutdowns and extended shutdowns by JG Summit show reasons completely unrelated to imports. - In addition, SCA also understands that there were instances of non-delivery by the Petitioner during 2018-2019 resulting in its supply being inconsistent and unreliable. This resulted in downstream customers having to turn to imports to ensure that their business operations were not disrupted. - Even if the imported products are cheaper than domestic products, it is SCA's view that, the Petitioner's products are more expensive than HDPE and LLDPE imports in order to cover its own high expenditure. From the Petitioner's own evidence, it is incurring high costs (e.g. constructing a new PE plant, expansion of cracking facility capacity, ongoing plant reliability studies), and it plans to incur further expenditure (e.g. construction of coal fired power plant, installation of operator training simulator and advanced process control system). This could contribute to higher costs of production which JG Summit is trying to "pass onto" exporters by applying for safeguard measures. - Further, the Petitioner has indicated that it applies a "reasonable margin" to its sale price to recover investment. This is too vague; the Petitioner should be required to provide more details on how this "reasonable margin" is derived and the basis of calculation for such margin.
On the Claim that Domestic Production Volume had to be Drastically Reduced by 51% in 2018 Owing to the Negative Impact to Gross Profit and Low Capacity Utilization	• The Petitioner has not shown a causal link between reduction in production volumes and the alleged increase in imports. There is no such causal link. We note that the Petitioner chose to sell C2 or Ethylene due to low downstream polyethylene (PE) prices, i.e. selling C2 was more profitable during this period. This would naturally result in a decline in the Petitioner's PE production. • We would point out that other resin and petrochemical suppliers also faced the same difficulties and had to lower their prices globally because they chose to retain PE production and sales despite negative margins in order to ensure consistent and regular supply to the downstream customers. • In addition, the Petitioner also has not demonstrated that the alleged negative impact to gross profit is attributable to the alleged increase in imports. • Finally, it is unclear why the Petitioner persists in increasing its production capacity when, by its own data (which is redacted), its capacity is underutilized. Exporters should not be responsible for costs incurred to unnecessarily increase local production capacity.

On Lower Productivity Due to Falling Production Volumes while Continuing to Hire Skilled Workers	• The Petitioner has not explained why it is necessary for it to contribute "to reducing the need for these skilled workers to find overseas employment." • In addition, the Petitioner should be required to give further details on how much lead time is in the "pre-hiring" process for the upcoming new builds, as well as the job scope and actual tasks performed by these new hires. If the workers are idle and/or there is insufficient work for them, then the lower productivity cannot be attributed to the alleged increase in import volume. • Exporters should not be required to bear the cost of the Petitioner's mistakes/miscalculations in its hiring policy.
On Claim of Petitioner that it has Seen a Lower Return on Investments	• Based on the Petitioner's own evidence, the period of injury started from 2015. However, construction of the new plant started in 2017. As such, construction would incur high expenditure, the Petitioner should be required to explain when and why it decided to undertake such construction (which likely increases production costs) even though it was allegedly suffering injury from 2015. Such actions should be viewed as a failure to mitigate losses, and the exporters should not be responsible for the same. • Any damage to the Petitioner that is a direct result of its own decision/actions is irrelevant to the determination of the matters that this present investigation seeks to establish, i.e., a) an increase in imports of like or directly competitive products; b) the existence of a serious injury or threat to the domestic injury to the domestic industry; and c) the causal link between the increased imports of the product under consideration and the serious injury or threat thereof.
On Alleged Price Undercutting from Thailand Malaysia and the USA at 1%, 0.39% and 7%, respectively for HDPE.	• In SCA's view, the Petitioner has made a bare allegation that there was a price undercutting without comparing with relevant data from other Southeast Asian markets. This comparison is necessary to prove that the exporters had deliberately lowered prices in the Philippines, in order to justify the requested safeguard measures. However, it is SCA's view that the falling PE prices are not confined to the Philippines but are part of a global phenomenon. Thus, the Petitioner has not proven that there was a clear intention of price undercutting and/or that the prices were allegedly lowered in order to drive sales into the Philippines market. • In any case, the selling price of SCA's HDPE and LLDPE products into the Philippines is based on SCA's monthly company listed price for the whole ASEAN region and the Petitioner has not provided any evidence that we have lowered our selling price in order to boost our product sales into the Philippines. As a company marketing products of Middle Eastern origin, in particular, Saudi Arabia, SCA's aim is to compete for market share with other overseas suppliers, and not to compete with or replace local domestic suppliers.

On the Difficulty of Petitioner Obtaining Financing for its Modernization, Expansion and Operational Requirements	• Apart from the fact that Petitioner's modernization and expansion requirements are unnecessary, Petitioner has not shown how the alleged increase in imports caused increased financing costs. There could also be other reasons for increased financing costs, e.g., higher cost of borrowing offered by financial institutions, which are unrelated to alleged increase in import volume.
Factors Considered to be Cause of the Serious Injury Claimed by the Applicant/Petitioner	• The Petitioner unilaterally decided to reduce their domestic PE production. • The Petitioner's frequent shutdowns in 2018 and 2019 is the cause of its decreased PE production. • The Petitioner's inability to consistently and reliably supply PE to the domestic market (with emphasis on their policy to announce non-delivery to orders) led to an increase in importations of PE.
General Comments	● **On Adjustment Plan** a) The Petitioner has not explained how each of its initiatives will increase its competitiveness against exporters. The initiatives appear to involve high costs. The Petitioner should be required to show impact of its adjustment plan on production costs and sale prices. Exporters should not be subject to safeguard measures because the Petitioner incurred high expansion costs out of its own volition. b) For products/initiatives which have not been commenced, the Petitioner should be required to give further explanation of why the ongoing initiatives will be sufficient to increase the Petitioner's competitiveness against imports. In particular the Petitioner should explain why the purchases of the operator training simulator and advanced process control system are necessary, and quantify the potential "savings" in production costs that would arise from these purchases. ● **On Increasing Local Market Volume Demand** The Petitioner alleged that it has to increase production capacity to meet increasing local market volume demand. The Petitioner should be required to disclose its forecasted volume demand and demonstrate how its existing capacity (which is currently underutilized) can meet such demand. Even if the Petitioner's allegation is correct (i.e., its existing capacity cannot meet local volume demand), then the increase in import volume to meet such local volume demand is a natural and reasonable consequence for the failure of the Petitioner to meet the local demand.

	The exporters should not be penalized by the imposition of safeguard measures in such circumstances. ● **On Similarity and Substitutability between Applicant's Products and the Imported Products** The Petitioner/Applicant has made bare allegations, that its products are similar and substitutable with imported products because of similar/same end-use and because the Petitioner's products are produced using two of the world's most widely-used PE process technologies. However, its application does not show that Petitioner can meet local demand for all PE products which are not locally produced by the Petitioner. ● **On Other Economic Factors to Demonstrate Serious Injury** The Petitioner/Applicant has not demonstrated the following: a) significant idling of productive facilities in the domestic industry including the closure of plants or underutilization of production capacity; and b) inability of a significant number of firms to carry out domestic production at a profit. The Petitioner/Applicant likewise has not provided any relevant data in relation to the factors. With respect to significant unemployment or underemployment within the domestic industry, the Petitioner failed to show how the increased imports have led to unemployment or underemployment, with an actual increase of employment ranging from 10.91% to 18.85% yearly from 2015 to 2019.

2. GC Marketing Solutions Company Limited (GCM)

On 25 September 2020, DTI received GC Marketing Solutions Company Limited's reply to exporter's questionnaire. The company stated the following comments:

Exports	Export Produce High density Polyenthylene (HDPE); Low density Polyenthylene (LDPE); Linear low density Polyenthylene (LLDPE); Polypropylene (PP); and Polystyrene (PS);
Production	GCM's projected shipments to the Philippines for 2021 would be *xxx*, and *xxx* in 2022
Philippine Market/Plant Capacity	Based on projections, domestic demand in 2019 to 2020 will remain at a high level. Accordingly, production must be able to meet this domestic demand. The introduction of safeguard measures may result in an insufficient supply of the product to the meet the demands of the domestic market. It is possible that domestic suppliers would be unable to meet the domestic demand, both in pre and post COVID 19 pandemic.

Other	As shown in the date information above, there has been no sharp increase on the importation of the subjected products from Thailand, including the existence of any unforeseen circumstances which would attribute to a sharp increase in importation of the subjected product. JG Summit experienced a long production shutdown last year which could have caused the supply uncertainty. They also note that the restarting plans for the applicants plants were delayed numerous times. With low crude oil prices, local producers should have a competitive advantage over the next few years. They note that some cargo are being exported instead of being sold in the domestic market. As a result, customers import instead of buying from domestic sellers to ensure their business supply.

3. Dow Chemical Pacific (Singapore) Private Limited

On 05 October 2020, DTI received Dow Chemical Pacific (Singapore) Private Limited's comments through its Legal Counsel Sycip Salazar Law Office. The company stated the following comments:

<table>
<tr><td>Exports</td><td><table>
<tr><td>Product Category</td><td>Product Type</td></tr>
<tr><td>HDPE</td><td>HDPE</td></tr>
<tr><td>C4 LLDPE</td><td>C4 LLDPE</td></tr>
<tr><td rowspan="3">HAO LLDPE</td><td>C6 LLDPE</td></tr>
<tr><td>C8 LLDPE</td></tr>
<tr><td>Enhanced/metalloce
ne
C8 LLDPE</td></tr>
</table></td></tr>
<tr><td>Production</td><td>The manufacturing capability of Dow has a global reach. They have plants in the USA, Canada, Argentina, Spain, Netherlands, Germany, Thailand, and Saudi. Total production capacity in 2015 was xxx, and in 2019 was just xxx

Projected Shipments to the Philippines for the next two (2) Years (in MT) x x x</td></tr>
<tr><td>Capacity utilization</td><td>The Asia Pacific represents around 25% of the total global capacity, and the volume in the Philippines is around 2% of the volume sold in the Asia Pacific. The Philippines continues to be one of their strategi markets for advanced Polyethylene lineups for C6 and C8 LLDPE.

Under normal circumstances, their plants operate at around 87-92% of the capacity utilization</td></tr>
<tr><td>Public Interest</td><td>By controlling the flow of LLDPE imports into the country and penalizing it with USD300/MT, there will be a large increase in the cost of multi-layer films or laminates heavily used in food packaging. This additional cost will eventually be passed on the local consumers who will be ultimately injured by the safeguard measure imposed.</td></tr>
<tr><td>Price</td><td>Our products Dowlex (C6 & C8 LLDPE) and Elite (C8 enhanced/metallocene LLDPE) which fall under the AHTN Code 3901.40.00 are already imposed with 3% duty based on the unit price on each polymer imported to the Philippines if the origins are from North America, Middle East and Europe.

Dowlex C8 LLDPE and Elite (C8 enhanced/metallocene LLDPE) as premium products due to their superior qualities as compared to C4 LLDPE products. The market prices for these HAO polymers are roughly xxx higher than that of C4 LLDPE</td></tr>
</table>

	or on average 15 to 20% higher price. Under the current circumstances, these *xxx* account for around 10% of HAO prices.
Other	Another factor for the increasing demand for higher performance LLDPE resin is that some Philippine importers are looking into the opportunity to export their locally produced pillow pouches. JG Summit has in fact purchased C8 LLDPE from us. This confirms that JG Summit only produces C4 LLDPE and underscores the fact there is a demand for C8 LLDPE that is not being met by the domestic market.

4. Siam Synthetic Latex Company ("SSLC")

On 05 October 2020, DTI received SSLC comments through its Legal Counsel Sycip Salazar Law Office. The company stated the following comments:

Exports	SSLC manufactures and produces Polyolefin Elastomer resins under the Dow proprietary trade name Engage. Polyolefin Elastomers are under the same AHTN code 3901.40.00 as LLDPE, they are however, not LLDPE due to differences in product density and market applications. Polyolefin Elastomers is used for automotive and footwear, whereas LLDPE is for film and packaging. Polyolefin Elastomers also has a lower density (0.857g/cm³ to 0.908g/cm³) Applicant JG Summit Petrochemical Corporation (JG Summit) produces only LLDPE and HDPE with density >0.918g/g/cm³ to 0.925g/cm³) JG Summit does not produce Polyolefin Elastomers
Production	Out of the total production in 2019, 95% were exported, with exports to the Philippines amounting to only 0.1% of total exports. All exports are made through Dow affiliates with DCPL as the distributor for export markets.
Capacity utilization	Total Capacity: *xxx* per year 2018 Data: Production *xxx*, Domestic sales *xxx*, Export Sales 201,282 MT 2019 Data: Production *xxx*, Domestic sales *xxx*, Export Sales 205,613 MT Projection of 2020-2022: Estimation of Production xxx per year. Ratio of domestic and export sales is similar to 2019.
Philippine Market/Plant Capacity	Based on projections, domestic demand in 2019 to 2020 will remain at a high level. Accordingly, production must be able to meet this domestic demand. The introduction of safeguard measures may result in an insufficient supply of the product to the meet the demands of the domestic market. It is possible that domestic suppliers would be unable to meet the domestic demand, both in pre and post COVID 19 pandemic.
Other	As shown in the date information above, there has been no sharp increase on the importation of the subjected products from Thailand, including the existence of any unforeseen circumstances which would attribute to a sharp increase in importation of the subjected product. JG Summit experienced a long production shutdown last year which could have caused the supply uncertainty. They also note that the restarting plans for the applicants plants were delayed numerous times.

	With low crude oil prices, local producers should have a competitive advantage over the next few years. They note that some cargo are being exported instead of being sold in the domestic market. As a result, customers import instead of buying from domestic sellers to ensure their business supply.

5. Rabigh Refining and Petrochemical Co.

On 02 October 2020, DTI received Rabigh Refining and Petrochemical Co., comments through its Legal Counsel, Quisumbing Torres Law Office. The following are their comments:

<table>
<tr><td>Exports</td><td>List of LLDPE exports to the Philippines
<table>
<tr><th>Grade</th><th>MFR 2.16</th><th>Density</th><th>Additive</th><th>Application</th></tr>
<tr><td>FS150A</td><td>1.1</td><td>0.921</td><td>Basic</td><td>General purpose film, lamination& stretch film</td></tr>
<tr><td>FS1535</td><td>1.1</td><td>0.921</td><td>High slip/High antiblock</td><td>Heavy duty liner, clothes packaging and mulch film</td></tr>
<tr><td>FS2508</td><td>2.2</td><td>0.921</td><td>Basic</td><td>Hand and pallet stretch wrap film & wire and cable</td></tr>
<tr><td>FS2535</td><td>2.2</td><td>0.921</td><td>High slip/High antiblock</td><td>General purpose film, clothes packaging & agriculture film</td></tr>
<tr><td>FS3505</td><td>3.1</td><td>0.922</td><td>Basic</td><td>Hand and pallet stretch</td></tr>
</table></td></tr>
<tr><td>Production</td><td>PRC has two main activities: 1) refining and 2) petrochemical production. The two activities are fully integrated to maximize profit and minimize cost by converting low value products into higher margins.</td></tr>
<tr><td>Capacity utilization</td><td>Financial:
This data is confidential. PRC past capacity, production and sales volume have generally maintained around the same levels. PRC capacity utilization is projected to maintain at current levels. Sales and production for CY2020 is likely to fall with potential recovery in CY2021.

Product Production:
For petrochemical products: PRC has a capacity to produce up to 4.8 million tons annually of polyethylene's, polypropylene's, mono ethylene glycol, propylene oxide, various specialty polymers (PMMA, TPO, EPR, Nylon-6) and a wide range of Aromatics (Paraxylene, Benzene, Cumene, Phenol, Acetone).</td></tr>
<tr><td>Employment</td><td>The Applicant has not demonstrated (a) and (b) or provided any relevant data in relation thereto. With respect to (c), the Applicant fails to show how the increased imports have led to unemployment or underemployment, with an actual increase of employment ranging from 10.91% to 18.85% yearly from 2015 to 2019. (Initiation Report, SG05-2020, p. 18; Initiation Report, SG06-2020, p. 18.)</td></tr>
<tr><td>Not Threat of Serious Injury</td><td>Based on the Applicant's own evidence, the period of injury started from 2015. However, construction of the new plant started in 2017. As such, because construction leads to high expenditure, the Applicant should be required to explain

Any damage to the Applicant that is a direct result of its own decisions/actions is irrelevant to the determination of the matters that this present investigation seeks to establish, i.e., (1) an increase in imports of like or directly competitive products; (2) the existence of a serious injury or threat to the domestic injury</td></tr>
</table>

	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.
Public Interest	Importation of HDPE and LLDPE also meet the local demand for products which are not produced locally (for example, bimodal HD film), in addition to meeting the shortfall of local production.
Philippine Market/Plant Capacity	1. There is an inability of the Philippine local production capacity to meet local demand. The local demand for plastics in the Philippines. The current 320,000 MT capacity of the Applicant is not sufficient to fulfill the demand of the local downstream industry. 2. The Applicant, being the sole producer of HDPE and LLDPE, fails to show that it has the capacity to accept and produce higher quantities of HDPE and LLDPE, as the demand for plastics increase. 3. In addition, the Applicant is exporting outside the Philippines as indicated in Annex 2 considering the Applicant is the sole producer in the Philippines; decreases the product availability in the local market and increases the importance of import products to fulfill stable supply to the downstream sector. 4. The Applicant's failure to meet local demand requirements in 2018 prompted major industry players to secure their raw material requirements from other dependable sources, such as imports. In these circumstances, major downstream players had no choice but to divert and commit volumes normally supplied by domestic resin producers, and obtain such volumes from foreign suppliers to ensure a steady supply. This would explain the increase in imports in 2018 and 2019. In addition, the October to November 2019 cracker shutdown likely resulted in the increase of 26% for HDPE imports (*Initiation Report*, SG05-2020, p. 24) and 9% for LLDPE imports (*Initiation Report*, SG06-2020, p. 24) in 2019 5. Finally, it is unclear why the Applicant persists in increasing its production capacity when, by its own data (which is redacted), its capacity is underutilized.
Price	In any case, the selling price of HDPE and LLDPE products into the Philippines is based on marketer's monthly company listed price for the whole ASEAN region and the Applicant has not provided any evidence that PRC lowered its selling price in order to boost our product sales into the Philippines. As a company marketing product of Middle Eastern origin, in particular, Saudi Arabia, marketers aim is to compete for market share with other overseas suppliers, and not to compete with or replace local domestic suppliers.
Other	JG Summit Petrochemical Corporation (Applicant) claims that there was an increase in import volume of HDPE and LLDPE between 2015 and 2019, and there was a decrease in domestic sales between 2018 and 2019. Applicant further claims that there has been a decrease in sales volume to domestic customers because imported products are cheaper. The Applicant should be required to (i) provide evidence and explanation for its production stoppage(s) and (ii) demonstrate that its loss in sales cannot be attributed to such stoppage(s). If the Applicant is unable to demonstrate (ii), any loss in sales due to production stoppage cannot be attributed to the alleged increase in imports. Reports on shutdowns and extended shutdowns by JG Summit show reasons completely unrelated to imports.

6. Siam Polyethylene Company Ltd. ("SPE")

On 05 October 2020, DTI received Siam Polyethylene Company Ltd. ("SPE") reply to the exporter's questionnaire through its Legal Counsel Sycip Salazar Hernandez & Gatmaitan Law Office. The company stated the following comments:

- SPE does not directly export to the Philippines. Instead, SPE manufactures Linear-Low Density Polyethylene Resins or LLDPE which are distributed by SPE's parent companies and its affiliates such as Dow Chemical Pacific (Singapore) Private Limited ("DCPS"). DCPS then exports these products to the Philippines.

- SPE submits that its products, C6 LLDPE and C8 enhanced/metallocene LLDPE should be excluded from the scope of the Investigations. C6 LLDPE and C8 enhanced/metallocene LLDPE are not locally produced in the Philippines and the imposition of safeguard measures on these LLDPE imports will not protect any domestic industry but will only lead to increased costs which will ultimately burden end-users and consumers. Furthermore, SPE's products such as C6 LLDPE and C8 enhanced/metallocene LLDPE are of a higher quality. To illustrate, C8 LLDPE and C8 enhanced/metallocene LLDPE are used for multi-layer films which are in turn used for pillow pouches and sachets. This packaging format is often used for food and beverage packaging, liquid and powder detergents, shampoos, cooking oil, soy sauce, vinegar and tomato sauce. The majority of SPE's products like Dowlex 2049G, Elite 5401 and Elite 5400G are under this category.

- The importation of SPE's products injures no domestic industry. On the contrary, the importation of SPE's products satisfies the demand for higher performance products which in turn gives customers a variety of choices and enhances the competitiveness in the market. This, overall, benefits the domestic industry.

7. Dow Chemical Pacific Ltd. (DCPL)

On 12 October 2020, DTI received the original submission of Dow Chemical Pacific Ltd. (DCPL) and on 27 November 2020, DCPL submitted through its Legal Counsel Sycip Salazar Hernandez & Gatmaitan Law Office. DCPL's comments are the following:

Products Manufactured/ Exported to the Philippines	• W&C compounds under the brand names AXELERON, ENDURANCE and SI-LINK. • Compounds are being imported under the AHTN codes which are within the scope of the investigations given that the base resin could be LLDPE or HDPE.
Factors that DCPL Believe Affect the Philippine Industry	• There is little to no local production capability in the Philippines to produce the W&C compounds that conform to the national and international standards mentioned above. Almost all cable manufacturers therefore rely on imports of these W&C compounds. • These W&C compounds are being imported under the AHTN codes which are within the scope of the investigations, given that the base resin could be LLDPE or HDPE, but these are very

	different from the LLDPE and HDPE products produced by JG Summit and do not compete with them in any manner. These cable compounds are specialized products intended for very specific applications. Specific applications include insulation and protection of W&C products.
Serious Injury	• The W&C compounds supplied by Dow's W&C business and sold through DCPL are manufactured in specially designed polyethylene plants. JG Summit's plant design is not capable of producing similar products. • The importation of Dow's W&C compounds AXELERON, ENDURANCE and SI-LINK, does not cause any injury whatsoever to JG Summit as the latter does not manufacture similar products nor does it sell to the cable industry. • As previously stated, though these cable compounds share the same AHTN codes as those within the scope of the investigations on account of the base resin being LLDPE or HDPE, they differ greatly in performance and application from the LLDPE and HDPE products being produced by JG Summit, and do not compete with them in any manner. • Additional safeguard measures, if implemented will negatively impact local cable manufacturers in the Philippines by increasing their costs significantly and lowering their ability to compete against cable imports from other countries as well as their export competitiveness. • Therefore, the W&C compounds sold by DCPL should be excluded from the scope of this safeguard investigation.
Factors Considered to be the Cause of the Serious Injury	• The serious injury claimed by JG Summit, if any injury can be established at all, could relate only to LLDPE/HDPE imports that are similar to the products produced by JG Summit. • The W&C compounds sold by Dow's W&C business through DCPL are not similar to the products sold by JG Summit and therefore, do not impact the sales of JG Summit products or cause any injury. Dow's W&C compounds sold through DCPL are neither like nor directly competitive products. Thus, Dow's W&C compounds sold through DCPL cannot be the cause of any alleged injury.
General Comments	• Currently, cable imports to the Philippines attract zero duty while cable compounds such as the ones supplied by Dow's W&C business sold through DCPL and imported by local cable makers attract 3% duty for LLDPE-based compounds and 10% for HDPE/LDPE-based compounds. • Most of the utility companies in the Philippines purchase power cables through international tenders that are open to both domestic and overseas suppliers. The existing import tariffs on cable compounds already pose a competitive disadvantage to local cable producers who need to import the cable compounds

	to produce the cables, whereas international cable producers, in contrast, can sell the final cable without any importation tariff. In such a situation, any further imposition of a duty resulting from safeguard measures will only serve to render the domestic industry even more uncompetitive and threaten the very existence and growth of the domestic cable industry. • DCPL believes power and telecommunications transmission demands are rapidly rising in the Philippines as driven by economic growth and urbanization of cities. Hence, local cable manufacturers' business growth and competencies are becoming increasingly vital to address these needs. DCPL firmly believes that safeguard measures, if imposed, will stifle the growth of the local cable industry and adversely impact the ability of local cable manufacturers to compete with overseas suppliers. • Dow's W&C compounds sold through DCPL and imported by Philippine cable producers are not similar to the LLDPE and HDPE products produced by KG Summit and therefore are not the cause of any injury. • As most PE compounded products for W&C are currently being imported from outside of the Philippines, safeguard measures will only serve to increase the cost to local cable manufacturers and negatively impact their ability to compete effectively in the export markets. • Safeguard measures can potentially increase the cost of domestic power and telecommunications projects undertaken by local utilities companies, as well as the cost of government infrastructure projects, due to the increased raw materials cost of local W&C manufacturers. In the absence of competitive domestic suppliers, the prices of imported cables could rise, thereby increasing the cost of domestic power projects and government infrastructures.

8. Qatar Chemical and Petrochemical Marketing Distribution Company (Muntajat) Q.P.J.S.C.

On 14 October 2020, DTI received QPJSC comments through Legal Counsel Sycip Salazar Hernandez & Gatmaitan Law Office.

Products Exported to the Philippines	• Muntajat has exported the following grades of LLDPE to the Philippines: ➢ Q1018N ➢ Q1018H ➢ Q2018N ➢ Q2018H
Philippine Market/ Serious Injury	• As reported by the Petitioner, an examination of the trends of imports of LLDPE reveals that the increase in imports cannot have been sudden enough, sharp enough and significant

	enough to cause or threaten to cause serious injury to the domestic industry. • The Petitioner also failed to argue that the increase in imports is the result of unforeseen developments.
Comments on Specific Claim Made by the Petitioner/ Applicant in Regards to Serious Injury	• The information submitted in the non-confidential version of the Petition is not sufficient to allow an analysis of the performance of the domestic industry. As there is no data relating to the injury factors, even in indexed form, it is impossible to determine the existent of injury or measure the extent and degree of the alleged injury with objective and sufficient evidence. The Petitioner has thus failed to provide evidence of injury to the domestic industry as required by Section 6(2) of the RA 8800 and Rule 6.2.a of the IRRs. • Based on the limited information contained in the Petition, it appears that the alleged deterioration of the performances of the Petitioner is not recent. The Petitioner refers to “poor financial returns that have started to be experienced even from the start-up in 2014 onwards”; loss sales since 2017 – at a time when the volume of imports was at its lowest; import prices being consistently lower than the cost to produce and sell; and negative earnings for the past three years. The description of its situation by the Petitioner is consistent with long-standing difficulties it appears to be confronted. These difficulties are not related to imports of LLDPE.
Details of Any Factors Considered to be the Cause of the Serious Injury Claimed by the Applicant	• The portion of the Petition that purports to address causality fails to establish a causal link between the alleged increase in imports and the alleged serious injury or threat of serious injury. It neither establishes a causal relationship between the increase in imports and the alleged serious injury, nor considers other possible causes of injury and their effects. • The other causes of injury referred to in the Petition are general considerations that are not related to the increase in imports of LLDPE into the Philippines and the alleged injury and, thus, fail to meet the requirements of Section 6(3) of the RA 8800 and Rule 6.2.a of the IRRs. • Some of the limited information contained in the Petition appears to show the alleged injury is self-inflicted by the Petitioner. For example, the Petitioner indicates that it continues to hire skilled workers “despite weakening production”. The Petitioner justifies the continuous hiring by the future significant increase in capacity. The Petition cannot use the safeguard instrument to secure market share for an increase in production and new grades of LLDPE. • Also, the Petitioner refers to other causes of injury, including the use of inefficient production technology, high costs of production, the inability to produce a complete range of LLDPE and high financing costs, but fails to assess the effects of these causes on its performance.

General Comments	• The non-confidential version of the Petition does not include a non-confidential summary of the appendices and important information and data, including those relating to the injury factors, which are important to understand the Petitioner's allegations. The Petitioner fails to justify why the undisclosed information and data in the non-confidential version of the Petition are considered confidential. The Petitioner simply omits information and data or reports "confidential". • The Petitioner has also not indicated that information and data are not susceptible of summarization. The fact that the non-confidential version of the Initiation Report includes indexed data confirms that the data reported in the Petition could be summarized in a non-confidential manner. **Imports of HDPE and LLDPE should not be considered jointly** • HDPE and LLDPE are two different products, with different characteristics properties, production processes, uses, and are being imported under different tariff codes. • Because of the inherent differences between the characteristics and uses of HDPE and LLDPE, these two products cannot be considered together in the framework of a safeguard investigation. The volume of imports of HDPE and LLDPE must be examined separately and any alleged injury to the domestic industry cannot be jointly assessed.

A.1.e Foreign Embassies

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

1. Government of Indonesia (GOI)

On 9 September 2020, the Government of Indonesia (GOI) - Directorate General of Foreign Trade submitted its position requesting for exclusion pursuant to Article 9.1 of the WTO Agreement on Safeguards given the facts that based on the initiation report, imports from Indonesia were relatively low, even below 3%, and the imports from all developing countries with less than 3% import share were collectively below 9% imports.

2. Government of Mexico

On 11 September 2020, the International Commercial Practices Unit of the Secretariat of Economy of Mexico sent a request to exclude imports of the product originating from Mexico pursuant to Article 9.1 of the WTO Agreement on Safeguards. The Government of Mexico would like to express that according to their data from the UN Comtrade Database, the export of Mexican products to the Philippines from January 1, 2015 to June 30, 2020 are less than 3% of the total imports during the period.

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

On 15 September 2020, DFT submitted its position requesting the termination of the investigation in view that there is no evidence that can constitute a prima facie case for the initiation of SG measure on the importation of LLDPE.

- Unforeseen Development
  - It is not clear how cost-advantaged of the US and Middle East Petrochemical plants, the US-China trade war and a rising export product of US to Europe, Turkey, Malaysia, Viet Nam and China result in the increase in imports of LLDPE in the Philippines. There is no logical connection between these alleged unforeseen developments and the increase in imports of LLDPE.

- Volume of Imports
  - Increase in LLDPE imports is not recent enough, sudden enough, sharp enough and significant enough, both quantitatively and qualitatively. In absolute terms, imports increased by 5% (2016 -2017), decreased by 5% (2016 to 2017) and increase by 9% in 2019 while in relative terms, imports follow the production trend.

- Causation
  - It is not sufficient to state that there is a causal link between the increase in imports and the serious injury to the domestic industry. A full analysis of the causal link and the non-attribution requirement ought to be provided.

- Public Interest
  - Imposition of SG measures against LLDPE would directly create adverse effect upon industries as well as consumers since LLDPE is an essential material of plastic products, thus, it could be more harmful than beneficial to the domestic industry.

- Right to any trade compensation
  - In accordance to Article 8.1 and 12.3 of the WTO Safeguard Agreement, Thailand reserves its right to any form of trade compensation substantially equivalent to the level of concessions and other obligation under WTO affected by such imposition of safeguard measure.

4. Ministry of Industry and Trade of Viet Nam

On 22 September 2020, TRAV submitted its position requesting for exclusion of Vietnamese producers/exporters pursuant to Article 2.1 and Article 9.1 of the Agreement on Safeguards. Within the recent past, imports originating from Viet Nam was negligible and could not be considered as a major source of imports and its impact was also absolutely insignificant to cause or threaten to cause serious injury to the domestic industry.

Imports of major source of HDPE (Thailand, Malaysia, Singapore and Saudi Arabia) accounted for 89.08% while other sources including Viet Nam accounted to 10.92% of total imports. Among these, the developing countries with less than 3% import share (Viet Nam- 0.02%) collectively accounted for 6.73% which is less than the 9%.

Imports of major source of LLDPE (Singapore, Thailand, Qatar, Saudi Arabia, Malaysia, Republic of Korea, Canada and the United States) accounted for 96.42% while other sources including Viet Nam (0.05%) accounted to 3.58% of total imports.

5. European Free Trade Association (EFTA)

On 24 September 2020, the Trade Relations Division of EFTA provided a note requesting to exclude imports of Polyethylene Pellets and Granules from EFTA States in any safeguard investigations and application of global safeguard measures in line with Article 2.14 of the EFTA-Philippines Free Trade Agreement. Total value of imports from Switzerland, was USD 0.3 Million from 2015 to 2019 while no imports have been registered from Iceland and Norway. Accordingly, EFTA States cannot be considered a substantial cause of serious injury or threat thereof.

6. Ministry of Trade of the Republic of Turkey

On 28 September 2020, the Embassy of Turkey transmitted the letter of the Directorate General Exports, Ministry of Trade of the Republic of Turkey requesting for exemption pursuant to Artice 9.1 of the WTO Agreement on Safeguards. Based on the International Trade Center (Trade Map), Turkey does not export the subject products to the Philippines.

7. Embassy of Japan

On 30 September 2020, the Embassy of Japan sent an email that the Government of Japan does not have any comments or concerns on the preliminary safeguard measures investigation since Japan has minimal exports of the subject products to the Philippines.

8. The Government of the State of Qatar

On 17 November 2020, the Permanent Mission of the Republic of the Philippines to the WTO transmitted a communication received from the Permanent Mission of Qatar to the WTO after the meeting of the Committee on Safeguards held last October 26. They conveyed to the Mission their concern with the investigation, in particular, the seeming lack of compliance with the concept of unforeseen developments and the need to exclude developing countries (including Qatar) with de minimis import shares as per Article 9.1 of the Safeguards Agreement.

Based on available statistics, the volume of HDPE imports from Qatar were negligible (mere 0.84% of the volume in 2019 and during the POI, significantly less than 3%). In 2019, the collective imports from developing countries accounted to 6.335% to total imports.

Based on preliminary analysis of the petition and the initiation report, there is no evidence of a sudden, sharp, significant or recent increase in imports of LLDPE caused by unforeseen developments; serious injury or threat thereof to the domestic industry; and a causal link, as required under the Agreement on Safeguards. Also, it is clear that any impairment in the performance of the domestic industry has been caused by matters related to actions by the Petitioner and not as a result of imports of LLDPE.

A.1.f Associations

The following associations submitted their comments relevant to the investigation:

1. Philippine Plastics Industry Association (PPIA)

On 9 and 14 September and 9 October 2020, PPIA (premier association of plastic fabricators, representing over 180 member manufacturers that employ 650,000 direct and indirect workers across the country) submitted their position and additional submissions opposing the safeguard duty sought by JGSPC on imported HDPE and LLDPE from various countries. PPIA reiterated their full support toward the establishment of an integrated and healthy Philippine Petrochemical Industry and this can only be realized with a strong healthy downstream plastics manufacturing industry along with the allied industries they serve.

Domestic Industry	• The Philippine industry should not be attributed to the petrochemical sector alone (JGSPC), but rather the entire supply value chain including the Plastic Manufacturing and Converting Industry and the Packaging and Retail Industry that it serves
Volume of Imports	• Data presented by the proponent in its application versus the initiation report had huge difference. • The 2015 HDPE data of DTI's initiation report is erroneous and needs to be double check with data from PSA and BOC. Such records will show steady growth of the sector and no such abrupt increase had been experienced and recorded by the industry. • Inconsistent supply and JGSPC's inability to supply the domestic PE market due to Cracker shutdowns and PE plant issues are the main causes of the alleged import surge. • The current capacity is not enough to fill the demand of local downstream industry and import is needed. • PPIA's historical data (2015-2019) shows that imports range from around 40% to 50% Polyethylene demand. • Despite the inconsistent numbers from both sources, 2017 showed a year-on-year decline in imports (estimated by PPIA at 10% decrease from previous year or 36% of total demand.) This can be attributed when JGSPC reached 94% capacity utilization. This shows that the downstream manufacturing industry supports the midstream by procuring domestically produced resins when available. • JGSPC's failure to meet local demand requirements in 2018 prompted major industry players to secure their raw material requirements from dependable sources, such as imports. Major downstream players had no choice but to divert and commit volumes that used to be allocated to domestic resin producers to foreign suppliers to steady supply. (PPIA approached BOI in 2018 for assistance that led to a conference to address issues of lack of domestic supply and non-delivery orders by JGSPC. The failure to meet their commitments resulted to shutdown of downstream operations and order losses. No explanation was made by the resin producer during the meeting).

	• Hi Performance PE grades demanded by packaging industry are not locally available. Some of these include HDPE bimodal grades, LLDPE Metallocene, high clarity, seal thru contamination properties and hot tack properties in the form of C6 and C8 that JGSPC's current equipment, system and grades cannot attain despite claims of substitution.
Injury	• Based on the 2017 ad 2018 audited financial statement of JGSPC, sales were flattish as higher average selling prices of most products were pulled down by lower volumes especially on polymers and pygas. Profits significantly declined driven by higher naptha prices while downstream pricing was not able to fully catch up for the period. • The 2018 sharp 22% decline in production to 72% of plant capacity utilization maybe attributed to the cracker monitored to run only 70% capacity for the months covering May to June, along with other commercial of operational concerns. • Contrary to the net losses that JGSPC presented as the reason for its application, it is earning billions every year as shown in the audited consolidated financial statements submitted to SEC on April 14 2020. • Petrochemical companies in other countries are expected to suffer losses during the first few years after huge expansion. • JGSPC did not lose money during the 5-year period in review inspite of the huge depreciation expenses
Expansion Plans	• JGSPC's Q4 2020 additional 250,000 MT expansion plans to serve the Hi Performance PE grades market segment and make grades available leaves a bit of skepticism as the output volume vis-à-vis the ability for the market to absorb it is in question, and high quality and performance resins not only require a period of validation before use, but more importantly brand and manufacturer confidence on quality and consistency, which at present is still lacking from the local supplier based on its track record. • JGSPC's plan to expand and increase its production capacity to 520,000MT in 2021 will need to have a secured domestic or export market to be viable. Downstream industry should not be expected or mandated to procure 100% of its raw material requirement from a single source (principle of multi-supplier to ensure continuity of operation
Public Interest	• Any SG duty will put the downstream plastic manufacturing and converting industry at an unfair disadvantage. • A 30% tariff imposed on the raw materials will translate to a 15-20% cost for packaging material and finished goods putting the downstream industry to a gross disadvantage and drive markets to cheaper imports. Imports will not only be in the form of plastic products but of finished consumer goods products. • It runs contrary to the Go Lokal and Buy Pinoy programs as cheaper plastic finished products and products packages in plastics with a 0% duty in AFTA will flood our domestic market • Low tariff, free trade regime had proven to discourage smuggling activities and improve revenue collection to the government • Tariff distortion will result to closures of the SME dominated downstream industry and loss of jobs to thousands of Filipinos.

	• Granting the request for SG duty will benefit a large conglomerate at the expense and demise of thousands of small businesses. The local plastic downstream industry can no longer afford to make sacrifices (over 20 years) in favour of the Midstream sector which can be considered as a monopoly with a sole operating entity in the market.
Other issues	• Granting a safeguard duty does not assure the competitiveness and viability of JGSPC's operation as by their own admittance, market conditions, economic/supply/demand trends, dependence on imported naphtha and volatile prices, ethane and shale cost advantages, scale of operations and many others are the main challenges in the viability of the domestic midstream industry.

On 2 October 2020, PPIA submitted their additional comments reiterating that the safeguard duty imposition will only benefit JGSPC and will make in a disadvantageous position the downstream plastic manufacturing and converting industry relying on HDPE and LLDPE products, to name few:

- Food and beverage
- Agriculture
- Pharmaceutical
- Medical and Health Institutions
- Constructions
- Communications and Utilities
- Automotive
- Garments and Footwear

- Further, the following arguments on why the petition for safeguard protection should be denied were mentioned and reiterated:

  - JGSPC does not technically fall under the scope of the definition- domestic producers taken collectively as a whole.
  - Disadvantageous impact to the competitiveness of the downstream industry as such imposition will restrain or limit the assurance and availability of competitive source/supply options for the downstream converters
  - Impact on government collection where MFN sources of LLDPE and HDPE contributed more tariff revenues to the government while enabling competitiveness to local downstream.
  - Impact on innovation and new product solutions, i.e. imposition of SG will discourage the introduction of innovation to the local packaging industry
  - Profitability of JGSOC and JGSPC are always reported on consolidated basis and not losing money
  - JGSPC should not be safeguarded at the expense of the local downstream industry
  - Profitability of JGSOC and JGSPC, amid huge incentives by the government, are dictated by market forces. (JGSPC's capacity expansion project was granted by BOI in 2014 fiscal incentives such as tax holidays and duty free importation of capital equipment, as well as tax credits on locally purchased equipment.)

- PH is a net importer of PE film and finished products, which means that local plastic downstream manufacturers and converters are already competing in an international level. At such, local plastic downstream manufacturers and converters need to purchase their raw material at a competitive global markets price to compete against imported PE films and products.
- They further reiterated the problem they face on severe delays and difficulties in sourcing from local pellet manufacturers and suggested that JGSPC and local players need to manage and improve its reliability, quality and production costs. Otherwise, they will be less competitive compared to imported plastic products.
- PPIA pleaded to not impose the provisional measure. The Filipinos stand to lose from the tariff imposition. Also, it will cause irreparable damage to member companies as the market is driven to foreign imports- not only on packaging materials, but also in the form of finished products and goods. This added burden places additional job loss risks and downsizing to companies battling the challenging business environment brought about by COVID-19 pandemic

2. Chamber of Philippine Electric Wires and Cables Manufacturers, Inc. (PEWMA)

On 10 October 2020, PEWMA provided its position stating that the claim of JGSPC that the importation of HDPE and LLDPE into the country in increased quantities as to be a substantial cause of serious injury to the local industry is baseless and pathetically absurd.

The DTI's concern for local industries, while laudable, is unfortunately ill-informed and inapplicable:

- Electrical grade HDPE and LLDPE are not being locally produced by JGSPC nor by any local petrochemical company, thus, the need for importation of the said raw material requirement of the local electric wire and cable industry
- JGSPC's interest in developing a wire and cable PE grade for domestic wire and cable industry is mutually beneficial provided that supply security is secured, price and terms are competitive, and consistent product quality is invariably maintained.

PEWMA highly support and welcome the establishment of locally-produced raw materials because of the mutually beneficial effects of self-sustaining stability, provided that in attaining thus, destructive monopoly is not created.

A.2. Position/Comments of the Petitioner on the Issues Raised by Interested Parties

1. On Product-related concerns: LLDPE

- **Metallocene LLDPE products:** JGSPC's new 250,000 metric ton per annum polyethylene (PE) plant, targeted to be available by 1Q of 2022 (from initial target completion of 4Q 2020), will enable it to produce metallocene PE products. Appendix 12 (Upcoming JGSPC EVALENE® LLDPE & MDPE Grades under MarTech™ Technology) of the Safeguards Application for LLDPE lists five metallocene LLDPE products that JGSPC will be producing and offering to the market.

- **C6 Hexene and C8 Octene LLDPE products:** JGSPC has two C6 Hexene LLDPE products, which are acceptable alternatives to imported C8 Octene LLDPE products, as proven by side-by-side comparison of mechanical properties performance conducted internally by JGSPC. Last recorded sales of these two JGSPC C6 Hexene LLDPE products were in October 2018 and was discontinued as it was not able to compete with cheaper imported C6 and C8 LLDPE products. JGSPC may offer these products again under better market pricing conditions.
- Special wires and cables grades, and rotational molding grades in powder form. JGSPC does not have these products in its current product slate. These are considered niche markets characterized by special requirements and relatively small market size.

2. On Quality Issues

- JGSPC's current UNIPOL™ PE Technology is one of the world's most widely used PE technologies, having more than 165 licensed reactor lines in 28 countries with total capacity of more than 48 million tons per annum. Furthermore, JGSPC's upcoming new PE plant will use the MarTech™ Technology, which is one of the world's leading PE technologies with more than 80 plants in 20 countries. Both the UNIPOL™ PE Technology and the MarTech™ Technology are the same technologies being used to produce many of the imported PE products.
- More importantly, in JGSPC's annual customer satisfaction survey, its current EVALENE® products consistently received very high satisfaction rating from its customers for product quality performance, 90% rating in 2019 and 93% in 2020. Additionally, JGSPC's significant market shares in the local industry, peaking at their highest levels within the period of investigation of 64% for HDPE and 43% for LLDPE in 2017, indicate the wide acceptance of its products by the market overall, although such market shares have been eroded in recent years due to surge in imports.

3. On Supply Concerns

- A typical petrochemical plant such as JGSPC's undergoes scheduled periodic maintenance to maintain reliability and operability. Hence, the need for periodic shutdowns. Customers were advised of these maintenance schedules in advance to allow them to plan accordingly. It is important to emphasize that JGSPC has no record of any customer's orders that were undelivered or cancelled.

4. On Production

- JG Summit Olefins Corporation (JGSOC) is the subsidiary of JG Summit Holdings, Inc. that produces olefin feedstock and supplies ethylene feedstock to its affiliate, JGSPC. JGSOC is a distinct and separate business entity from JGSPC. There were periods when JGSOC exported ethylene due to market factors, when PE prices dived sharply and it made better economics for olefins producers such as JGSOC to sell ethylene for export for better returns, than to sell to PE manufacturers (i.e. JGSPC).

- Components of JGSPC's adjustment plan are being undertaken precisely to improve competitive advantage, improve on costs, plant reliability, production efficiency and output. Once completed, the local market stands to benefit with the availability of an expanded product portfolio and more competitive prices from JGSPC. These investments on capacity expansion, productivity improvements and capability enhancements are proof of JGSPC's continuous commitment to the local industry.

5. On Employment/Productivity

- Pre-hiring of personnel for upcoming new builds is required for training, for them to acquire the expertise and skills as the technology involved is complicated and advanced. Pre-hiring usually averages to one year of training. Nonetheless, JGSPC's direct labor cost constitutes less than 2% of cost of production. Hence, impact of pre-hiring of personnel is very minimal.

6. On Pricing-related concerns

JGSPC pricing policy is import parity, based on industry available, market published regional pricing. However, as seen in the preliminary investigation reports of the DTI released on 28 August 2020 for both applications, instances of price undercutting, price suppression and price depression were found in recent years. This is further proved in the data provided under both Safeguards Applications for HDPE and for LLDPE. Comparison of JGSPC's cost of production per unit with estimated Imports Ex-Works prices per unit for both HDPE and LLDPE shows that the domestic company's cost to produce is higher than the price of the imported product, resulting to losses for JGSPC for most of the period of investigation.

Table 1: JGSPC Cost of Production and Ex-Works Prices for Imported HDPE and LLDPE, per metric ton

Year	HDPE*		LLDPE*	
	Value (Php/MT)			
	JGSPC Cost of Production	Imports Ex-Works	JGSPC Cost of Production	Imports Ex-Works
2015	100	100	100	100
2016	90	94	88	97
2017	101	102	99	104
2018	113	91	111	88
2019	107	94	109	93
2020 (Jan-Sep)	-	-	-	-

Notes: 1. Based on importation entries from BIS data that were identified as HDPE under tariff heading 3901.20.00, and as LLDPE under tariff headings 3901.10.12, 3901.10.92, 3901.40.00 and 3901.90.90.
2. Imports Ex-Works is calculated based on FOB prices from BIS data, less estimated local freight and brokerage & port charges.

*Figures indexed due to confidentiality

6.1 Country-specific consideration

The table below shows that imports from certain identifiable countries are evidently coming into the Philippines at prices very much lower than JGSPC's cost of production. For a level playing field, relief from such imports especially from those countries is sought. Safeguard measures may be considered as protection against such low-cost sources, which export products to the Philippines at prices lower than market pricing, to the detriment of the local industry.

Table 2: JGSPC Cost of Production for LLDPE and Ex-Works Prices for Imported LLDPE from Top Ten country sources, per metric ton

Year	LLDPE*										
	Value (Php/MT)										
	JGSPC Cost of Production	Imports Ex-Works (Singapore)	Imports Ex-Works (Saudi Arabia)	Imports Ex-Works (Thailand)	Imports Ex-Works (Qatar)	Imports Ex-Works (USA)	Imports Ex-Works (Canada)	Imports Ex-Works (South Korea)	Imports Ex-Works (Malaysia)	Imports Ex-Works (UAE)	Imports Ex-Works (Japan)
2015	100	100	100	100	100	100	100	100	100	100	100
2016	88	100	93	97	96	157	103	91	93	96	100
2017	99	106	100	107	102	176	109	96	100	105	116
2018	111	89	88	87	90	80	99	101	89	92	87
2019	109	98	92	95	92	83	91	81	82	99	209
2020 (Jan-Sep)	-	-	-	-	-	-	-	-	-	-	-

Notes: 1. Based on importation entries from BIS data that were identified as LLDPE under tariff headings 3901.10.12, 3901.10.92, 3901.40.00 and 3901.90.90.

2. Imports Ex-Works is calculated based on FOB prices from BIS data, less estimated local freight and brokerage & port charges.

*Figures indexed due to confidentiality

7. On Safeguard Measures

JGSPC stated that the relief being sought is protection from significantly much lower pricing of imported products from various countries. Such relief will serve as protection to JGSPC and the industry as a whole to remain competitive. Otherwise, the local industry will continue to suffer financially and lose market share to cheaper imported products. Without the local petrochemical industry, consistency and availability of local supply will be imperiled if the downstream plastics industry is to rely solely on imported products.

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, belongings 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 imports of LLDPE from 2015 to 2019.

The domestic industry alleged that from 2017 onwards, the LLDPE industry has struggled against the increasing volumes of imports, owing to increasing overcapacity of producers worldwide. The local producer is currently expanding capacity further in response to increasing local market volume demand, but has been finding it difficult to compete for the past three years as the import volumes have surged and may continue to surge without the imposition of appropriate safeguards. The industry further stated that this imperils not just the existing investments of the local industry but also its ongoing capacity expansion.

The domestic Petrochemical industry's overall performance during the POI is also evaluated to establish whether the increased imports are the substantial cause of the serious injury to the domestic industry.

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

The period of investigation covers linear low-density polyethylene (LLDPE) imported into the Philippines from 2015 to 2019. The said data was updated until September 2020. All data were sourced from the Bureau of Customs (BOC), Single Administrative Document-Import Entry and Internal Revenue Document (SAD-IEIRD).

During the initiation of the investigation, DTI concluded that LLDPE are being imported in increased quantities, both in absolute and relative terms. This initial finding was further verified during the preliminary investigation taking to consideration additional documents and information received by DTI. DTI identified and evaluated the relevant import transactions pertaining to product covered by the period of investigation. For the analysis of import volume, DTI removed imports made by the domestic industry as well as products with different commodity descriptions from the product subject to the investigation (i.e. polyethylene wax, ethylene acrylic acid copolymer, polypropylene, low density polyethylene et al) to determine whether the increase in imports is the principal cause of serious injury to the industry.

1.a Import Volume

Figure 1a: Import Volume of Linear Low-Density Polyethylene (2015 – 2019) in MT

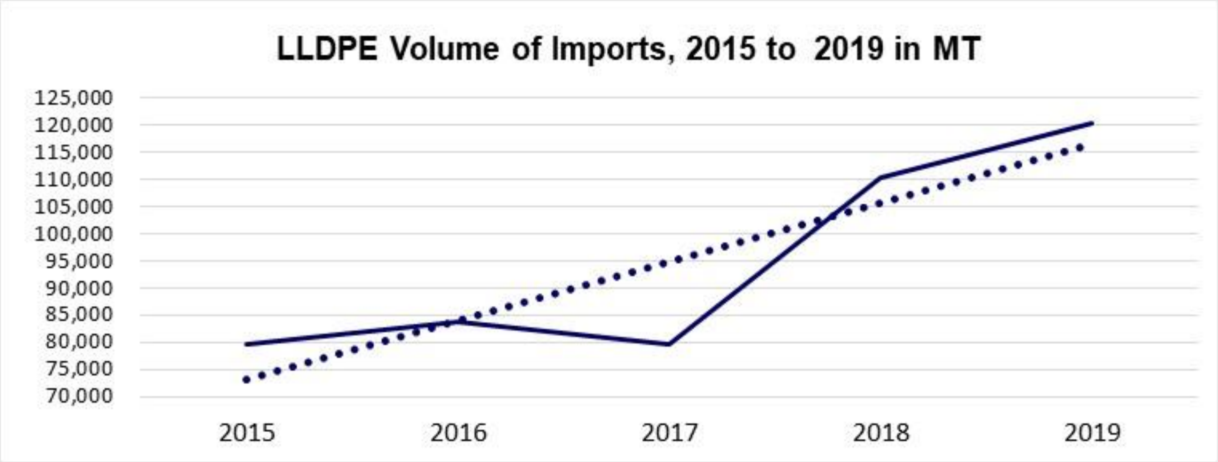


Table 1: Import Volume of Linear Low-Density Polyethylene – LLDPE

Year	Period of Investigation (POI)					2020 Jan to Sep
	2015	2016	2017	2018	2019	
Volume	79,764	83,758	79,631	110,421	120,543	76,354
Absolute	-	3,994	(4,127)	30,790	10,121	-
Growth	-	5%	-5%	39%	9%	-

Source: Bureau of Customs (SAD-IEIRD)

The volume of LLDPE imports grew from approximately 80,00MT (2015) to 121,000 MT (2019). In 2016, imported LLDPE increased by 3,994MT or 5% over 2015 level. Imports fell by 4,127 or 5% in 2017. In 2018, imported LLDPE significantly increased by 39% from 2017 level. In 2019, it continued to increase by 9% from a year ago.

1. b. Share of Imports (by Country)

Table 2: Share of Imports (by Country) Linear Low-Density Polyethylene (2015– Sep 2020) in MT

COUNTRY	2015	% Share	2016	% Share	2017	% Share	2018	% Share	2019	% Share	2020 Jan- Sep	% Share
Singapore	17,119	21.46%	24,941	29.78%	29,855	37.49%	35,809	32.43%	36,295	30.11%	18,143	23.76%
Saudi Arabia	14,002	17.55%	11,892	14.20%	11,576	14.54%	23,574	21.35%	19,947	16.55%	11,018	14.43%
Qatar	12,175	15.26%	13,825	16.51%	13,035	16.37%	17,325	15.69%	18,613	15.44%	9,213	12.07%
Thailand	19,550	24.51%	20,287	24.22%	15,424	19.37%	13,256	12.00%	17,710	14.69%	13,670	17.90%
United States	205	0.26%	927	1.11%	245	0.31%	5,737	5.20%	11,498	9.54%	12,975	16.99%
Malaysia	4,450	5.58%	1,098	1.31%	2,083	2.62%	3,241	2.94%	4,622	3.83%	3,482	4.56%
Republic of Korea	578	0.72%	819	0.98%	1,934	2.43%	3,704	3.35%	3,781	3.14%	450	0.59%
Canada	3,182	3.99%	3,454	4.12%	1,665	2.09%	2,305	2.09%	3,732	3.10%	2,770	3.63%
Major Sources	*71,259*	*89.34%*	*77,244*	*92.22%*	*75,816*	*95.21%*	*104,953*	*95.05%*	*116,199*	*96.40%*	*71,721*	*93.93%*
Other Sources	*8,506*	*10.66%*	*6,514*	*7.78%*	*3,815*	*4.79%*	*5,469*	*4.95%*	*4,344*	*3.60%*	*4,634*	*6.07%*
Total (Major & OtherSources)	**79,764**	**100%**	**83,758**	**100%**	**79,631**	**100%**	**110,421**	**100%**	**120,543**	**100%**	**76,354**	**100%**

Singapore, Thailand, Qatar and Saudi Arabia consistently registered the biggest suppliers of LLDPE from 2015 to 2020 (January to September), accounted for more than three percent (3%) share to total Philippine imports. United States contributed a substantial share from 2018 to Sept 2020 followed by Malaysia, Republic of Korea and Canada.

Other Sources:

Other sources of LLDPE are UAE, Indonesia, Chinese Taipei, PROC, Hong Kong, Japan, South Africa,, Kuwait, Viet Nam, Australia, Spain United Kingdom, Netherlands, Germany, France, Brazil, Austria, Belgium, Switzerland, India and Russian Federation.

Table 3: Share of Imports Linear Low-Density Polyethylene (2015– Sep 2020) in MT

Country	2015	% Share	2016	% Share	2017	% Share	2018	% Share	2019	% Share	2020 Jan to Sep	% Share
Australia	-	-	-	-	-	-	-	-	1	0.001%	3	0.004%
Austria	-	-	-	-	-	-	1	0.001%	-	-	-	-
Belgium	-	-	-	-	-	-	149	0.13%	-	-	-	-
Brazil	50	0.06%	50	0.06%	-	-	-	-	-	-	-	-
Chinese Taipei	657	0.82%	698	0.83%	317	0.40%	831	0.75%	429	0.36%	390	0.51%
France	74	0.09%	-	-	-	-	-	-	-	-	-	-
Germany	95	0.12%	40	0.05%	-	-	-	-	-	0.00%	-	-
Hong Kong	127	0.16%	16	0.02%	347	0.44%	208	0.19%	242	0.20%	157	0.21%
India	-	-	39	0.05%	-	-	-	-	-	-	-	-
Indonesia	802	1.01%	1,752	2.09%	365	0.46%	140	0.13%	702	0.58%	692	0.91%
Japan	3,772	4.73%	1,930	2.30%	918	1.15%	351	0.32%	206	0.17%	88	0.12%
Kuwait	-	-	198	0.24%	-	-	-	-	149	0.12%	99	0.13%
Netherlands	173	0.22%	-	-	12	0.02%	-	-	-	-	-	-
PROC	339	0.42%	159	0.19%	99	0.12%	399	0.36%	351	0.29%	534	0.70%
Russian Federation	-	-	198	0.24%	-	-	-	-	-	0.00%	-	-
South Africa	-	-	-	-	50	0.06%	-	-	173	0.14%	-	-
Spain	578	0.73%	99	0.12%	-	-	842	0.76%	-	-	-	-
Switzerland	-	-	-	0.00%	-	-	250	0.23%	-	0.00%	150	0.20%
United Arab Emirates	1,443	1.81%	1,262	1.51%	1,614	2.03%	2,214	2.00%	2,031	1.68%	2,228	2.92%
United Kingdom	198	0.25%	-	-	43	0.05%	-	-	-	-	25	0.03%
Viet Nam	198	0.25%	74	0.09%	50	0.06%	85	0.08%	60	0.05%	268	0.35%
TOTAL: Other Sources	**8,506**	**10.66%**	**6,514**	**7.78%**	**3,815**	**4.79%**	**5,469**	**4.95%**	**4,344**	**3.60%**	**4,634**	**6.07%**

Source: Bureau of Customs (SAD-IEIRD)

De minimis Import Volume

Rule 13.1.d. of the IRR of RA 8800 (The Safeguard Measures Act) 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."*

Developing countries whose individual shares of total imports of LLDPE were below the 3% threshold and that their collective imports did not exceed 9% of total imports during the POI will be excluded from any safeguard remedy.

E.2. Relative Terms

Table 3a: Comparison of Volume of Imports to Domestic Production of LLDPE (2015-2019) in MT

Year	Imports	Domestic Production*	% Share of Imports to Domestic Production
2015	79,764	100	*xxx*
2016	83,758	102	*xxx*
2017	79,631	138	*xxx*
2018	110,421	67	*xxx*
2019	120,543	71	*xxx*
2020 (Jan-Sep)	76,354	72	*xxx*

Sources: Bureau of Customs (BOC-SAD-IEIRD) – Import Volume
Domestic Industry – Domestic Production
*Figures indexed due to confidentiality

The share of imports relative to local production increased in 2016 and declined to 2017. In 2018, share of imports relative to domestic production significantly increased to and recorded its highest share in 2019. For January to September 2020, the ratio of imports to domestic production was recorded xxx.

It was observed that imports of LLDPE relative to domestic production increased during the POI.

VI. 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."

The Philippine industry alleged that from 2017 onwards, the industry has struggled against the increasing volumes of low-cost imports, owing to increasing overcapacity of certain low-cost producers worldwide. The local producer is currently expanding capacity further in response to increasing local market volume demand, but has been finding it difficult to compete for the past three years as the import volumes have surged and may continue to surge without the imposition of appropriate safeguards. This imperils not just the existing investments of the local industry but also its ongoing capacity expansion.

A. Share of the Domestic Industry

A.1 Philippine Market (size and share) – in MT

Table 4: Total Apparent Philippine Market (MT) – LLDPE

Year	**LLDPE IMPORTS (MT)**		**DOMESTIC SALES VOLUME (MT)***	**TOTAL APPARENT PHILIPPINE MARKET (MT)***	**% Increase Decrease**	**MARKET SHARE**		
						Imports		**Domestic Sales**
	Non-Manufacturers	**Manufac-turers**				**Non-Manufactu-rers**	**Manufac-turers**	
2015	79,764	54	100	100	-	*xxx*	*xxx*	*xxx*
2016	83,758	410	124	112	12%	*xxx*	*xxx*	*xxx*
2017	79,631	251	157	120	7%	*xxx*	*xxx*	*xxx*
2018	110,421	556	82	119	-1%	*xxx*	*xxx*	*xxx*
2019	120,543	892	77	126	6%	*xxx*	*xxx*	*xxx*
2020 (Jan-Sep)	76,354	1,392	65	86	(32%)	*xxx*	*xxx*	*xxx*

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

Table 4 shows the total apparent Philippine market for LLDPE. The total apparent market generally showed an upward trend with imports dominating the market share from 2015 to 2020 (Jan to Sep).

The apparent market for LLDPE increased by 12% in 2016, 7% in 2017 and slightly declined by 1% in 2018 as imports soared by 39% while domestic sales volume declined by 48%. In 2019, apparent consumption hits its highest record as imports rose by 9% while domestic sales dropped by 6%.

The share of imports of non-manufacturers (i.e. importers, traders etc.) relative to the total Philippine market continuously increased during the POI whereas the producer imports less than one percent (1%). According to JGSPC, they import competitor LLDPE resins to produce the heavy-duty bags to be used for packaging the resins. This enables

JGSPC to maximize available raw materials as well as reactor and extruder space for the production of saleable products, rather than for producing resin intended for its own packaging requirements.

On the other hand, according to the industry, to help protect its market share, JGSPC adopted import parity pricing to be competitive with their foreign counterparts. JGSPC stated that they are heavily disadvantaged as import prices have been consistently lower than their cost to produce and sell. While the share of domestic sales increased from 2015 to 2017, the share of domestically produced LLDPE recorded its biggest decline in 2018 and 2019 from 2017.

During the POI, the domestic industry's share contracted as imports of LLDPE gained a significant proportion of the Philippine market.

B.1. Domestic Sales

Table 5: Domestic Sales Volume and Value

Year	Sales Volume (MT)*	% Increase (Decrease)	Sales Value (Php Million)*	% Increase (Decrease)
2015	100	-	100	-
2016	124	23.74	117	17.09
2017	157	27.08	161	37.87
2018	82	(48.12)	94	(41.86)
2019	77	(5.71)	79	(15.95)
2020 (Jan-Sep)	65	84.98**	53	67.22**

Source: Domestic Industry
*Figures indexed due to confidentiality
**percentage based on the 2019 level

The domestic sales volume increased from 2015 to 2017 by 24% and 27%, with a corresponding increase in sales value by 17% and 38%, respectively. However, domestic sales volume declined by 48% in 2018 and further by 6% in 2019. Also, sales value followed a decline of 42% in 2018 and further by 16% in 2019. As of the 3rd quarter of 2020, sales volume and value is 85% and 67% compared to the 2019 level.

According to the domestic industry, they have been steadily losing substantial sales volume from its existing customers since 2017 due to an increase in the volume of importation of competing products that are being sold at much lower prices, even lower that the industry's own cost to produce and sell.

In addition, the petrochemical industry was severely impacted by the Covid-19 pandemic due to lockdowns causing the shutdown of customers' plants, sudden dive in prices and drop in demand, not just locally but worldwide. Even at the height of the enhanced community quarantine, the company continued manufacturing operations at 100% capacity even on skeletal workforce to be able to supply these all-important raw materials used for wide array of essential products and services, as the country deals with the pandemic.

B.2. Export Sales

Table 6: Export Sales Volume and Value

Year	Sales Volume (MT)*	% Increase (Decrease)	Sales Value (Php Million)*	% Increase (Decrease)
2015	100	-	100	-
2016	80	(19.95)	83	(16.94)
2017	120	50.00	130	56.91
2018	28	(76.79)	34	(74.21)
2019	76	174.27	79	134.36
2020 (Jan-Sep)	88	114.99**	64	81.75**

Source: Domestic Industry
*Figures indexed due to confidentiality
**percentage based on the 2019 level

The industry's export sales followed a fluctuating trend with a decrease by 20% in 2016, increase by 50% in 2017, decrease by 77% in 2018 and increase by 174% in 2019. The sales value also followed a fluctuating trend, decreased by 17% in 2016, increased by 57% in 2017, decreased by 74% in 2018 and increased by 134% in 2019. As of the 3rd quarter of 2020, export sales volume and value is 115% and 82% compared to the 2019 level.

According to the domestic industry, they sell mainly through accredited distributors and trading partners but may also sell directly to plastic product manufacturers. Since 1998, they sold their products to over 30 countries worldwide.

C. Production

Table 7: Total Production

Year	2015	2016	2017	2018	2019	2020 (Jan-Sep)
Production (MT)*	100	102	138	67	71	72
% Increase (Decrease)	-	2.03	35.02	(51.05)	5.82	101.41**

Source: Domestic Industry
*Figures indexed due to confidentiality
**percentage based on the 2019 level

The industry's production volume increased from 2015 to 2017 by 2% and 35% respectively. In 2018, it declined by 51% and increased by 6% in 2019. The highest production was recorded in 2017. As of the 3rd quarter of 2020, production volume is 101% compared to the 2019 level.

According to the domestic industry, the production volume had to be drastically reduced by 51% in 2018 owing to the negative impact to gross profit. By 2019, while production volume was marginally increased by 6%, losses were almost double than the previous year.

D. Capacity Utilization

Table 8: Capacity Utilization

Year	Installed/Rated Capacity (MT)*	Actual Production (MT)*	Capacity Utilization Rate (%)	% Increase (Decrease)
2015	100	100	77.29	-
2016	100	107	83.01	7.40
2017	100	121	93.76	12.95
2018	100	100	77.32	(17.54)
2019	100	87	67.42	(12.80)
2020 (Jan-Sep)	75	66	67.75	0.50

Source: Domestic Industry
*Figures indexed due to confidentiality

The industry operates two (2) PE, both of which can produce HDPE and LLDPE. Since the capacity is not mutually exclusive for the two products, the table above represents combined data for both HDPE and LLDPE.

The capacity utilization rate exhibited an increasing trend from 2015 to 2017 by 7% and 13%, respectively. It began to decline in 2018 by 18% and further by 13% in 2019. As of 3rd quarter of 2020, capacity utilization slightly increased by 0.50% despite the shutdown of PE plants in Q1 for turnaround maintenance. However, the highest capacity was registered in 2017 at 94%, almost at full capacity.

According to the domestic industry, they are currently expanding capacity (upcoming *x x x* kTA) in response to increasing local market volume demand but has been finding it difficult to compete for the past three (3) years as the import volume have surged and continue to surge, affecting the operations and financial performance.

E. Finished Goods Inventory

Table 9: Finished Goods Inventory

Year	Volume (MT)*	% Increase (Decrease)	Value (Php Million) *	% Increase (Decrease)
2015	100	-	100	-
2016	114	13.63	119	19.23
2017	64	(44.09)	99	(16.98)
2018	171	168.72	299	201.62
2019	119	(30.19)	152	(48.93)
2020 (Jan-Sep)	94	78.65*	86	56.27*

Source: Domestic Industry
*Figures indexed due to confidentiality
**percentage based on the 2019 level

The finished goods inventory volume exhibited a fluctuating trend with an increase of 14% in 2016, decrease of 44% in 2017, an increase of 169% in 2018 and a decrease of 30%

in 2019. Also, the finished goods inventory value increased by 19% in 2016, decreased by 17% in 2017, increased by 202% in 2018, and decreased by 49% in 2019. As of the 3rd quarter of 2020, the level of finished goods inventory volume and value is 79% and 60% compared to 2019 level, respectively.

According to the domestic industry, there has been a deliberate decision to cut production volumes in order to minimize losses in 2017, thus, remaining inventory year on year has been kept below *xxx*.

F. Cost to Produce

Table 10: Cost to Produce

Particulars	2015	2016	2017	2018	2019	2020 (Jan-Sep)
Raw Materials*	95.4	74.2	86.0	124.0	137.7	92.5
Direct Labor*	0.6	0.6	0.2	0.2	0.3	0.3
Manufacturing Overhead*	5.2	4.3	4.8	8.0	9.8	17.5
Cost to Produce (per MT)*	**100**	**100**	**100**	**100**	**100**	**100**
% Increase (Decrease)**	**-**	**(12.36)**	**12.85**	**12.13**	**(1.97)**	**(22.90)**

Source: Domestic Industry
*Figures in percentage to the cost to produce per MT
**Computed based on the absolute figures of cost to produce per MT

The cost to produce per unit declined by 12% in 2016, increased by 13% in 2017 and 12% further in 2018, slightly decreased by 2% in 2019 and declined by 23% in 2020. The decline of cost of production in 2020 is primarily attributed to decline in raw material cost by 31%.

According to the domestic industry, the primary raw material component for LLDPE is the olefin ethylene and comonomers butene and hexene which contributes to approximately 95% of the average overall raw material cost. The primary raw material ethylene is sourced mainly from the upstream naphtha cracker operated by JG Summit Olefins Corporation (JGSOC), a JGSPC's affiliate company. The secondary raw materials (catalysts and additives), the comonomers hexene-1 and butene-1 are 100% imported. A formula of conversion which specifically shows the breakdown of raw material usage and wastage per product grade from the Department of Science and Technology are secured for various LLDPE products.

In addition, the domestic industry claimed that it was significantly affected by the issuance of Executive Order No 113, which was in effect for the duration of Bayanihan Heal as One Act. Particularly, the EO imposed additional 10% excise duty to naptha and LPG, raw materials to petrochemical products, which posed additional burden to the local petrochemical industry and made it even more uncompetitive compared to imported products which were not imposed with any additional tariff during the said period.

G. Profit and Loss

Table 11: Earnings Before Interest and Taxes

Particulars	2015	2016	2017	2018	2019	2020 (Jan-Sep)	% Increase (Decrease) (2015 vs.2016)	% Increase (Decrease) (2016 vs.2017)	% Increase (Decrease) (2017 vs.2018)	% Increase (Decrease) (2018 vs.2019)	% Compared to 2019 level)
Sales*	100	117	161	94	79	53	17.09	37.87	(41.86)	(15.95)	67.23
Cost of Goods Sold*	100	118	164	100	89	61	18.04	38.95	(39.27)	(10.89)	69.11
Gross Profit	100	84	73	(104)	(260)	(233)	(15.47)	(14.25)	(243.27)	150.85	89.23
Selling, General and Administrative Expenses*	100	140	76	50	20	79	40.85	(45.42)	(33.98)	(61.90)	410.36
Earnings Before Interests, Taxes, Depreciation and Amortization*	100	318	91	541	909	1073	**222.48**	**(71.77)**	**503.51**	**67.81**	**117.70**
Depreciation and Amortization*	100	83	179	144	119	165	(16.24)	113.27	(20.44)	(16.39)	137.12
EBIT*	100	157	151	269	367	450	57.78	(4.00)	77.19	37.05	122.03

Source: Domestic Industry
*Figures indexed due to confidentiality

The gross profit declined from 2015 to 2019 by 16%, 14%, 243% and 151%, respectively. It can be noted that the industry exhibited a negative gross profit since 2018 and almost tripled in 2019. The earnings before interests, taxes, depreciation and amortization (EBITDA) exhibited losses during the POI, the highest loss of which was recorded in 2019 which is almost ten times compared to the loss in the beginning of POI (2015). As of the 3rd quarter of 2020, loss in EBITDA increased by 18% compared to the 2019 level as the selling, general and administrative expenses quadrupled during the same period. In addition, the earnings before interest and taxes (EBIT) exhibited losses since 2015. Losses Before Interest and Taxes worsen by 58% in 2016, improved by 4% in 2017 but worsen by 77% in 2018, 37% further in 2019 and 22% further as of the 3rd quarter of 2020.

According to the domestic industry, the low prices of imported LLDPE have affected the gross profit on the domestic sales of locally produced LLDPE. In order to compete and defend its market share, the producer is forced to adopt a policy of import parity pricing, and as such is forced to sell its products at a price below its cost to produce and sell plus a reasonable margin to recover the investment.

In trying to maintain some market commitments, the local producer has tried to produce and sell LLDPE despite the poor financial returns that have started to be experienced even from the start-up in 2014 onwards.

H. Return on Sales

Table 12: Return on Sales

Particulars	2015	2016	2017	2018	2019	2020 (Jan-Sep)
Sales (Million)*	100	117	161	94	79	53
EBITDA (Million)*	(100)	(318)	(91)	(541)	(909)	(1068)
Return on Sales	*xxx*	*xxx*	*xxx*	*xxx*	*xxx*	*xxx*
% Increase (Decrease)	-	(175.40)	79.53	(938.02)	(99.66)	(74.91)

Source: Domestic Industry
*Figures indexed due to confidentiality

Negative return on sales (ROS) based on EBITDA reflected throughout the POI.

I. Employment

Table 13: Employment

Year	Employees for Production*	% Increase (Decrease)	Salaries and Wages (Million)*	% Increase (Decrease)
2015	100	-	100	-
2016	115	15.05	97	(2.35)
2017	127	10.66	121	24.42
2018	141	10.91	129	5.88
2019	168	18.85	180	40.18
2020 (Jan-Sep)	152	(9.66)	134	(25.59)

Source: Domestic Industry
*Figures indexed due to confidentiality

The table above shows the direct labor personnel for the entire operation of both HDPE and LLDPE products as the operation is shared in the same facility where personnel can handle either product.

Employment throughout the POI increased yearly by 15% in 2016, 11% in 2017 and 2018, and 19% in 2019. While salaries and wages declined by 2% in 2016 and continuously increased from 2017 to 2019 by 24%, 6%, and 40%, respectively. As of the 3rd quarter of 2020, employment declined by 10%.

According to the domestic industry, despite the reduced production volume in the past two years, the industry continues to hire skilled workers, such as engineering, science, or technical vocational graduates, thus, contributing to reducing the need for these skilled workers to find overseas employment. Despite weakening production, continuous hiring is important to ensure that there is sufficient buffer for the current operational requirements plus some pre-hiring of those to be trained for the upcoming new builds which will start operations in the last quarter of 2020.

J. Productivity

Table 14: Productivity

Year	Production Volume (MT)*	Employees for Production*	Labor Productivity (MT/employees)	% Increase (Decrease)
2015	100	100	*xxx*	-
2016	107	115	*xxx*	(6.64)
2017	121	127	*xxx*	2.07
2018	100	141	*xxx*	(25.65)
2019	87	168	*xxx*	(26.64)
2020 (Jan-Sep)	66	152	*xxx*	(16.57)

Source: Domestic Industry
*Figures indexed due to confidentiality

The labor productivity decreased by 7% in 2016, increased slightly by 2% in 2017 but declined from 2018 to 2019 by 26% and further by 27% due to the hiring of additional employees despite the reduced production. As of the 3rd quarter of 2020, productivity declined by 17% but is expected to still increase by the year end with additional production for the 4th quarter.

K. Price Effects

1. Price Undercutting

Table 15: Ex-Work Price of Domestic Product vs. Landed Cost of Imported Product (P/MT)

Year	Country	Wtd. Ave. Landed Cost (₱ / MT) (a)	% Share to Total Imports	Ex-work Price of Domestic Industry (₱ / MT) (b)	% Undercutting (b-a)/b*100
2019	**Major Sources:**				
	Major Sources:				
	Singapore	*xxx*	30.22		(3.75)
	Saudi Arabia	*xxx*	16.88		0.86
	Qatar	*xxx*	15.67		2.49
	Thailand	*xxx*	14.90	*xxx*	(3.53)
	United States	*xxx*	9.63		(0.05)
	Other Sources	*xxx*	12.70		2.52
	Wtd. Average	***xxx***	**100.00**		**(0.81)**

2020	Singapore	*xxx*	24	*xxx*	(17.30)
	Saudi Arabia	*xxx*	14		(2.69)
	Qatar	*xxx*	12		(2.68)
	Thailand	*xxx*	18		(6.31)
	United States	*xxx*	17		(6.04)
	Wtd. Average	***xxx***	100		**(8.97)**

Sources: Wtd. Ave. Landed Cost- BOC-SAD-IERD
Domestic Selling Price- Domestic Industry

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

Based on BOC-IEDs for 2019, the top five (5) major source countries of LLDPE were Singapore, Saudi Arabia, Qatar, Thailand and United States. Price undercutting was recorded from Saudi Arabia, Qatar and from other sources by approximately 1% and 3%, respectively.

For 2020 (Jan-Sep), weighted average landed cost of imported LLDPE from all sources is higher by 8.97% than the domestic ex-work price of LLDPE.

2. Price Suppression

Table 16: Ex-Work Price of Domestic Product vs. Cost of Production (₱ in MT)

Year	Ex-Work Price of Domestic Industry (₱ / MT)*	Cost Of Production (₱ / MT)* (B)	Difference (₱ / MT) (A-B)*	% Price Suppression (A-B)/B*100
2015	100	100	(100)	(8.26)
2016	95	88	(2)	(0.22)
2017	104	99	(42)	(3.54)
2018	116	111	(56)	(4.15)
2019	104	109	(163)	(12.37)
2020 (Jan-Sep)	82	84	(103)	(10.14)

Source: Domestic Industry
*Figures indexed due to confidentiality

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.

Price suppression were recorded during the POI, 8% in 2015, 0.22% in 2016, 4% in 2017 and 2018 12% in 2019, and 10% in 2020 (Jan-Sep).

3. Price Depression

Table 17: Domestic Selling Price of Locally Manufactured LLDPE (₱ in MT)

Year	Ex-Work Price of Domestic Industry (₱ / MT)*	% Increase/ (Decrease)
2015	100	-
2016	95	(4.68)
2017	104	9.09
2018	116	11.42
2019	104	(10.37)
2020 (Jan-Sep)	82	(20.94)

Source: Domestic Industry
*Figures indexed due to confidentiality

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

Price depression were recorded at 4.68% in 2016 10.37% in 2019 and 20.94% in 2020 (Jan-Sep).

L. Other Adverse Effects

- The negative financial status of the industry has made it increasingly difficult to get financing for its modernization, expansion, and operational requirements.
- Cash flow has been affected because of the lower return on sales.
- The industry has been unable to increase the wages up to global standards because of the negative financial situation and it is more difficult to hold on and retain its more important technical personnel.

Update of JGSPC Operations Amidst the Covid19 Year 2020

- Able to continue with manufacturing operations on skeletal force, following IATF guidelines on proper social distancing, enhanced health monitoring, and safety procedures
- Ongoing expansion projects have completely stopped during the ECQ period but with GCQ in effect in Batangas since May 16, their BOI-registered projects including the PE project is set to resume construction, following DPWH guidelines and under LGU monitoring.

M. Other Issues

- **Domestic Industry**

    - Philippine industry should not be attributed to the petrochemical sector alone (JGSPC), but rather the entire supply value chain including the plastic manufacturing and converting industry and the packaging and retail industry that it serves.

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, JGSPC meets the legal requirement to be considered a domestic industry since JGSPC accounts for a 100% share of the total domestic production of LLDPE.

Also, JGSPC, for their local sales, primarily sell its LLDPE resins directly to over 200 local plastic products manufacturers and secondarily through distributors.

- **Imports - There are no increased imports recent, sudden, sharp and significant enough to cause or threaten to cause serious injury.**

    - Inconsistent supply and JGSPC's inability to supply the domestic PE market due to Cracker shutdowns and PE plant issues are the main causes of the alleged import surge
    - JGSPC's failure to meet local demand requirements in 2018 prompted major industry players to secure their raw material requirements from dependable sources, such as imports. Major downstream players had no choice but to divert and commit volumes that used to be allocated to domestic resin producers to foreign suppliers to steady supply.
    - Hi Performance PE grades demanded by packaging industry are not locally available. Some of these include HDPE bimodal grades, LLDPE Metallocene, high clarity, seal thru contamination properties and hot tack properties in the form of C6 and C8 that JGSPC's current equipment, system and grades cannot attain despite claims of substitution.

JGSPC, a typical petrochemical plant undergoes scheduled periodic maintenance to maintain reliability and operability. Hence, the need for periodic shutdowns. Customers were advised of these maintenance schedules in advance to allow them to plan accordingly. It is important to emphasize that JGSPC has no record of any customer's orders that were undelivered or cancelled.

Special wires and cables grades, and rotational molding grades in powder form. Again, JGSPC does not offer these products in its current portfolio. These are niche markets characterized by special requirements and relatively small market size.

- **Serious Injury**

  - There is no current serious injury to the domestic industry brought about by the LLDPE imports in terms of:
  - The 2017 and 2018 audited financial statement of JGSPC, sales were flattish as higher average selling prices of most products were pulled down by lower volumes especially on polymers and pygas.
  - Current capacity is not enough to fill the demand of local downstream industry and import is needed.
  - Profits significantly declined driven by higher naptha prices while downstream pricing was not able to fully catch up for the period.
  - Contrary to the net losses that JGSPC presented as the reason for its application, it is earning billions every year as shown in the audited consolidated financial statements submitted to SEC on April 14 2020
  - Petrochemical companies in other countries are expected to suffer losses during the first few years after huge expansion
  - JGSPC did not lose money during the 5-year period in review in spite of the huge depreciation expenses

According to the domestic industry, the low prices of imported LLDPE have affected the gross profit on the domestic sales of locally produced LLDPE. In order to compete and defend its market share, the producer is forced to adopt a policy of import parity pricing, and as such is forced to sell its products at a price below its cost to produce and sell plus a reasonable margin to recover the investment.

Further, the local producer, in trying to maintain market share, has tried to produce volume greater than x x x MT per annum despite the poor financial returns that have started to be experienced from 2017 onwards.

Components of JGSPC's adjustment plan are being undertaken precisely to improve competitive advantage, improve on costs, plant reliability, production efficiency and output. Once completed, the local market stands to benefit with the availability of an expanded product portfolio and more competitive prices from JGSPC. These investments on capacity expansion, productivity improvements and capability enhancements are proof of JGSPC's continuous commitment to the local industry.

- **Expansion Plans**

  - JGSPC's Q4 2020 additional 250,000 MT expansion plans to serve the Hi Performance PE grades market segment and make grades available leaves a bit of skepticism as the output volume vis-à-vis the ability for the market to absorb it is in question, and high quality and performance resins not only require a period of validation before use, but more importantly brand and manufacturer confidence on quality and consistency, which at present is still lacking from the local supplier based on its track record.

JGSPC's current UNIPOL^{TM} PE Technology is one of the world's most widely used PE technologies, having more than 165 licensed reactor lines in 28 countries with total capacity of more than 48 Million tons per annum. Furthermore, JGSPC's upcoming new PE plant will use the MarTech^{TM} Technology, which is one of the world's leading PE technologies with more than 80 plants in 20 countries. Both the UNIPOL™ PE Technology and the MarTech™ Technology are the same technologies being used to produce many of the imported PE products.

More importantly, in JGSPC's annual customer satisfaction survey, its current EVALENE® products consistently received very high satisfaction rating from its customers for product quality performance, 90% rating in 2019 and 93% in 2020. Additionally, JGSPC's significant market shares in the local industry, peaking at their highest levels within the period of investigation of 64% for HDPE and 43% for LLDPE in 2017, indicate the wide acceptance of its products by the market overall, although such market shares have been eroded in recent years due to surge in imports.

- **Right to any trade compensation**

  - In accordance to Article 8.1 and 12.3 of the WTO Safeguard Agreement, Thailand reserves its right to any form of trade compensation substantially equivalent to the level of concessions and other obligation under WTO affected by such imposition of safeguard measure.

For the preliminary determination, 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. Thus, the investigating authority will provide a venue for discussion on matters on trade compensation upon request by the other parties.

VII. 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, , and associations relevant to the public interest clause.

Summary of Positions/ Comments (Public Interest)

In Opposition of SG Measures

- Imposition of SG measures against LLDPE would directly create adverse effect upon industries as well as consumers since LLDPE is an essential material of plastic products
- A 30% tariff imposed on the raw materials will translate to a 15-20% cost for packaging material and finished goods putting the downstream industry to a gross disadvantage and drive markets to cheaper imports. Imports will not only be in the form of plastic products but of finished consumer goods products.

- Safeguard duty imposition will make in a disadvantageous position the downstream plastic manufacturing and converting industry relying on LLDPE products, to name a few: Food and beverage; Agriculture; Pharmaceutical; Medical and Health; Institutions; Constructions; Communications and Utilities; Automotive; Garments and Footwear
- It runs contrary to the Go Lokal and Buy Pinoy programs as cheaper plastic finished products and products packages in plastics with a 0% duty in AFTA will flood our domestic market
- Granting the request for SG duty will benefit a large conglomerate at the expense and demise of thousands of small businesses that may experience closure which will result to loss of jobs. The local plastic downstream industry can no longer afford to make sacrifices (over 20 years) in favor of the midstream sector which can be considered as a monopoly with a sole operating entity in the market.
- Impact on government collection where MFN sources of LLDPE contributed more tariff revenues to the government while enabling competitiveness to local downstream.
- Impact on innovation and new product solutions, i.e. imposition of SG will discourage the introduction of innovation to the local packaging industry.
- Granting a safeguard duty does not assure the competitiveness and viability of JGSPC's operation as by their own admittance, market conditions, economic/supply/demand trends, dependence on imported naphtha and volatile prices, ethane and shale cost advantages, scale of operations and many others are the main challenges in the viability of the domestic midstream industry

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 JGSPC and the industry as a whole to remain competitive. Otherwise, the local industry will continue to suffer financially and lose market share to cheaper imported products.

- Without the local petrochemical industry, consistency and availability of local supply will be imperiled if the downstream plastics industry is to rely solely on imported products.

VIII. FINDINGS

A. Volume of Imports

A.1 In Absolute Terms

- Import shipments of LLDPE increased by about 5% in 2016 and declined by the same rate in 2017.
- In 2018, there is an abrupt and notably sharp increase of 39% and further by 9% in 2019.
- In 2020 (Jan to Sep), imports accounted for 63% of 2019 level.
- Singapore, Saudi Arabia, Thailand, Qatar, and the USA are the major suppliers during the POI.

A.2 In Relative Terms

- The share of imports to domestic production increased from 2015 to 2016 and declined to 75% in 2017.
- The ratio of increase of imports to domestic production significantly increased to 213% in 2018 and 220% in 2019. In 2020 (Jan to Sep), share of imports to domestic production was 137%.

B. Serious Injury

B.1. Market Size

- Increased by 12% and 7% in 2016 and 2017.
- Slightly declined by 1% in 2018. Improved by 6% in 2019 despite the 6% decline in domestic industry sales

B.2. Market Share

- The share of imports captured more than 70% of the market in 2018, 2019 and 2020 (Jan to Sep)
- The share of domestic sales volume significantly declined from 46% in 2017 to 21% in 2019.

B.3. Domestic Sales Volume of Value

- Domestic sales volume and value increased from 2015 to 2017, but declined from 2018 and 2019
- As of 3Q of 2020, sales volume and value is 85% and 67% compared to 2019 level

B.4. Export Sales Volume of Value

- Export sales showed a fluctuating trend with a decrease of 20% in 2016, increase by 50% in 2017, decrease by 77% in 2018 and increase by 174% in 2019.
- The sales value also followed a fluctuating trend, decreased by 17% in 2016, increased by 57% in 2017, decreased by 74% in 2018 and increased by 134% in 2019.

B.5 Production

a. Total Production

- Production volume increased from 2015 to 2017 by 2% and 35% respectively. In 2018, it declined by 51% and increased by 6% in 2019.

b. Capacity Utilization

- The capacity utilization rate increased from 2015 (77%) to 2017 (94%).
- It declined by 77% in 2018 and recorded its lowest in 2019 at 67%. As of 3Q of 2020, slightly increase by 0.50%.

c. Inventories

- Inventories exhibited a fluctuating trend with an increase of 14% in 2016, a decrease of 44% in 2017, an increase of 169% in 2018 and a decrease of 30% in 2019. As of Q3 of 2020, inventory volume and value is 79% and 56% of the 2019 level.

d. Cost to Produce

- The cost to produce per unit declined by 12% in 2016, increased by 13% in 2017 and 12% further in 2018, and slightly decreased by 2% in 2019. As of 3Q of 2020, cost to produce per MT declined by 23% due to 31% decline in raw materials

B.5 Profitability

a. Profit and Losses

- Throughout the POI, the industry exhibited losses in EBIT.
- EBIT exhibited losses since 2015 and worsen by 58% in 2016, improved by 4% in 2017 but worsened by 77% in 2018 and 37% further in 2019 and further worsen as of 3Q of 2020.

b. Return on Sales

- Negative return on sales based on EBITDA incurred throughout the POI.

B.6 Employment and Salaries and Wages

- Employment throughout the POI increased yearly by 15% in 2016, 11% in 2017 and 2018, and 19% in 2019 but declined by 10% in the third quarter of 2020.
- Salaries and wages declined by 2% in 2016 and continuously increased from 2017 to 2019 by 24%, 6% and 40%, respectively, but declined by 26% in the third quarter of 2020.

B.7 Productivity

- Labor productivity decreased in 2016 by 7%, slightly improved in 2017 by 2%
- Declined from 2018 to 2019 by 26% and 27%, respectively, due to a decrease in production but increase in employment.

B.8 Prices

a. Price Depression

- Recorded at 4.68% in 2016 10.37% in 2019 and 20.94% in 2020 (Jan-Sep).

b. Price Suppression

- JGSPC is selling below cost during the POI.
- Price suppression recorded during the POI, 8% in 2015, 0.22% in 2016, 4% in 2017 and 2018 12% in 2019, and 10% in 2020 (Jan-Sept)

IX. CAUSATION

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

- Philippine imports of LLDPE showed a significant increase in volume from 2018-2019, imports increased by 30,790MT or 39%, and were up again by 9% in 2019, in 2020 (Jan– Sep) imports reached 76,354 MT, or 63% of the 2019 level. Likewise, the share of imports relative to domestic production significantly increased during the investigation period (from 104% share in 2015 to its peak at 220% in 2019) preceded serious injury to the domestic industry.

- The conditions of competition showed that the market share of the domestic product decreased during the POI from 46% in 2017 to 21% in 2019, as the share of imports in the domestic market significantly increased.

- The industry suffered declines in sales, utilization rate and negative EBIT. In terms of prices, price depression and suppression were also recorded during the POI in trying to maintain some market commitments, the local producer has tried to produce and sell LLDPE despite the poor financial returns.

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".

Rule 6.2c of the IRR of RA 8800 states that:

"If the provisional safeguard measures are sought, petitioner must show that critical circumstances exist which warrant the imposition of such provisional relief ".

b) Conclusion

The existence of a causal link between increased imports of the products under consideration and serious injury to the domestic industry has been established during the preliminary investigation. Petitioner failed to show that critical circumstances exist to warrant the imposition of a provisional safeguard measure. The Department shall forward the petition to the Tariff Commission for formal investigation.

X. ADJUSTMENT PLAN

The domestic industry submitted its adjustment plan to undertake improvement to increase production capacity while also improving efficiency and cost of production. JGSPC is currently undertaking or plans to undertake the following projects and initiatives to help optimize existing assets, ensure the viability of upcoming investments, and improve competitiveness versus products for which safeguards are being sought.

A. Improve Economies of Scale and Competitive Advantage

1. New 250,000 MTA PE Plant

   - Currently, ongoing construction is an additional 250 kTA PE plant that will be able to produce both HDPE and LLDPE, using US-based Chevron Phillips MarTECH ADL™ PE production technology. This capacity, in addition to currently existing 320 kTA, will bring JGSPC's combined PE production capacity to 570 kTA, in an effort to match projected local market demand in the short to medium term. As the petrochemical complex itself already exists and has many of its utilities outside battery limits available or requiring minimal modification to accommodate increase in capacity, the production economies of scale are improved as well as overall costs to produce and sell.
   - In addition, use of the MarTech ADL™ PE production technology will allow JGSPC to produce higher-value PE products, such as bimodals and metallocenes, currently not produces I its existing PE plants, enabling JGSPC to cover a wider range of HDPE and LLDPE applications currently served by imported products, and increase its domestic market share.

Status	:	Construction Ongoing
Date Available	:	4Q 2020

B. Improve on Costs

1. <u>Power – 100 MW Coal-Fired Power Plant</u>
   - The petrochemical complex where the LLDPE polymer manufacturing plants are located currently sources its power requirements primarily from its diesel generators and secondarily from the grid. With power costs making up most of the variable cost, it is imperative to find ways to improve on both reducing the power costs and reducing power consumption. To this end, JGSPC plans to put up a 100 MW coal-fired power plant to provide for its power requirements, using the latest Circulating Fluidized Bed technology for cost efficiency and even reduced emissions as opposed to current diesel or bunker-fired generation.

Status	:	Under evaluation
Date Available	:	2023

2. <u>Raw Material Cost – Expansion of Cracker (source of ethylene)</u>
   - JGSPC's cracking facility is currently also undergoing expansion, again in an effort to improve economies of scale and to help build up the capacity to match projected local market demand in the short to medium term. With the 50% increase in cracking capacity, larger bulk shipments of the feedstock naphtha and LPG are made possible, which in turn will translate into lower feedstock costs per MT for the production of ethylene, which is the primary raw material for HDPE and LLDPE.

Status	:	Ongoing commissioning
Date Available	:	1Q 2020

3. <u>Raw Material Costs – Additives and Catalyst Savings</u>
   - With the new PE project, JGSPC invested in a catalyst activator which will allow JGSPC to activate its catalyst onsite rather than offsite (abroad), including those catalysts used for its existing plants, thereby helping to reduce on catalyst activation costs.

Status	:	Construction ongoing
Date Available	:	4Q 2020

   - JGSPC also continuously reviews its catalysts and additives portfolio in an effort to find suitable alternative additives at a lower cost, as well as higher productivity/efficiency alternatives for its catalysts.

Status	:	Ongoing

C. Improve Plant Reliability

- Benchmarking Study on Reliability and Maintenance Performance

  - JGSPC is undertaking a maintenance benchmarking study to analyze the primary factors impacting plant reliability and maintenance effectiveness, thereby helping identify key inefficiencies, to enable the maintenance team to focus efforts on specific and measurable improvements and leverage resources to where most needed.

Status	:	Ongoing
Date Available	:	2Q 2020

D. Improve Production Efficiency and Output

1. Purchase of Operator Training Simulator (OTS)

   - For the new PE plant, JGSPC has procured an Operator Training Simulator which is a system of networked computers programmed to mimic the actual plant processes and associated control systems. The plant model running in the OTS server is built using the same engineering data that is used in the actual plant, using graphics that are identical to those used in actual control systems. With simulated training, trainees can get operational experience in an environment that closely resembles the actual plan without posing any risk to the actual plant. Thereby helping minimize the incidence of plant upsets caused by human-related errors.

Status	:	Ongoing purchase of software
Date Available	:	2H 2020

2. Advanced Process Control (APC) System

   - Advanced Process Control (APC) is a technology that uses computers to predict the behavior of the plant and manage the changes that continuously happen in the plant. It attempts to mimic the actions of the most efficient and knowledgeable human control operator, except it works untiringly 24/7, 365 days in a year.

   JGSPC uses APC modules to help improve plant control stability, feed, and production maximization, reduce energy consumption, and reduce variability in product quality,

   Upgrade for Existing PE Plants:

Status	:	Completed
Date Available	:	2020

   New APC for New Plant:

Status	:	Data gathering to be initiated once the new PE plant is operational
Date Available	:	Targeting 2024

XI. 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.

The investigation is governed by RA 8800, the Safeguard Measures Act, and the terms and conditions of the Agreement on Safeguards.

IX.a. Unforeseen Development

- US and Middle East petrochemical plants are heavily cost-advantaged versus Asian petrochemical plants
- The US shale gas boom has led to an oversupply of PE, which is primarily intended for export and is expected to flood Asian markets.
- The US-China trade war has caused the displacement of usual trade flows, giving rise to increased exports into the Philippines
- Houston — Tariffs have sharply reduced exports of two grades of US polyethylene amid the ongoing US-China trade dispute, according to data from the US International Trade Commission.

  As new US startups have brought more high density and linear low-density polyethylene production on line, flows into China, the largest global demand center, have retreated since China imposed 25% tariffs on those grades in August last year. Those tariffs, like the rest China has imposed on the US products, were in response to tariffs the US first imposed on Chinese products.

  USITC data showed that during the first nine months of 2019, China received 121,255 mt of US HDPE, down 57% from the January-September period of 2018.

  Over the same period in 2019, US LLDPE flows fell 37% on the year to 54,747 mt.

  However, flows of US low-density PE to China more than doubled to 204,199 mt from 75,911 mt, the data showed. China did not impose tariffs on LDPE last year.

US producers have started up 72% of 6.4 million mt/year of new PE capacity coming online from 2017-2019 in the first wave of new petrochemical infrastructure to be built to exploit cheap ethane unearthed by the US natural gas shale boom. The remaining 1.77 million mt/year is slated to start up by year-end, barring any delays.

The second and potentially third waves are expected to bring another 7.27 million mt of new PE capacity come online after 2020. HDPE and LLDPE make up more than 90% of the known new capacity either in operation, under construction or planned, while LDPE makes up about 6.5%.
Source: https://www.spglobal.com/platts/en/market-insights/latest-news/petrochemicals/111819-us-hdpe-lldpe-exports-to-china-down-sharply-amid-tariffs, 18 Nov 2019

- The US has seen a sharp decline in its HDPE and LLDPE exports to China because of trade-war tariffs that total 30% on each polymer. US producers have adjusted to the loss of China market share by raising exports to Europe, Turkey, Malaysia, and most notably to Vietnam, where the US is now selling more HDPE and LLDPE than in China.
  Source: https://www.icis.com/asian-chemical-connections/2019/10/surge-in-us-polyethylene-exports-occurs-as-china-growth-slows-asian-margins-turn-negative/ 16th October 2019

- What we do know, though, is that more US ethylene is heading to Asia from the recently started up Enterprise Navigator terminal. A total of around 150,000 tonnes of US cargoes are likely to move to Asia for loading between the end of May and July – although there could be some delays due to logistics.

Rising Asian ethylene supply could exert downward pressure on the region's PE market. US PE exports may also continue to rise in May and June following their big increases in January-April.

During the first months of 2020, US high-density PE exports rose to 1.3m tonnes from 1.1m tonnes, a 26% year-on-year increase when you look at the exact numbers. Linear-low density PE (LLDPE) exports were 35% higher, rising to 1.8m tonnes from 1.4m tonnes. But LLDPE exports declined by 7% to 409,211 tonnes from last year's 439,874 tonnes.

The data shows US January-April exports to Asia were more or less flat as a decline in shipments to southeast Asia (SE Asia) was replaced by a rise in cargoes to China. This was the result of the removal of the 25% additional tariffs on US HDPE and LLDPE, imposed as part of the trade war (last year, the US had shipped more to SE Asia as SE Asia replaced lost US volumes in China).
Source: By John Richardson on 25th June 2020 in Business, China, Company Strategy, Economics, Europe, Indonesia, Middle East, Naphtha & other feedstocks, Oil & Gas, Olefins, Philippines, Polyolefins, Singapore, South Korea, Thailand, US (icis.com)

XI.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 September 2020, the Philippine Permanent Mission in Geneva was officially notified of the application for safeguard measures investigation on imported LLDPE from various countries.

XI.c. Articles 11 of the ASEAN Trade in Goods Agreement (ATIGA)

Articles 11 of the ATIGA provide provisions on the Notification as follows:

"Article 11 - Notification Procedures

1. Unless otherwise provided in this Agreement, Member States shall notify any action or measure that they intend to take:

(a) which may nullify or impair any benefit to the other Member States, directly or indirectly under this Agreement; or
(b) when the action or measure may impede the attainment of any objective of this Agreement.

2. x x x

3. A Member State shall make a notification to Senior Economic Officials Meeting (SEOM) and the ASEAN Secretariat before effecting such action or measure referred to in paragraph 1 of this Article. Unless otherwise provided in this Agreement, notification shall be made at least sixty (60) days before such an action or measure is to take effect. A Member State proposing to apply an action or measure shall provide adequate opportunity for prior discussion with those Member States having an interest in the action or measure concerned."

The Philippines is required to notify any safeguard action to the Senior Economic Officials Meeting (SEOM) and the ASEAN Secretariat before effecting such action or measure and adequate opportunity for consultation for the affected ASEAN Member States.

On 04 September 2020, the ASEAN Secretariat was notified of the application for safeguard measures investigation on imported LLDPE from various countries.

XI. DECISION

The Department of Trade and Industry, acting under Sections 7 and 8 of RA 8800, otherwise known as the Safeguard Measures Act, after conducting a preliminary determination, and on the basis of the submissions of interested parties and pieces of evidence made available to the Department, finds that a causal link exists between increased imports of the products under consideration and serious injury to the domestic industry.

The case shall be forwarded to the Tariff Commission for the conduct of a formal investigation. A formal investigation by the Commission is wider in scope as it includes marathon public hearings which provides parties directly affected and interested parties the opportunity to be heard, present evidence, including the opportunity to respond to the presentations of other parties and submit their views.

The existence of critical circumstances was not established to warrant the imposition of a provisional safeguard measure.

The notification and consultation requirements of Article 12 of the WTO Safeguards Agreement and Section 17 of RA 8800 and its IRR shall be complied with.

All case records will be transmitted to the Tariff Commission as required by the Safeguard Measures Act.

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

SO ORDERED.

17 September 2021

RAMON M. LOPEZ
Secretary

Annex A

I. LIST OF IMPORTERS

IMPORTER			
1.	Alpha Supreme Corp	44.	Innovaplas Packaging Corporation
2.	Apollo Bag Industrial Corporation	45.	Integrated Logistics Phils Inc
3.	Asian Plastic Center	46.	Integrated Packaging Corporation
4.	Astrobag Manufacturing Corporation	47.	Jason Manufacturing Philippines Corp.
5.	Basic Packaging Corporation	48.	Jgks Universal Plastic Corporation
6.	Bestank Manufacturing Corporation	49.	Kang Nam Packaging House Inc.
7.	Bonflex Packaging Corp.	50.	Kilotrade Marketing
8.	Bonpack Corporation	51.	Lapanday Foods Corporation
9.	Calypso Plastic Center Co.	52.	Lewiston Concept Industrial
10.	Cangco Dotingco Enterprises	53.	Licton Industrial Corp.
11.	Cebu Sentra Plastics Corporation	54.	Liquid Packaging Corporation
12.	Cebu Sherilin Trading Corporation	55.	Lucky Sapphire Trading
13.	Ceed Forming Corporation	56.	Macondray Plastics Products Inc
14.	Centreum Corporation	57.	Mandaue Libertad Commercial & Packaging
15.	Chemplas Commercial Trading Inc	58.	Marulas Industrial Corporation
16.	Citiplas Plastic Servicing Center	59.	Masterbatch Philippines Inc
17.	Cofta Mouldings Corporation	60.	Mgm Food & Commodities Corp.
18.	CTN Pacific Packaging Corp.	61.	Mhylink Trading
19.	Cygnus Industries Inc.	62.	Michem Marketing Inc.
20.	D & L Polymer And Colours Inc.	63.	Nikkoplas Inc.
21.	Davao Packaging Corporation	64.	Omnipack Industrial Corporation
22.	Delfingen Ph Filipinas Inc.	65.	Philplastic And Polymers Inc.
23.	Djdy Marketing	66.	Plascorp Packaging Incorporated
24.	Dole Philippines Inc	67.	Plastop Asia Inc.
25.	Dunhill Plastic Industries Inc.	68.	Polymer Link (Phils.) Inc.
26.	Ednarro Trading	69.	Positive Faxfair Trading
27.	Esta Fine Color Corporation	70.	Powerflex Packaging Corporation
28.	F.A.S. Development Corporation	71.	Ppmc Packaging Mfg Corporation
29.	Falcon Yarn Manufacturing Corp.	72.	Prima Plastic Manufacturing Corp.
30.	First In Colours Incorporated	73.	Rim 21 Corp
31.	First Oriental Packaging Inc	74.	Rpmc Plastics Phils. Inc.
32.	Flexible Packaging Products Corp.	75.	Sammito Packaging Corporation
33.	Flexo Manufacturing Corporation	76.	San Miguel Yamamura Packaging
34.	Gilvan Packaging Corporation	77.	Shrinkpack Phils. Corp.
35.	Goldenfortune Enterprises Co	78.	Sigma Packaging Corp
36.	Goldstar Polymer Trading Corp.	79.	Solid Form Enterprises
37.	Grand Arraier Trading	80.	Solidpoint Marketing
38.	Grand Majestic Mfg. Corp.	81.	Startrade Marketing
39.	Gt Industrial Development Inc	82.	Styrotech Corporation
40.	Hantex International Corp.	83.	Sumifru (Philippines) Corporation
41.	Hantex Trading Co. Inc	84.	Synergy Sales International Corp
42.	Inca Philippines Inc.	85.	Tradeton Corporation
43.	Incon Industrial Corporation	86.	Trans World Trading Co.Inc.

87.	Treasure Island Industrial Corp	93.	Weida Philippines Inc.
88.	Tri Star Plastic Inc	94.	Woodstrall And Sons Incorporated
89.	Tri-Pack Phils Corporation	95.	Wpc Desu Tenso Trading
90.	Unimagna Industries Inc.	96.	Yjc International Corporation
91.	Universal Robina Corporation	97.	Zest-O Corporation
92.	Uright Resources Corporation		

Annex B

II. LIST OF EXPORTERS

	EXPORTER	COUNTRY
1.	ABU DHABI POLYMERS CO. LTD.	United Arab Emirates
2.	ACTEGA DS GMBH	Germany
3.	ACUMEN ENGINEERING PTE LTD	Thailand
4.	BASELL SALES & MARKETING CO., B. V.	Netherlands
5.	BOREALIS AG	Austria
6.	BOROUGE PTE LTD.	United Arab Emirates
7.	BOROUGE PTE LTD.	Singapore
8.	BRASKEM S.A.	Brazil
9.	CHEVRON PHILLIPS SINGAPORE CHEMICALS PTE. LTD.	Singapore
10.	CHEVRON PHILLIPS CHEMICALS	United States
11.	CP POWDERS SDN BHD	Malaysia
12.	DEGUCHI CO., LTD.	Japan
13.	DOW CHEMICAL	Hong Kong
14.	DOW CHEMICAL	Malaysia
15.	DOW CHEMICAL	Netherlands
16.	DOW CHEMICAL	Saudi Arabia
17.	DOW CHEMICAL	Thailand
18.	DOW CHEMICAL	United States
19.	DOW CHEMICAL CANADA ULC	Canada
20.	DOW CHEMICAL COMPANY	United States
21.	DOW CHEMICAL PACIFIC (SINGAPORE) PTE LTD	Singapore
22.	DOW CHEMICAL PACIFIC LTD	Malaysia
23.	DOW EUROPE GMBH	Belgium
24.	DU PONT CHINA LTD DuPont Kabushiki Kaisha	Japan
25.	EASTERN PETROCHEMICAL COMPANY LTD (SHARQ)	Saudi Arabia
26.	EQUATE PETROCHEMICAL CO K.S.C.C.	Kuwait
27.	EXXONMOBIL CHEMICAL ASIA PACIFIC	Singapore
28.	EXXONMOBIL CHEMICAL ASIA PACIFIC	Thailand
29.	FAR EASTERN NEW CENTURY CORP.	Chinese Taipei
30.	FORMOSA CHEMICALS & FIBRE CORP	Chinese Taipei
31.	FORMOSA PLASTIC CORPORATION	Chinese Taipei
33.	FSP AUSTRALIA	Australia
34.	GC MARKETING SOLUTION	Thailand
35.	HANWHA CHEMICAL CORPORATION	Republic of Korea
36.	HANWHA TOTAL PETROCHEMICAL CO. LTD	Republic of Korea
37.	ITOCHU PLASTICS PTE., LTD.	Singapore
38.	ITOCHU PLASTICS PTE., LTD.	Viet Nam
39.	JFE SHOJI TRADE MATECH INC.	Japan
40.	JIANGYIN XINGYU NEW MATERIAL CO LTD	PROC
41.	KUM YANG CO LTD	Republic of Korea
42.	LOTTE CHEMICAL CORPORATION	Republic of Korea
43.	LOTTE CHEMICAL TITAN CORP SDN BHD	Malaysia
44.	LOTTE CHEMICAL TITAN TRADING SDN BH	Malaysia
45.	MACRO INTERNATIONAL CORPORATION	Republic of Korea
46.	MITSUI & CO. LTD.	Japan
47.	MITSUI & CO. (ASIA PACIFIC) PTE. LTD.	Japan
48.	MITSUI & CO. (ASIA PACIFIC) PTE. LTD.	Singapore
49.	MTS LOGISTICS, INC.	United States

50.	NEW CHEMICAL TRADING CO., LTD.	Japan
51.	NOVA CHEMICALS (INTERNATIONAL) S.A.	Canada
52.	NOVA CHEMICALS (INTERNATIONAL) S.A.	Switzerland
53.	OMON GROUP CO., LTD	PROC
54.	OPEC PLASTICS JOINT STOCK CO.	Viet Nam
55.	OPUS PETROCHEMICAL INC.	United States
56.	P.T. LOTTE CHEMICAL TITAN	Indonesia
57.	PEGASUS POLYMERS PTE LTD	Singapore
58.	PETRONAS CHEMICALS MARKETING SDN BH	Malaysia
59.	POLYMER LINK (PHILS.) INC.	Malaysia
60.	POLYMER LINK SDN BHD	Malaysia
61.	PRIME EVOLUE SINGAPORE PTE LTD	Singapore
62.	PRIME POLYMER CO., LTD.	Japan
63.	PT CHANDRA ASRI PETROCHEMICAL TBK.	Indonesia
64.	PTT POLYMER MARKETING CO., LTD	Thailand
65.	QATAR CHEMICAL AND PETROCHEMICAL MARKETING AND DISTRIBUTION COMPANY	Qatar
66.	RABIGH REFINING & PETROCHEMICAL CO.	Saudi Arabia
67.	RAPID COAT DIVISION	India
68.	RAVAGO GLOBAL TRADING	United States
69.	RAVAGO HONG KONG LIMITED	Hong Kong
70.	REVOLVE MATRIX POLYMERS MALAYSIA	Malaysia
71.	SABIC ASIA PACIFIC PTE LTD	Singapore
72.	SASOL CHEMICALS	South Africa
73.	SCG ICO POLYMERS CO.,LTD	Thailand
74.	SIAM POLYETHYLENE CO., LTD	Thailand
75.	SIAM SYNTHETIC LATEX CO.,LTD	Thailand
76.	SK GLOBAL CHEMICAL CO., LTD.	Republic of Korea
77.	STYROLUTION KOREA LTD.	Republic of Korea
78.	SUMITOMO CHEMICAL ASIA PTE LTD.	Singapore
79.	THE DOW CHEMICAL COMPANY	United States
80.	TOTAL PETROCHEMICALS FRANCE QATAR B	Qatar
81.	TOYO MORTON LTD	Thailand
82.	TOYOTA TSUSHO ASIA PACIFIC PTE.LTD.	Singapore
83.	TRICON DRY CHEMICALS LLC	PROC
84.	TRICON DRY CHEMICALS LLC	United States
85.	USI CORPORATION	Chinese Taipei
86.	VINH HAO TRADE INVESTMENT CO LTD	Viet Nam
87.	VINMAR OVERSEAS LTD	United States
88.	WEIDA INTEGRATED INDUSTRIES SDN BHD	Malaysia
89.	WING LEE GROUP INDUSTRIES CO	Hong Kong

ANNEX C

LIST OF ASSOCIATIONS

Association Name	
Association of Petrochemical Manufacturers of the Philippines (APMP)	Philippine Plastics Industry Association, Inc
Samahan sa Pilipinas Ng Mga Industriyang Kimika (SPIK)	Chamber of Philippine Electric Wires and Cables Manufacturers, Inc. (CPEWCM Inc.)