

Department Administrative Order No. 19 - 06  
Series of 2019

**IN THE MATTER OF THE PRELIMINARY  
DETERMINATION OF THE SAFEGUARD  
MEASURES CASE AGAINST THE  
IMPORTATION OF CERAMIC FLOOR AND  
WALL TILES FROM VARIOUS COUNTRIES  
(AHTN Codes 6907.2123, 6907.2124,  
6907.2193, 6907.2194, 6907.2213, 6907.2214,  
6907.2293, 6907.2294, 6907.2313, 6907.2314,  
6907.2393, 6907.2394 and 6907.4092)  
(Safeguard Measures Case No. 02-2018)**

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**ORDER**

The Department of Trade and Industry (DTI) initiated a preliminary investigation to determine whether increased imports of ceramic floor and wall tiles is causing or threatening to cause serious injury to the domestic industry. The products covered by the investigation are classified under AHTN Codes 6907.2123, 6907.2124, 6907.2193, 6907.2194, 6907.2213, 6907.2214, 6907.2293, 6907.2294, 6907.2313, 6907.2314, 6907.2393, 6907.2394 and 6907.4092. The period of investigation (POI) are the years 2013 to 2017. Updated data for 2018 were also presented.

Pursuant to Section 7 of the Safeguard Measures Act (RA 8800), "*x x x 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. x x x*"

A review of the evidence made available to DTI shows:

1. that the volume of imports of ceramic floor and wall tiles
  - in absolute terms, increased from 2013 to 2016. In 2017, imports are lower by 13% over the 2016 level, but higher by 2,170% in 2014 or the pre-surge level.
  - in relative terms, the share of imports to domestic production increased from 4% in 2013 to 641% in 2016. In 2017, the share of imports was recorded at 549% lower by 92% to 2016 level, but higher by 523% in 2014 or the pre-surge level. In 2018, share of imports was recorded at 542%, lower by 7% to 2016 level, but higher by 516% in 2014.
2. that the domestic industry has suffered serious injury caused by increased imports based on the following:
  - during the POI, despite significant increases in market size, the market share of domestic manufacturers declined from 96% in 2013 to 15% in 2017 and 2018;

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- the share of imported ceramic wall and floor tiles grew from 4% in 2013 to 87% in 2016;
  - earnings before interest and tax exhibited a declining trend of 71% in 2014, a sharp decline of 203% in 2015 when the operations resulted to loss, an increase of 92% in 2016 which means that there was an improvement in operation compared to 2015 but the industry remained at loss. In 2017, the industry's operation continued to exhibit losses with the highest decline of 1,067% and further decline of 157% in 2018;
3. that increased imports are the substantial cause of serious injury to the domestic industry based on the following:
- significant increase in the volume of imported ceramic floor and wall tiles preceded the serious injury to the industry from 2015 to 2017; and
  - The conditions of the competition show that the market share of locally produced ceramic floor and wall tiles was essentially displaced during the POI as the share of imports in the domestic market significantly increased.

WHEREFORE, IN VIEW THEREOF, the DTI, acting under Section 7 of RA 8800, the "Safeguard Measures Act", found after preliminary determination that increased imports of ceramic floor and wall tiles have caused serious injury to the domestic industry.

Further, pursuant to Section 8 of RA 8800 which provides 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 the substantial cause of serious injury to the domestic industry*", provisional safeguard measures in the form of a cash bond amounting to ₱3.00/kg shall be imposed on imported ceramic floor and wall tiles classified under AHTN Codes 6907.2123, 6907.2124, 6907.2193, 6907.2194, 6907.2213, 6907.2214, 6907.2293, 6907.2294, 6907.2313, 6907.2314, 6907.2393, 6907.2394 and 6907.4092 for a period of 200 days from the date of issuance by the Bureau of Customs (BOC) of the relevant Customs Memorandum Order (CMO) or fifteen (15) days after the publication of the DTI Order in two (2) newspapers of general circulation, whichever comes earlier.

Imports originating from developing countries listed in Annex A covered by Rule 8.8 of the IRR of RA 8800 shall not be subject to the provisional safeguard measure. Also, unglazed, porcelain, mosaic, and marble tiles are excluded from the investigation since they are not produced locally. Further, the preliminary investigation excluded glazed ceramic tiles imported from the European Union since said tiles do not compete with locally produced tiles.

Importers of ceramic floor and wall tiles originating from a country that is exempt from the provisional safeguard duty shall submit a Certificate of Origin (CO) issued by the authorized agency/office in the source country of manufacture authenticated by the Philippine Embassy/Consulate General.

Moreover, Rule 5.2 of the Implementing Rules and Regulations (IRR) of RA 8800 provides that "*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: x x x (ii) the extent to which such imposition will cause a shortage of a product under consideration in the domestic market”.

The case records will be transmitted to the Tariff Commission for a formal investigation to determine whether or not there is a need to impose a definitive safeguard measure.

The non-confidential report of the preliminary safeguard measures investigation can be accessed at the DTI website: <https://www.dti.gov.ph/media/advisories/12805-preliminary-determination-of-the-safeguard-measures-case-against-the-importation-of-ceramic-floor-and-wall-tiles-from-various-countries>

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

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

This Order shall take effect fifteen (15) days after publication or from the date of the issuance of relevant BOC-CMO, whichever comes earlier.

SO ORDERED.

07 May 2019



**RAMON M. LOPEZ**  
Secretary *f* *de*



**ANNEX A****List of Developing Countries and Separate Customs Territories  
Excluded from the Imposition of Provisional Safeguard Measure on  
Ceramic Floor and Wall Tiles**

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

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