



**NOTIFICATION UNDER ARTICLE 12.4 OF THE AGREEMENT
ON SAFEGUARDS BEFORE TAKING A PROVISIONAL SAFEGUARD
MEASURE REFERRED TO IN ARTICLE 6**

**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON
SAFEGUARDS ON FINDING A SERIOUS INJURY OR THREAT
THEREOF CAUSED BY INCREASED IMPORTS**

**NOTIFICATION PURSUANT TO ARTICLE 9, FOOTNOTE 2
OF THE AGREEMENT ON SAFEGUARDS**

PHILIPPINES

(Ceramic floor and wall tiles)

The following communication, dated 20 May 2019, is being circulated at the request of the delegation of the Philippines.¹

Further to G/SG/N/6/PHL/12 dated 11 January 2019 and pursuant to Article 12 and Article 9 of the WTO Agreement on Safeguards, the Permanent Mission of the Philippines to the WTO hereby notifies the Committee on Safeguards of its preliminary determination findings on the investigation on the importation of ceramic floor and wall tiles from various countries, and before taking a provisional safeguard measure under Article 6 of the Safeguards Agreement.

1 PROVIDE THE PRECISE DESCRIPTION OF THE PRODUCTS INVOLVED

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.

2 SPECIFY THE PROPOSED PROVISIONAL SAFEGUARD MEASURE

The provisional safeguard measure will take the form of a cash bond amounting to Philippine Peso 3.00 per kilogram (PhP 3.00/kg) on all importations of 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. The Order was signed by the Secretary of the DTI on 7 May 2019.

Imports originating from developing countries listed in Annex A 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

¹ A copy of the DTI Administrative Order has been submitted electronically. To consult this document please contact Ms. Richards (anne.richards@wto.org) or Ms. Naville (delphine.naville@wto.org) of the Rules Division.

glazed ceramic tiles imported from the European Union since said tiles do not compete with locally produced tiles.

3 SPECIFY THE PROPOSED DATE OF INTRODUCTION OF THE PROVISIONAL SAFEGUARD MEASURE

The provisional safeguard measure is scheduled to enter into force upon 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. The Order signed by the Secretary of the DTI was published in two newspapers of general circulation on 17 May 2019.

4 EXPECTED DURATION OF THE PROVISIONAL SAFEGUARD MEASURE, IF ANY DECISION ON THE DURATION OF THE SAFEGUARD MEASURE HAS BEEN MADE

The provisional safeguard measure will be in force for two hundred (200) days.

5 PROVIDE THE BASIS FOR:

(a) Making a preliminary determination, as provided for in Article 6, that increased imports have caused or are threatening to cause serious injury

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 increased imports caused serious injury to the domestic industry as follows:
 - 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;
 - 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 were the substantial cause of serious injury to the domestic industry based on the following:
 - the 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 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.

(b) Determining that there are critical circumstances where delay would cause damage which it would be difficult to repair

There are also other factors that contributed to the existence of critical circumstances, such as zero tariff rates for imported ceramic floor and wall tiles which allowed exporters to easily penetrate the market. Further, the implementation of trade remedy measures by other countries may result to surge in imports of ceramic tiles in the local market.

6 OFFER OF CONSULTATIONS

The Government of the Philippines offers consultations on the provisional safeguard measures.

ANNEX

LIST OF DEVELOPING COUNTRIES AND SEPARATE CUSTOMS TERRITORIES
EXCLUDED FROM THE IMPOSITION OF THE PROVISIONAL SAFEGUARD MEASURE
ON THE IMPORTATION OF CERAMIC FLOOR AND WALL TILES

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

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