



09 January 2007

CUSTOMS MEMORANDUM ORDER
NUMBER 2-2007

TO : All Deputy Commissioners
All Directors & Chiefs
All District & Port Collectors
All Division/Section Chiefs
All Others Concerned

SUBJECT: DTI Order dated December 21, 2006, reducing the amount of the Definitive General Safeguard Measure on Ceramic Wall and Floor Tiles, for the Third Year of the Extension Period (Safeguard Case No. 01-2004)

Attached is the Memorandum of Undersecretary Gaudencio A. Mendoza, Jr., Legal & Revenue Operations Group, Department of Finance dated January 5, 2007, transmitting to this Bureau the Department of Trade and Industry Order dated 21 December 2006, "IN THE MATTER OF THE REDUCTION OF THE DEFINITIVE GENERAL SAFEGUARD MEASURE AGAINST THE IMPORTATION OF CERAMIC FLOOR AND WALL TILES FROM VARIOUS COUNTRIES FOR THE THIRD YEAR OF THE EXTENSION PERIOD (SAFEGUARD CASE NO. 01-2004)." The pertinent portion of the decretal of which reads as follows:

"IN VIEW THEREOF, and in accordance with Section 19(2) of RA 8800, the following is hereby issued:

1. The amount of the definitive general safeguard measure for the third year of the extension period shall be reduced by twelve and a half percent (12.5%). Thus, the definitive general safeguard measure of Php 2.15/kg shall be imposed on the third year of the extension period. The third year of implementation of the extended definitive general safeguard measure shall start on 12 January 2007.
2. The imported ceramic tiles, however, from Japan and the member states of the European Union, which cannot be considered "like product or directly competitive product" as defined in Section 4 of RA 8800, are excluded from the imposition of the extended definitive general safeguard measure. xxx".

For your implementation.



NAPOLEON J. MORALES
Commissioner



Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Pablo Ocampo, Sr. Street
Manila 1004



MEMORANDUM

FOR : THE COMMISSIONER OF CUSTOMS
RE : **DTI ORDER, DATED DECEMBER 21, 2006, REDUCING THE AMOUNT OF THE DEFINITIVE GENERAL SAFEGUARD MEASURE ON CERAMIC WALL AND FLOOR TILES, FOR THE THIRD YEAR OF THE EXTENSION PERIOD**
DATE : January 5, 2007

1. This refers to the self-explanatory letter of DTI Secretary Peter B. Favila, dated December 21, 2006, requesting this Department to direct the Bureau of Customs (BOC) to implement the above-referenced order (copy attached), reducing the amount of the definitive general safeguard measure on ceramic wall and floor tiles to P2.15/kg for the third (3rd) year of the extension period, commencing on January 12, 2007, thusly:

"On 21 December 2004, the Secretary of the Department of Trade and Industry (DTI) issued an Order extending the definitive general safeguard measure on importation of ceramic and wall tiles for another three years. The definitive general safeguard measure of P2.80/kg was imposed on the first year of the extension period. The safeguard measure for the 1st year of the extension period was implemented on 12 January 2005, through the issuance of CMO No. 10-2005 by the Bureau of Customs (BOC).

On 06 January 2006, the DTI Secretary issued an Order imposing the amount of P2.45/kg as the definitive general safeguard measure for the second (2nd) year of the extension period. The safeguard measure for the second (2nd) year commenced on 12 January 2006 (sic) CMO No. 34-2006 was issued on 7 February 2006 by the Bureau of Custom[s] (BOC).

The rate for the third (3rd) year of the extension period will be subject to an annual review as provided under Rule 15.6 of the IRR of RA 8800.

XXX

XXX

XXX

The definitive general safeguard measure for the first year of the extension period was based on the Tariff Commissions recommended annual rate of reduction of 20% for the three year extension period. The amount of duty for the second year of the extension period was reduced by 12.5% to P2.45/kg. Although it was observed that the weighted average

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landed cost of imports have increased during the first year of the extension period, there was no assurance that this trend will be maintained. Likewise, RA 8800 only provides for a phase down at regular intervals of the measure within the period in which the action is in effect.

xxx

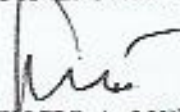
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xxx

IN VIEW THEREOF, and in accordance with Section 19(2) of RA 8800, the following is hereby issued:

1. The amount of the definitive general safeguard measure for the third year of the extension period shall be reduced by twelve and a half percent (12.5%). Thus, the definitive general safeguard measure of P2.15/kg shall be imposed on the third year of the extension period. The third year of implementation of the extended definitive general safeguard measure shall start on 12 January 2007. xxx"
2. Accordingly, you are hereby enjoined to issue the necessary CMO, and to undertake, as well, all necessary action/s in the premises, to implement the above-referenced order soonest.

For the Secretary:



GAUDENCIO A. MENDOZA, JR.
Undersecretary
Legal & Revenue Operations Group

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21 December 2006

HON. MARGARITO B. TEVES

Secretary
Department of Finance
Roxas Blvd., Manila

Dear Secretary Teves:

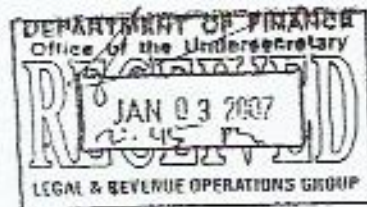
As mandated under Section 15 (3) of RA8800, the Safeguard Measures Act and its Implementing Rules and Regulations (IRR),¹ the DTI Secretary issued on 21 December 2006 an Order reducing the amount of the definitive general safeguard measure on ceramic wall and floor tiles to P2.15/kg for the third year of the extension period. The third year of implementation of the extended definitive general safeguard measure shall start on 12 January 2007.

Pursuant to Rule 13.3.1 of the IRR of RA8800, we are requesting you to direct the Commissioner of Customs to collect the appropriate amount of the definitive general safeguard measure on imported ceramic floor and wall tiles from various countries covered by the said DTI Order.

Sincerely,

PETER B. FAVILA
Secretary

cc: Commissioner Napoleon L. Morales
Bureau of Customs



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CMO 2-2007

**IN THE MATTER OF THE REDUCTION OF THE
DEFINITIVE GENERAL SAFEGUARD MEASURE
AGAINST THE IMPORTATION OF CERAMIC
FLOOR AND WALL TILES FROM VARIOUS COUNTRIES
FOR THE THIRD YEAR OF THE EXTENSION PERIOD
(Safeguard Case No. 01-2004)**

Ceramic Tile Manufacturer's Association
Petitioner

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ORDER

On 21 December 2004, the Secretary of the Department of Trade and Industry (DTI) issued an Order extending the definitive general safeguard measure on importation of ceramic floor and wall tiles for another three years. The definitive general safeguard measure of ₱2.80/kg was imposed on the first year of the extension period. The safeguard measure for the 1st year of the extension period was implemented on 12 January 2005, through the issuance of CMO No. 10-2005 by the Bureau of Custom (BOC).

On 06 January 2006, The DTI Secretary issued an Order imposing the amount of ₱2.45/kg as the definitive general safeguard measure for the second (2nd) year of the extension period. The safeguard measure for the second (2nd) year of the extension period commenced on 12 January 2006 CMO No. 34-2006 was issued on 7 February 2006 by the Bureau of Custom (BOC).

The rate for the third (3rd) year of the extension period will be subject to an annual review as provided under Rule 15.6 of the IRR of RA 8800.

On 26 October 2006, DTI notified and requested the local industry, importers, foreign exporters, embassies of concerned governments and other concerned parties to submit their positions on the appropriate amount of the safeguard measure for the 3rd year of the extension period. The DTI received comments/positions from the Embassy of the Socialist Republic of Vietnam, Taipei Economic and Cultural Office (TECO), The Philippine Institute of Interior Designers, Phil. Ceramic Products Importers Association Inc., Italfil and Mariwasa Siam Ceramics, Inc. on November 10, 16, 20 and 21, 2006.

An analysis of the available import transactions for the January to October 2006 period indicated that China contributed the biggest share of 80.74% to total Philippine imports. Imports from Hong Kong registered the second highest share at 9.76%. Imports from these two (2) sources accounted for about 90% of total Philippine imports during the 2005 to 2006 (January to October) period. It was also observed that imports from all sources continuously grow during the period of review.

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The definitive general safeguard measure for the first year of the extension period was based on the Tariff Commission's recommended annual rate of reduction of 20% for the three year extension period. The amount of duty for the second year of the extension period was reduced by 12.5 % to P2.45/kg. Although it was observed that the weighted average landed cost of imports have increased during the first year of the extension period, there was no assurance that this trend will be maintained. Likewise, RA 8800 only provides for a phase down at regular intervals of the measure within the period in which the action is in effect.

For the period January to October 2006, it was observed that the weighted average landed cost of imports from all sources at P12.47/kg declined by 9.24% from 2005 level. Also, volume of imports for the first ten months of 2006 is almost twice the volume recorded in 2005. Thus, the continuous growth of the volume of imports and the reduction in the landed costs still pose a threat to the viability of the domestic industry. The rate of reduction of the measure for the third year of the extension period will have a softer impact on the local industry.

IN VIEW THEREOF, and in accordance with Section 19(2) of RA 8800, the following is hereby issued:

1. The amount of the definitive general safeguard measure for the third year of the extension period shall be reduced by twelve and a half percent (12.5%). Thus, the definitive general safeguard measure of P2.15/kg shall be imposed on the third year of the extension period. The third year of implementation of the extended definitive general safeguard measure shall start on 12 January 2007.
2. The imported ceramic tiles, however, from Japan and the member states of the European Union, which cannot be considered "like product or directly competitive product" as defined in Section 4 of RA 8800, are excluded from the imposition of the extended definitive general safeguard measure.
3. Pursuant to Section 13 of RA 8800 and Rule 13.1.d of its IRR, "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". The following countries are therefore excluded from the imposition of the extended definitive general safeguard measure on ceramic floor and wall tiles:

Angola	Mozambique	Benin	Guinea
Botswana	Namibia	Burkina Faso	Guinea-Bissau
Burundi	Reunion	Cameroon	Liberia
Comoros	Rwanda	Cape Verde	Mali
Congo, Dem. Rep.	Seychelles	Central African Rep.	Mauritania
Djibouti	Somalia	Chad	Niger
Eritrea	South Africa	Congo, Rep.	Nigeria
Ethiopia	Sudan	Cote d'Ivoire	Sao Tome & Principe
Kenya	Swaziland	Equatorial Guinea	Senegal
Lesotho	Tanzania	Gabon	Sierra Leone
Madagascar	Uganda	Gambia, The	Togo
Malawi	Zambia	Ghana	
Mauritius	Zimbabwe		

<p>Anguilla Antigua and Barbuda Argentina Aruba Bahamas Barbados Belize Bermuda Bolivia British Virgin Is. Cayman Islands Chile Colombia Costa Rica Cuba Dominica</p>	<p>Dominican Rep. Ecuador El Salvador Falkland Islands (Malvinas) French Guiana Granada Guadeloupe Guatemala Guyana Haiti Honduras Jamaica Martinique Mexico Montserrat Netherland Antilles Nicaragua</p>	<p>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 and Caicos Is. Uruguay US Virgin Island Venezuela</p>
<p>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.</p>	<p>Bahrain Iran, Islamic Rep. Iraq Israel Jordan Kuwait Lebanon Oman Qatar Saudi Arabia Syrian Arab Rep. West Bank & Gaza Yemen, Rep.</p>	<p>American Samoa Brunei Darussalam Cambodia Christmas Is. Cocos (Keeling) Is. Cook Is. Fiji French Polynesia Guam Johnston Is. Kiribati Korea, Dem. Rep. Lao PDR Macau Marshall Islands Micronesia, Fed. Sts. Midway Is. Mongolia Myanmar Nauru New Caledonia Niue Northern Marianas Island Palau Papua New Guinea Pitcairn Is. Samoa Singapore Soloman Islands Tokelau Tonga Tuvalu Vanuatu Wake Is. Wallis and Futuna Is.</p>
<p>Algeria Egypt, Arab Rep. Libya Morocco Tunisia</p>	<p>Afghanistan Bangladesh Bhutan British Indian Ocean Territory East Timor Maldives Nepal Pakistan Sri Lanka</p>	

