

11 February 2025

H.E NIYAZI EVREN AKYOL

Ambassador
Turkish Embassy
2268 Paraiso Street, Dasmariñas Village
1222 Makati City

Dear **Ambassador Akyol**:

This is to advise you that the Department of Trade and Industry (DTI) issued its report concerning the initiation of a preliminary safeguard measures investigation on the importation of corrugating medium classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Codes 4805.19.10, 4805.19.90, 4805.12.00 from various countries.

As provided under RA 8800, The Philippine Safeguard Measures Act, the DTI after making a decision to initiate investigation will notify all the interested parties concerned and require them to submit within five (5) working days from receipt of such notice their response or comments and other evidence and information relevant to the said investigation.

DTI will be requesting the identified exporters of corrugating medium from your country to provide information set out in the questionnaire pertaining to the investigation.

In this regard, we would like to request the Embassy's assistance in notifying exporters and industry alliances in your country on the said initiation of a preliminary safeguard measures investigation. You may also submit your views pertaining to the attached report to the Bureau of Import Services (BIS), Department of Trade and Industry (DTI), 7th floor, Filinvest Building, #387 Senator Gil Puyat Avenue, Makati City, or you may send the electronic copy of your views thru this email address: bis@dti.gov.ph and bis_irmd@dti.gov.ph, within five (5) days from receipt of this notice.

The DTI website has a non-confidential version of the initiation report and the Notice of Initiation issued in this case. It can be downloaded from this webpage: <https://bit.ly/sg-initiation-corrugating-medium>.

Thank you for your cooperation.

Sincerely,



MA. CRISTINA A. ROQUE
Secretary

OFFICE OF THE SECRETARY



**NOTICE OF INITIATION OF A PRELIMINARY INVESTIGATION ON THE
APPLICATION FOR SAFEGUARD MEASURES ON THE IMPORTATION OF
CORRUGATING MEDIUM FROM VARIOUS COUNTRIES
(SG CASE NO. SG01-2025)**

Notice is hereby given that the Department of Trade and Industry has officially received a properly documented application from The Pulp and Paper Manufacturers' Association of the Phils. (PULPAPEL) for the initiation of a preliminary investigation on the application for safeguard measures on the importation of Corrugating Medium from various countries. The application alleged that the increased imports have contributed significantly to the serious injury suffered by the local industry.


The DTI acting under Section 6 of RA 8800 otherwise known as the Safeguard Measures Act, has made an evaluation on the instant application and found the existence of a prima facie case that will justify the initiation of a preliminary safeguard measures investigation on the importation of Corrugating Medium which are classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Codes 4805.19.10, 4805.19.90, and 4805.12.00 from various countries. The period of investigation (POI) covered are the years from 2019 to 2023.

Further, Section 5 of RA 8800 directs the Secretary of Trade and Industry to consider public interest in the application of the safeguard measures. Rule 5.2 of the IRR of RA 8800 specifically 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: (i) whether the imposition of the provisional measure will result in political and economic crisis; and (ii) the extent to which such imposition will cause a shortage of a product under consideration in the domestic market"*.

WHEREFORE, IN VIEW THEREOF, interested parties are hereby invited to submit their comments and position on the matter, including their views on whether the imposition of the safeguard measure will be in the public interest. Submissions may be made to the Bureau of Import Services (BIS), Department of Trade and Industry, 7th Floor, Filinvest Building, #387 Senator Gil Puyat Avenue, Makati City, or through electronic submission to bis_irmd@dti.gov.ph within five (5) days from the date of publication of this notice.

The Non-Confidential Report on the Initiation of a Preliminary Investigation can be accessed at the DTI web page: <https://bit.ly/sg-initiation-corrugating-medium>.

11 February 2025



MA. CRISTINA A. ROQUE
Secretary

OFFICE OF THE SECRETARY

Application for Safeguard Measure on Corrugating Medium Paper

Executive Summary

This application seeks the implementation of a safeguard measure on corrugating medium paper imports to protect the domestic industry from serious injury caused by a surge in imports. The following sections outline the reasons for the application, the economic impact on the local industry, and the proposed measures to alleviate the adverse effects.

Introduction

Background

Corrugating medium paper is an essential material in the production of corrugated boxes, widely used in packaging industries. Recently, the domestic industry has faced significant challenges due to a substantial increase in imports, resulting in financial distress and market displacement for local manufacturers.

Purpose

The purpose of this application is to request a safeguard measure under the relevant national and international trade laws to provide temporary relief and enable the local industry to adjust and remain competitive.

1 THE APPLICANT

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

1.1 Name of company **BATAAN 2020, INC.**

1.2 Address

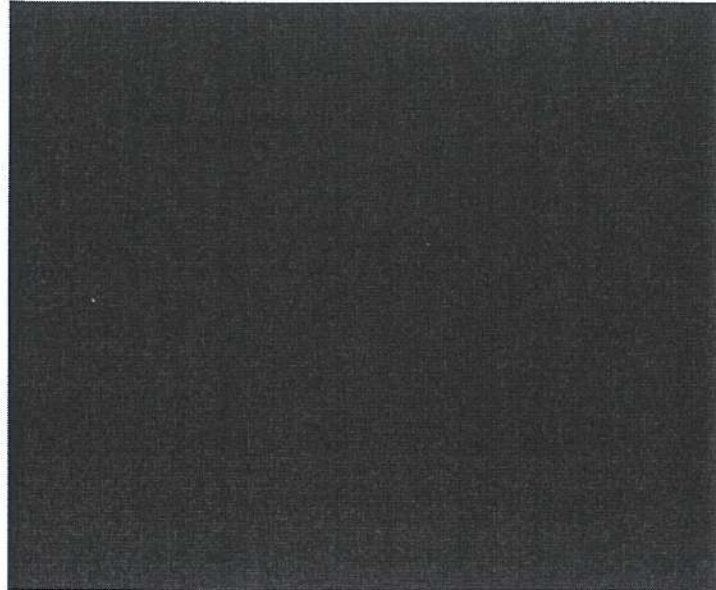
1.3 Phone

Email address

1.4 Fax

1.5 Contact persons

1.6 Ownership details



**Source: B2020 General Information Sheet*

1.7 Details of company
accounting year:

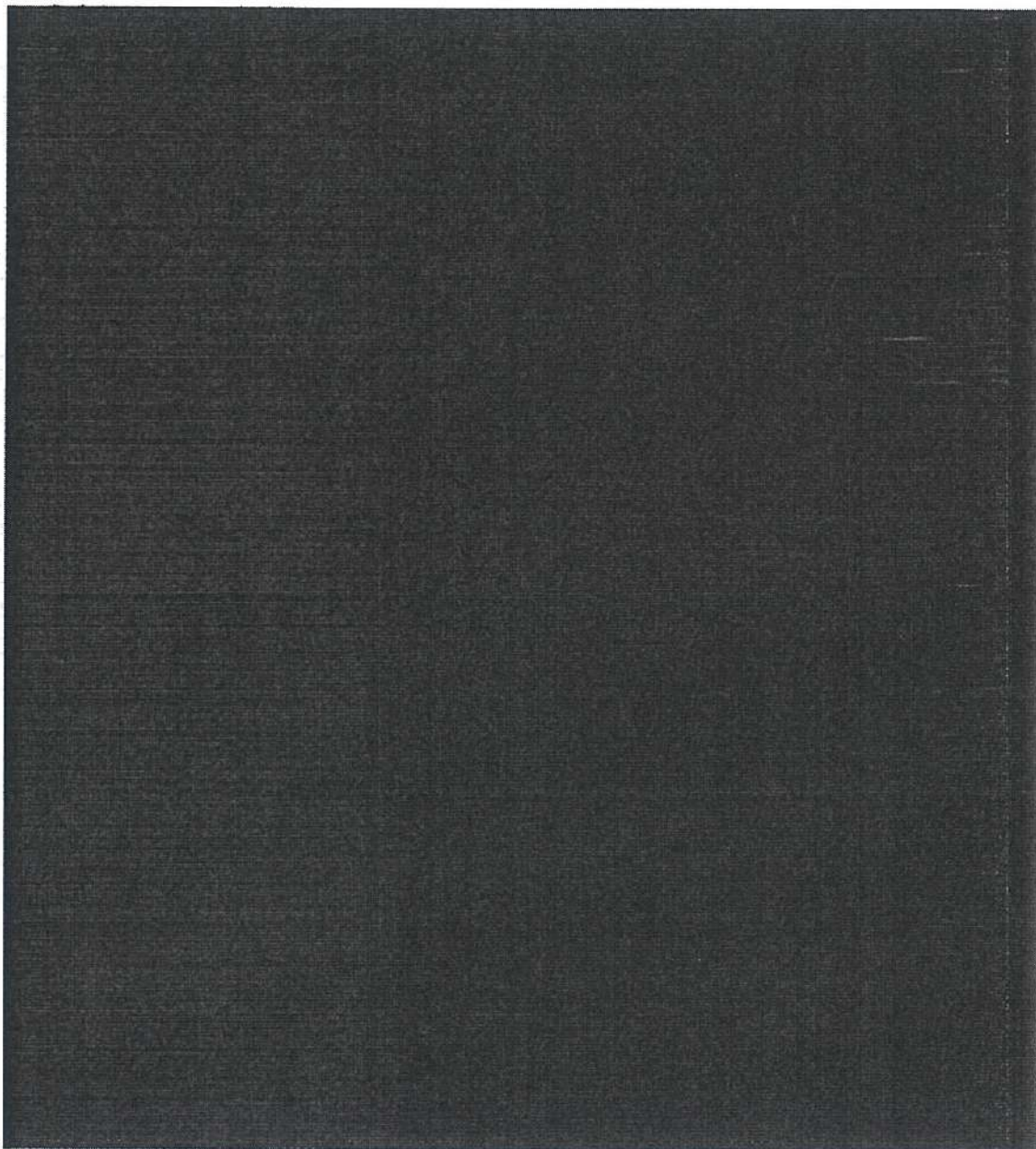
1.8 List of Products Manufactured and Sold

1.9 Distribution Channel

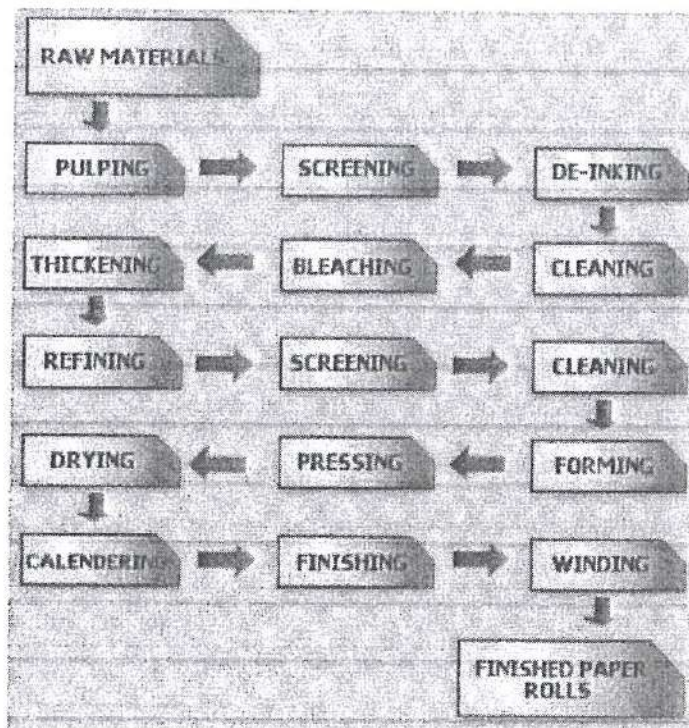
All corrugating medium and testliner boards move in the same distribution channel. In general, corrugating medium and testliner boards are sold directly to box-makers and converters. Boxmakers and converters, in turn, manufacture containerboards into corrugated boxes. The corrugated boxes are sold to end-users such as consumer and food companies for their packaging use.

1.10 Production Process

The paper manufacturing and operation of corrugating medium and liner board consist of:



Flowchart 1.10.1 B2020 Manufacturing Process

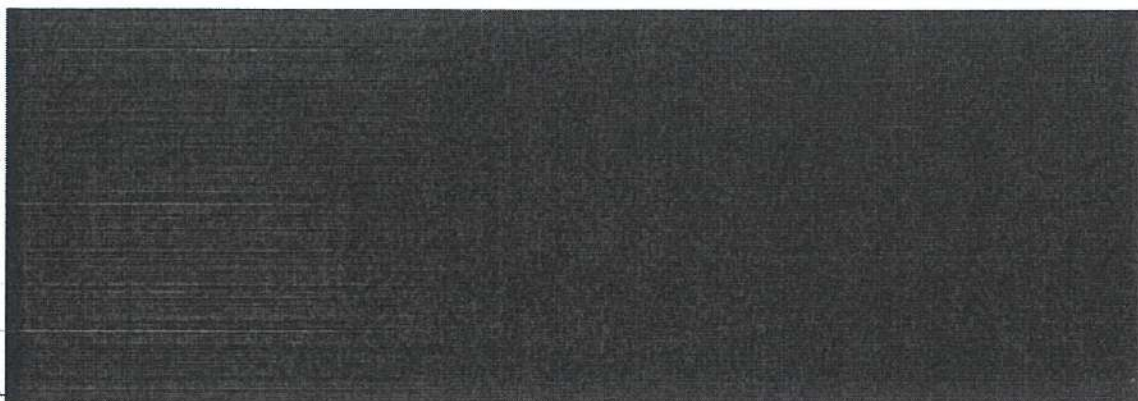


*Source: B2020 Production Team

2 OTHER PHILIPPINE PRODUCERS

Please give details for any other Philippine producer/s.

2.1 Name of company UNITED PULP AND PAPER CO., INC. (UPPC)



2.2 Name of company CONTAINER CORPORATION OF THE PHILIPPINES



2.3 Name of company BATAAN 2020



2.4 Name of company CERTIFIED MILLS INC.



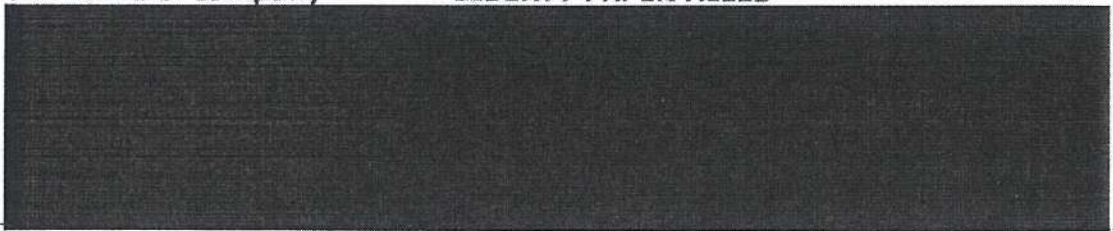
2.5 Name of company **CASCADE ENTERPRISES, INC.**
(Former Trans-National Paper Corporation)



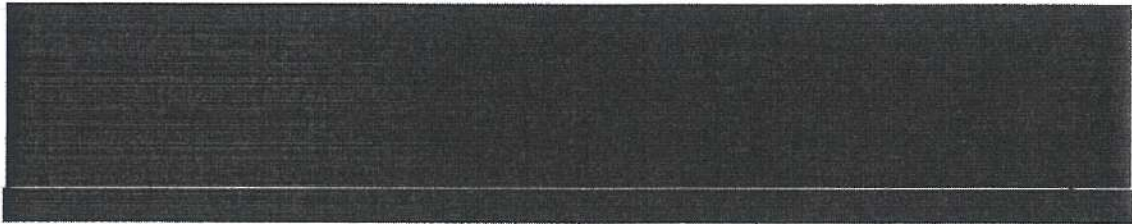
2.6 Name of company **BATANGAS PAPER CORP.**



2.7 Name of company **LIBERTY PAPER MILLS**



2.8 Name of company **TRUST INTERNATIONAL PAPER CORPORATION**



2.9 Name of company **FIBRE SORTING INC.**



2.10 Name of company PAPERLAND, INC.



2.11 Name of company FIRST INTERSCRAP TRADING CORP.



¹Source: PULPAPPL database

2a SUMMARY OF PHILIPPINE PRODUCERS

Total Philippine Domestic Production of Like or Directly Competitive Products for the Past Five (5) Years (During the period January 2019 to December 2023)

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

Domestic production of CORRUGATING MEDIUM by BATAAN 2020, INC. (B2020):

Name of Company	2019	2020	2021	2022	2023
BATAAN 2020, INC.					

¹Source: B2020 Accounting Team



3 THE PRODUCT

3.1 Please describe the imported product.

Corrugating Medium

Corrugated board is made by conversion process in which three or more layers of paper (or board) are laminated together. The middle ply, which is called fluting medium or corrugating medium, is corrugated during the process and the outer layers, called the linerboard, are glued to the peaks, thus making a liner-fluting-liner sandwich.

The imported product being considered in this petition is corrugating medium. Corrugating medium or fluting medium, together with testliner board, are converted into corrugated boxes which protect products from possible damage during shipment and storage. These corrugated boxes are also designed for piling or stacking to withstand top and side pressure, and for crush resistance.

Corrugating Medium are made from high percentage of recycled paper. It is the fluted portion of the corrugated board placed in the middle of two liner boards which provides stacking strength and impact protection. There are various basis weights of corrugating medium produced and made available to the market to cater to different industries and specifications.

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

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

Corrugating Medium (Recycled Corrugating Medium)

Tariff Headings	MFN Rate	CEPT Rate	Description
4805.19.10	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter. - Fluting paper : - - Other ; - - - Weighing more than 150 g/m2 but less than 225 g/m2
4805.19.90	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter. - Fluting paper : - - Other : - - - Other
4805.12.10	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter. - Fluting paper : - - Straw fluting paper : - - - Weighing more than 150 g/m2 but less than 225 g/m2
4805.12.90	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than

as specified in Note 3 to this Chapter. - Fluting
paper : - - Straw fluting paper : - - - Other

⁴Source: Data provided by Bureau of Import Services to PULPAPRI

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

Locally produced corrugating medium, together with liner boards, are converted into corrugated boxes which protect products from possible damage during shipment and storage. These corrugated boxes are also designed for piling or stacking to withstand top and side pressure, and for crush resistance.

Locally produced corrugating medium are made from 100% recycled paper. It is the fluted portion of the corrugated board placed in the middle of two liner boards which provides stacking strength and impact protection. There are various basis weights of corrugating medium produced and made available to the market to cater to different industries and specifications.

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

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

The tariff heading, appearance, physical characteristics, end-use, general manufacturing process and raw materials of corrugating medium produced by Philippine producers are same as imported corrugating medium.

- Corrugating medium produced by Philippine producers and imported corrugating medium have the same tariff heading. *(Refer to answer in 3.2)*
- Corrugating medium produced by Philippine producers and imported corrugating medium have similar appearance and physical characteristics. *(Refer to Annex A will provide samples from each paper mill and imports)*
- Corrugating medium produced by Philippine producers and imported corrugating medium have the same use and application. They are used to make corrugated boxes and corrugated boards.
- Corrugating medium produced by Philippine producers and imported corrugating medium have the same general manufacturing process.
- Corrugating medium produced by Philippine producers and imported corrugating medium use the same fiber material, such as mixed waste and recycled paper, for production.

The only difference in corrugating medium produced by Philippine producers and imported corrugating medium is on the marketing/distribution system.

- Corrugating medium by Philippine producers are sold directly to box-makers and converters. On the other hand, imported corrugating medium are distributed in the Philippines by local agents. These agents serve as middlemen between the exporters (foreign producers) and the importers (box-makers and converters). Box makers and converters convert the corrugating medium to corrugated boxes which are then sold to end-users.

4 SOURCE/S OF THE IMPORTED PRODUCT

4.1 Name the countries of export of the imported product.

Below is the list of countries that have been exporting **CORRUGATING MEDIUM** to the Philippines during the period of January 2019 to December 2023:

	Country of Origin
1	Japan
2	Australia
3	Thailand
4	Vietnam
5	Indonesia
6	UAE
7	Taiwan
8	Malaysia
9	Sweden
10	Russia
11	China
12	South Korea
13	Finland
14	Turkey
15	Canada
16	Poland
17	France
18	South Africa
19	United States
20	Netherlands
21	Spain
22	Austria
23	India
24	Belgium
25	Germany
26	Italy
27	Singapore
28	Hong Kong

**Source: Sorted data from Bureau of Import Services Import Statistics*

- 4.2 Provide the complete names and address of the overseas producers and/or exporters supplying the imported products.

NAME OF EXPORTER/OVERSEAS PRODUCER	ADDRESS
Marubeni Corporation	[REDACTED]
Visy Paper Ltd. / Visy Trading SG Ltd.	
Itochu Corp.	
Vina Kraft Paper Co. Ltd.	
Kyokuyo Company Ltd.	
PT Indah Kiat Pulp and Paper	
Sun Favorite Co. Ltd.	
Inter-Papier Singapore PTE Ltd.	
Saigon Paper Corp.	

^aSource: Summarized data from PULPAPEL

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

Name of Importer	[REDACTED]
1 Jennson Packaging Corporation / 818 East Asia Group Corp.	
2 SC Brothers Packaging Corp.	

3	Valenzuela Packaging Container Corp.	
4	Twinpack Container Corporation	
5	Greenstone Packaging Corporation	
6	Superior Packaging Corporation	
7	Goodyear Container Corporation	
8	Triple Star Packaging Corp. / Well-Pack Container Corporation	
9	Master Corrugated Boardmakers Inc.	
10	Central Corrugated Box Mfg. Corp.	
11	Standard Corrugated Box Inc.	
12	Malinta Corrugated Boxes Mfg. Corp.	
13	United Container Corporation	
14	ABL Packaging Corporation	
15	Basic Box Industry Corporation	
	VISAYAS - MINDANAO AREA	
16	Republic Corrugated Cartons & Alcohol Inc.	
17	Corbox Packaging Corporation	
18	Steniel Mindanao Packaging Corp.	
19	Davao Corrugated Carton Corporation	
20	Mindanao Corrugated Fibreboard Inc.	
21	Davao Packaging Corporation	
22	Dole Philippines Inc.	

4.4 **Indicate when the imported products began causing injury.**

The imported products began causing injury in 2023.

6 ECONOMIC IMPACT

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

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

Accounting Period	2019	2020	2021	2022	2023
SALES VOLUME					
(in MT)					
<hr/>					
(in Million Pesos)					
Revenue					
Cost of Sales					
Gross Profit(Loss)					
Selling & Admin					
EBIT					
(in Peso/Ton)					
Revenue					
Cost of Sales					
Gross Profit(Loss)					
Selling & Admin					
EBIT					

Note: Figures on domestic sales (CM)

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

* **COST OF PRODUCTION**

	(in MP)				
	2019	2020	2021	2022	2023
Raw Materials					
CONVERSION COST:					
Direct Labor					
Factory OH					
Variable					
Fixed					
Total Cost to Produce					

*Source: B2020 Accounting Data, CM Data

*** Comparison between Landed Cost of Imports and Cost of Sales of Domestic Product:**

in Peso per MT

PERIOD	FOB (in USD)	Landed Cost **	Cost of Sales and Selling & Admin Expenses *	Variance	Average Domestic Price
2019	456				
2020	375				
2021	490				
2022	485				
2023	394				

*Source:

FOB price - based on average import price from import statistics from BDO

Landed Cost - FOB price x 1 X rate + 1,800 fixed cost

Cost of Sales and Selling & Admin Expenses - B2020 accounting data

Average Domestic Price - B2020's CM Average price

* In 2022 - 2023, the domestic industry was forced to sell below cost in order to match with import prices so as to secure volume from customers.

6.1 OUTPUT

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

Production Output (In MT)	Q1	Q2	Q3	Q4	Total	Ave % Inc (Dec)
2019						
2020						
2021						
2022						
2023						

*Source: B2020 Accounting Data

* The domestic industry's production output decreased by 17% in 2022. 2023 figure includes PM7 additional capacity.

6.2 RAW MATERIALS USAGE

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

	2019	2020	2021	2022	2023
RAW MATERIAL - Fiber (in MT)					
Local Old Corrugate Cartons Local					
Double Lined Kraft					
Mixed Paper					
Sub Total Fiber Consumption					

RAW MATERIAL PRICES	2019	2020	2021	2022	2023
RAW MATERIAL - Fiber (Php/KG)					
Local Old Corrugate Cartons					
Local Double Lined Kraft					
Mixed Paper					

*Source: B2020 Accounting Data

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

	Raw Material	Source(s)
1	Local Old Corrugate Cartons	Local
2	Local Double Lined Kraft	Local
3	Mixed Paper	Local

* Note: Indirect Raw Material

*Source: B2020 Procurement Team

6.3 SALES

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

Domestic Sales Volume (in MT)	Q1	Q2	Q3	Q4	Total CM	Ave % Inc(Dec)
2019						
2020						
2021						
2022						
2023						

Domestic Sales Amount (in MP)	Q1	Q2	Q3	Q4	Total CM	Ave % Inc(Dec)
2019						
2020						
2021						
2022						
2023						

**Source: B2020 Accounting Team*

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

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

**No export data history. All production are sold domestically*

6.4 MARKET SHARE

- 6.4.1 Provide evidence of the size of the Philippine market, preferably by volume, but otherwise by value, for the last five (5) years.
- 6.4.2 Compare the market share of domestic industry with the share held by imports over the most recent five (5) years where data is available.

YEAR	IMPORTS, Million Tons/yr	PRODUCTION, Million Tons/yr	EXPORTS, Million Tons/yr	TOTAL DEMAND, Million Tons/yr	LOCAL PRODUCTION as % of Total Demand
2019	0.14				
2020	0.15		0.00		
2021	0.13		0.00		
2022	0.12		0.02		
2023	0.20		0.01		

*Corrugating medium and Testliner (imports data sourced from BIS-DTI)

YEAR	IMPORTS, Million Tons/yr	PRODUCTION, Million Tons/yr	EXPORTS, Million Tons/yr	TOTAL DEMAND, Million Tons/yr	LOCAL PRODUCTION as % of Total Demand
2019	0.08				
2020	0.08		0.00		
2021	0.07		0.00		
2022	0.05		0.02		
2023	0.11		0.01		

*Corrugating medium, recycled (CMR) - imports Data sourced from B S-DTI

*Source: Same data with PULPAPEL

* The industry's sales volume drastically decreased last 2023 due to surge in imported corrugating medium during the same period. In 2022, industry's sales volume increased due to expansion of major local mills (UPPC and Bataan 2020).

6.5 PRICES

- 6.5.1 Outline the extent to which the increased imports have affected domestic prices for the most recent five (5) years, where data is available.

Average CM (Peso/MT)	Q1	Q2	Q3	Q4	Total CM
2019					
2020					
2021					
2022					
2023					

in Peso/MT

Period	Average Domestic Price	Cost of Sales Including Admin Selling & Expenses
2019		
2020		
2021		
2022		
2023		

*Note: Figures do not include in-land freight

*Source: B2020 Accounting Team

2020 – Decrease in price due to drastic decrease in demand due to COVID-19 pandemic, demand in the market drastically declined due to shutdown of some businesses leading to increase in unemployment rate and greatly affecting consumer spending.

2021 – Increase in selling price was due to increased overall market demand because of resumption of global economy after the government started the vaccine rollout.

2022 – Increase in selling price as production costs started to significantly increase due to elevated inflation caused by the Russia-Ukraine War.

2023 – *Influx of imported paper due to slow demand in major markets (China, US, Japan). Majority of large foreign paper mills have excess capacity resulting to offering cheap imported prices to Philippine market in order for them to utilize their production capacity. As a result, Philippine paper mills were forced to decrease their selling prices in order to compete. Despite of this, majority of paper mills were still forced to shutdown their machines as market share were eaten up by imported mills. Taken collectively, these events seriously affected their overall bottomline as illustrated in their financial statements.*

6.6 PROFITS

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

This explanation should be consistent with changes in gross and net profit shown on page 16 above.

	2019	2020	2021	2022	2023
Gross Profit Margin					
Operating margin					
Income(Loss) After Interest (in MP)					
Return on Sales					

*Source: B2020 Accounting Team

* Please refer to detailed explanation under part 6.5.1

6.7 PRODUCTIVITY

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

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

Year	Production Volume (In MT)	No. of Employees	Labor Productivity (MT/Employee)	Ave % Inc (Dec)
2019				
2020				
2021				
2022				
2023				

**Source: B2020 Accounting and Human Resource Team*

**Increase in number of employees during 2023 for additional personnel for the new paper machine (Paper Machine No. 7).*

6.8 RETURN ON INVESTMENTS

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

	2019	2020	2021	2022	2023
Revenues (in \$M)					
Current Assets (Average) (in \$M)					
Asset Turnover (No. of Times)					
Asset Turnover (days)					
Return on Sales					
Return on Assets					
Net Income (Loss) (in \$M)					
Stockholders' Equity (Common) (in \$M)					
Return on Equity (Common)					
Return on Equity					
Total Assets (Average) (in \$M)					
Total Equity (Average) (in \$M)					
Equity Ratio					

**Source: B2020 Accounting Team*

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

6.9 USE OF PRODUCTION CAPACITY

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

Production Capacity (In MT)	PM1 (Corrugating Medium)	PM3 Corrugated Medium		Total
2019				
2020				
2021				
2022				
2023				

**Source: B2020 Production Team, based on full machine capacity of specified grades*

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

Period	Capacity	Actual Production	% Utilization	Remarks
	(in MT)	(in MT)		
2019				
2020				
2021				
2022				
2023				

**Source: B2020 Production and Accounting Team, based on runtime of CN only. Machines produces other grades to fill up the machine time.*

6.10 INVENTORIES

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

Period	Inventory Volume	Inventory Value
	in MT	in Million Pesos
2019		
2020		
2021		
2022		
2023		

Period	Inventory Volume *CM	Ave % Inc (Dec)	Sales Volume *domestic CM	Ave % Inc (Dec)	Production Volume *domestic CM	Ave % Inc (Dec)
2019						
2020						
2021						
2022						
2023						

*Source: B2020 Accounting Team

* Ending inventory increased by 34% as a result of lower sales in 2023.

6.11 OTHER ADVERSE EFFECTS

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

Influx of imported corrugating medium forced local mills to decrease their selling prices in order to compete. Despite of this, majority of paper mills were still forced to shutdown their machines as market share were eaten up by imported mills. Taken collectively, these events seriously affected their overall bottomline as illustrated in their financial statements.

Environmental Impact – More solid waste in landfills

More solid waste will go to landfills due to lesser production volume of local paper mills who used recovered paper as main raw material. Around 1.1 million tons per year of solid waste are converted to recovered paper and are prevented from going to landfills and the environment.

Social Impact – Potential job loss

The influx of cheap imported paper resulted to decreased local production volume causing several paper mills to shutdown. Around 1.6 million people get their living from recovered paper. They collect used cartons from dump sites, streets and sidewalks. Collectors sell these recovered paper to junk shops and baling stations located across the country.

Economic Impact – Lesser income tax contribution

With the current situation, most local paper mills are experiencing either losses or reduced profits, resulting in negligible income tax returns. In the long run, negative business profits can hinder economic growth by dampening investment, innovation and productivity. Local mills might cut back in their capital expenditures, research and development, and hiring, limiting their capacity to expand operations and contribute to GDP growth.

*Source: Statistics mentioned above are based on estimates from: RUI PAPPL

6.12 OTHER CAUSES OF INJURY

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

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

PRICE-CONSCIOUS MARKET

The market of the Philippine brown paper industry is generally driven by price more than quality. Local customers may easily trade-off better quality paper to low-priced paper. With the absence of high tariff rates, exporters easily penetrate the market with their export prices lower than Philippine domestic prices.

HIGH OPERATION COST

Moreover, Philippine mills also have high operation costs, such as utility cost and raw material cost, which make local mills uncompetitive to imported paper.

FOREIGN CAPACITY EXPANSIONS

The extensive capacity expansions of these foreign mills are among the major culprits why these foreign producers resort to unfair trade practice. As their local demand dropped, these foreign mills dump their excess capacity to other countries such as the Philippines.

LOCAL CAPACITY EXPANSIONS

Furthermore, Philippine paper mills also expanded their production capacities by investing in new paper machines last 2022. [REDACTED] almost doubled its annual capacity [REDACTED]. Additionally, [REDACTED] had an additional annual capacity [REDACTED].

6.13 IMPORTS BY THE INDUSTRY

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

- *Full description of the product*
- *Details of each shipment (including dates of importation, supplier, country of origin, volume and value (FOB and CIF))*
- *An explanation why the industry has imported the subject product*

2020 has no import of CM for the last 5 years

*For other details, please refer to Annex 6.13.1 Outsource Details

The new paper machine of B2020's affiliate Amazing Grace Charta Manufacturing Corp, Paper Machine No.7 (PM7) had a commercial run last June 2022 which produces high-strength corrugating medium [REDACTED]. The commercial run was originally scheduled earlier but due to the pandemic the facility construction was delayed and extended.

Due to significant increase in capacity, the company did a pre-marketing activity of the corrugating medium that would be produced under PM7 as early as 2021 to secure sales volume.

7 SAFEGUARD MEASURES SOUGHT

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

Period	CIF (in USD)	<i>in Peso per ton</i>		
		Landed Cost ** (A)	Cost of Sales and Selling & Expenses *	with 7.5% ROI *** (B)
2019				
2020				
2021				
2022				
2023				

Note:

* Figures for Landed Cost, and Cost of Sales and Selling & Admin Expense does not include in-land freight

** Figures are non-vat wth duty

*** Computation for Reasonable Amount of ROI:

The safeguard measure we are seeking is **Php 5,574 per metric ton**. This is based on the difference between the landed cost and cost of sales with a reasonable amount of return on investment in 2023. The industry used the conservative rate 7.5% to get a reasonable amount of return on investment as it is the current rate of interest for bank loans for Q1 2024. With this, the industry deems that the safeguard measure we are seeking is reasonable and logical.

ADJUSTMENT PLAN

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

RA 8800 – SAFEGUARD MEASURES ACT

Application For Safeguard Measure for Corrugating Medium

I hereby apply for a final extension of the safeguard measures for **CORRUGATING MEDIUM** under the tariff headings:

4805.19.10 4805.19.90 4805.12.10 4805.12.90

from (country/ies of export)

Australia, Austria, Belgium, Canada, China and Hongkong, Finland, France, Germany, India, Indonesia, Italy, Japan, Malaysia, Netherlands, Poland, Russia, Singapore, South Africa, South Korea, Spain, Sweden, Taiwan, Thailand, Turkey, United Arab Emirates, United States of America, and Vietnam

In support of this application I attach evidence of:

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

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

This application is made by **Bataan 2020, Inc. and other members of Pulp and Paper Manufacturers Association of the Philippines (PULPAPEL)** producing like or directly competitive product to those subject to the application comprising a major proportion of the total Philippine production of those products.

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

Signature

Name: **Mr. Kirby Tho Beng Ong**
Position: **Vice President for Sales**
Date:



1 THE APPLICANT

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

1.1 Name of company **Pulp and Paper Manufacturers Association of the Philippines, Inc. (PULPAPEL)**



1.6 Ownership details

- ██████████ / Batangas Paper Corp.
- ██████████ / Fibre Sorting Inc.
- ██████████ / Trust International Paper Corp.
- ██████████ / First Interscrap Trading Corp.
- ██████████ / United Pulp and Paper Co. Inc.
- ██████████ / Container Corp. of the Phils.
- ██████████ / Paperland Inc.
- ██████████ / President
- ██████████ / Liberty Paper Inc.
- ██████████ / Cascades Enterprises Inc.
- ██████████ / Bataan 2020 Inc.
- ██████████ / Certified Mills Inc.



Ownership details : Pls see attached SEC Registration and Articles of Incorporation.

Philippine producers who are members of the Pulp and Paper Manufacturers Association of the Phils. (PULPAPEL) are listed in the attached.

PULPAPEL member mills have a total production capacity of ██████████ paper and paperboard, which account for 86% of the total production capacity of the paper industry in Phils.

The production capacity of PULPAPEL members for recycled containerboards (Testliner and Corrugating medium) after the expansion projects of the major paper manufacturers were completed in 2022 ██████████



1.7 Details of company
accounting year:



PAPER MILL MEMBERS OF PHILIPPINE PAPER MANUFACTURERS ASSOCIATION

PAPER MANUFACTURER	TOTAL PRODUCTION CAPACITY	
United Pulp and Paper Co. Inc.		
Tipco Group		
Bataan 2020 Inc.		
Certified Mills Inc.		
Container Corp. of the Phils.		
Batangas Paper Corp.		
Cascades Ent. Inc.		
Paperland Inc.		
Liberty Paper Inc.		
First Interscrap Trading Corp.		
Fibre Sorting Inc.		
TOTAL PULP/PAPEL		1,383,400 Tons/year

1.8 List of Products Manufactured and Sold

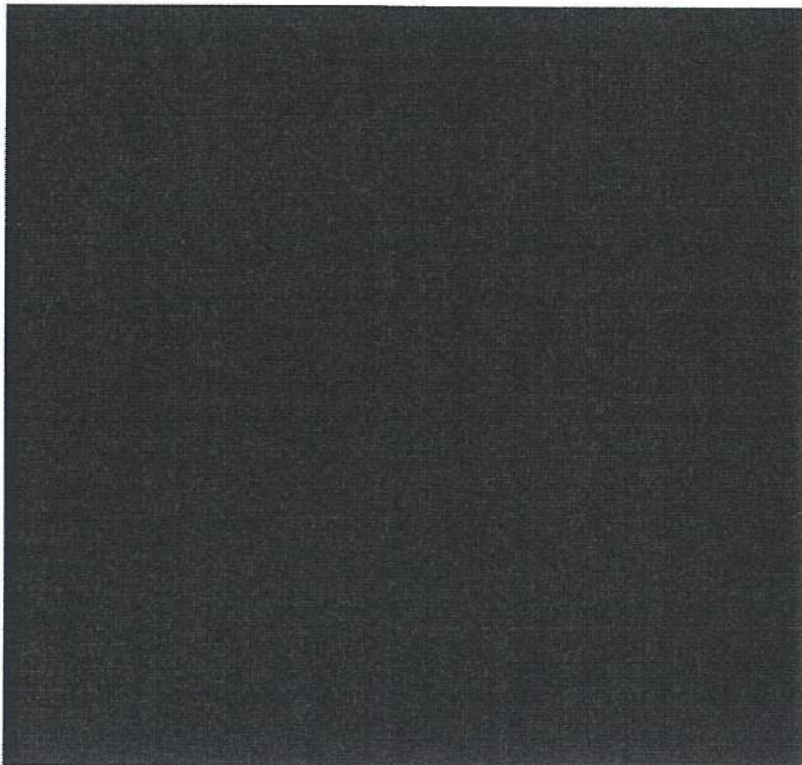
- 1.8.1 Packaging paper and paperboards – Corrugating containerboards Fluting medium and Testliner, Bag/wrapping papers, Cartonboards
- 1.8.2 Graphic papers – Printing and writing, newsprint
- 1.8.3 Hygiene/disposable papers – Toilet tissue, table napkins, paper towels.

1.9 Distribution Channel

All corrugating medium and testliner boards move in the same distribution channel. In general, corrugating medium and testliner boards are sold directly to box-makers and converters in the form of paper rolls. Boxmakers and converters, in turn, manufacture containerboards into corrugated boxes. The corrugated boxes are sold to end-users such as consumer and food companies for their packaging use.

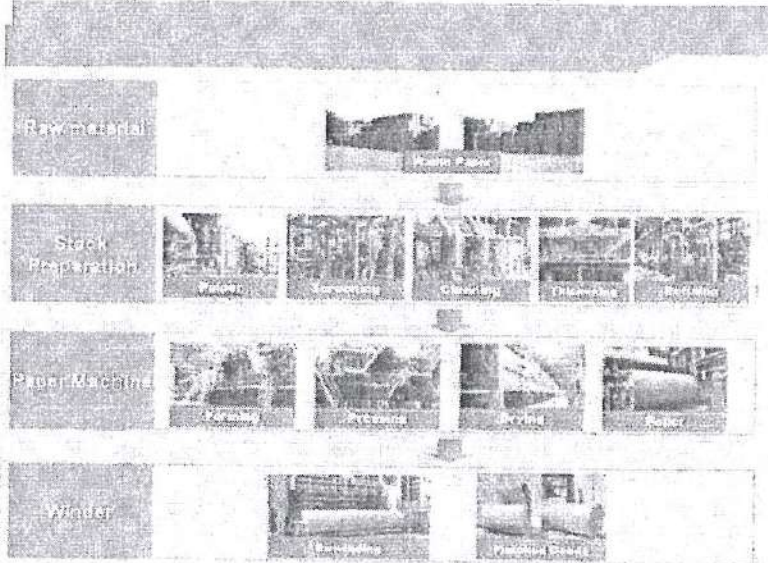
1.10 Production Process

The paper manufacturing and operation of corrugating medium and liner board consist of five stages: stock preparation, sheet formation, pressing, drying and rewinding.



and weight requirement and in turn the rewinding process fulfills this requirement where the full width of the paper exiting the paper machine is cut and wound per customer specifications. Final product weights ranges from 0.85 – 1.5 MT per roll. The finished rolls are sampled, weighted, inspected and tested for various physical properties in the on-site laboratory. If everything passes the specifications, it is then delivered to the finish goods warehouse where it arranges the delivery of the said rolls to the customers.

Figure 2.10.1 Manufacturing Process for Corrugated Medium



2 OTHER PHILIPPINE PRODUCERS

Please give details for any other Philippine producer/s.

2.1 Name of company HANSSON PAPER CORP.



2.2 Name of company FEDCO PAPER INC.



2.3 Name of company DANA O PAPER MILLS, INC.



2.4 Name of company DOWELL PACKAGING PAPER CORP.



The combined containerboard production capacity of Non-PULPAPEL members total 58,000 Tons/year only (5% of industry capacity), of which 35,200 TPY is corrugating medium or CM.

2a SUMMARY OF PHILIPPINE PRODUCERS

Total Philippine Domestic Production of Like or Directly Competitive Products for the Past Five (5) Years **(During the period January 2019 to December 2023)**

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

Domestic production of CORRUGATING MEDIUM by members of the Pulp and Paper Manufacturers Association of the Phils. (PULPAPEL):

Name of Company	2019	2020	2021	2022	2023
PULPAPEL Member mills (11)					
Other mills (4)					

3 THE PRODUCT

3.1 Please describe the imported product.

Corrugating Medium

Corrugated board is made by conversion process in which three or more layers of paper (or board) are laminated together. The middle ply, which is called fluting medium or corrugating medium, is corrugated during the process and the outer layers, called the linerboard, are glued to the peaks, thus making a liner-fluting-liner sandwich.

The imported product being considered in this petition is corrugating medium. Corrugating medium or fluting medium, together with testliner board, are converted into corrugated boxes which protect products from possible damage during shipment and storage. These corrugated boxes are also designed for piling or stacking to withstand top and side pressure, and for crush resistance.

Corrugating Medium are made from high percentage of recycled paper. It is the fluted portion of the corrugated board placed in the middle of two liner boards which provides stacking strength and impact protection. There are various basis weights of corrugating medium produced and made available to the market to cater to different industries and specifications.

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

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

Corrugating Medium (Recycled Corrugating Medium)

Tariff Headings	MFN Rate	CEPT Rate	Description
4805.19.10	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter. - Fluting paper : - - Other : - - - Weighing more than 150 g/m2 but less than 225 g/m2
4805.19.90	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter. - Fluting paper : - - Other : - - - Other
4805.12.10	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter. - Fluting paper : - - Straw fluting paper : - - - Weighing more than 150 g/m2 but less than 225 g/m2
4805.12.90	7%	xxx	--- Other uncoated paper and paperboard, in rolls

or sheets, not further worked or processed than
as specified in Note 3 to this Chapter. - Fluting
paper : - - Straw fluting paper : - - - Other

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

Locally produced corrugating medium, together with liner boards, are converted into corrugated boxes which protect products from possible damage during shipment and storage. These corrugated boxes are also designed for piling or stacking to withstand top and side pressure, and for crush resistance.

Locally produced corrugating medium are made from 100% recycled paper. It is the fluted portion of the corrugated board placed in the middle of two liner boards which provides stacking strength and impact protection. There are various basis weights of corrugating medium produced and made available to the market to cater to different industries and specifications.

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

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

The tariff heading, appearance, physical characteristics, end-use, general manufacturing process and raw materials of corrugating medium produced by Philippine producers are same as imported corrugating medium.

- Corrugating medium produced by Philippine producers and imported corrugating medium have the same tariff heading. *(Refer to answer in 3.2)*
- Corrugating medium produced by Philippine producers and imported corrugating medium have similar appearance and physical characteristics. *(Refer to Annex A will provide samples from each paper mill and imports)*
- Corrugating medium produced by Philippine producers and imported corrugating medium have the same use and application. They are used to make corrugated boxes and corrugated boards.
- Corrugating medium produced by Philippine producers and imported corrugating medium have the same general manufacturing process.
- Corrugating medium produced by Philippine producers and imported corrugating medium use the same fiber material, such as mixed waste and recycled paper, for production.

The only difference in corrugating medium produced by Philippine producers and imported corrugating medium is on the marketing/distribution system.

- Corrugating medium by Philippine producers are sold directly to box-makers and converters. On the other hand, imported corrugating medium are distributed in the Philippines by local agents. These agents serve as middlemen between the exporters (foreign producers) and the importers (box-makers and converters). Box makers and converters convert the corrugating medium to corrugated boxes which are then sold to end-users.

4 SOURCE/S OF THE IMPORTED PRODUCT

4.1 Name the countries of export of the imported product.

Below is the list of countries that have been exporting CORRUGATING MEDIUM to the Philippines during the period of January 2019 to December 2023:

	Country of Origin
1	Japan
2	Australia
3	Thailand
4	Vietnam
5	Indonesia
6	UAE
7	Taiwan
8	Malaysia
9	Sweden
10	Russia
11	China
12	South Korea
13	Finland
14	Turkey
15	Canada
16	Poland
17	France
18	South Africa
19	United States
20	Netherlands
21	Spain
22	Austria
23	India
24	Belgium
25	Germany
26	Italy
27	Singapore
28	Hong Kong

- 4.2 Provide the complete names and address of the overseas producers and/or exporters supplying the imported products.

NAME OF EXPORTER/ OVERSEAS PRODUCER	
Marubeni Corporation	
Visy Paper Ltd. / Visy Trading SG Ltd.	
Itochu Corp.	
Vina Kraft Paper Co. Ltd.	
Kyokuyo Company Ltd.	
PT Indah Kiat Pulp and Paper	
Sun Favorite Co. Ltd.	
Inter-Papier Singapore PTE Ltd.	
Saigon Paper Corp.	

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

Name of Importer	
1 Jennson Packaging Corporation / 818 East Asia Group Corp.	
2 SC Brothers Packaging Corp.	
3 Valenzuela Packaging Container Corp.	

4	Twinpack Container Corporation	
5	Greenstone Packaging Corporation	
6	Superior Packaging Corporation	
7	Goodyear Container Corporation	
8	Tripla Star Packaging Corp. / Well-Pack Container Corporation	
9	Mester Corrugated Boardmakers Inc.	
10	Central Corrugated Box Mfg. Corp.	
11	Standard Corrugated Box Inc.	
12	Malinta Corrugated Boxes Mfg. Corp.	
13	United Container Corporation	
14	ABL Packaging Corporation	
15	Basic Box Industry Corporation	
	VISAYAS - MINDANAO AREA	
16	Republic Corrugated Cartons & Alcohol Inc.	
17	Corbox Packaging Corporation	
18	Steniel Mindanao Packaging Corp.	
19	Davao Corrugated Carton Corporation	
20	Mindanao Corrugated Fibreboard Inc.	
21	Davao Packaging Corporation	
22	Dole Philippines Inc.	

4.4 Indicate when the imported products began causing injury.

5 INCREASED IMPORT VOLUME

For both items on this page, please provide these details for the most recent five (5) years available, if possible by month or by quarter and for each country from which imports are being sourced.

5.1 State quantities of imports of the imported product.

Table 5.1.1 Volume of Corrugating Medium Imports (in metric tons)

	COUNTRY	2019	2020	2021	2022	2023
1	Japan					
2	Australia					
3	Thailand					
4	Vietnam					
5	Indonesia					
6	UAE					
7	Taiwan					
8	Malaysia					
9	Sweden					
10	Russia					
11	China					
12	South Korea					
13	Finland					
14	Turkey					
15	Canada					
16	Poland					
17	France					
18	South Africa					
19	United States					
20	Netherlands					
21	Spain					
22	Austria					
23	India					
24	Belgium					
25	Germany					
26	Italy					
27	Singapore					
28	Hong Kong					
	TOTAL					
	% Increase/ Decrease					

Source: Bureau of Customs

5.2 State dollar value of imports of the imported product.

Table 5.2.1 Total Value of Corrugating Medium Imports (FOB Value, in USD)

(Pls see attached details)

	COUNTRY	2019	2020	2021	2022	2023
1	Japan					
2	Australia					
3	Thailand					
4	Vietnam					
5	Indonesia					
6	UAE					
7	Taiwan					
8	Malaysia					
9	Sweden					
10	Russia					
11	China					
12	South Korea					
13	Finland					
14	Turkey					
15	Canada					
16	Poland					
17	France					
18	South Africa					
19	United States					
20	Netherlands					
21	Spain					
22	Austria					
23	India					
24	Belgium					
25	Germany					
26	Italy					
27	Singapore					
28	Hong Kong					
	TOTAL					
	% Increase/ Decrease					

Source: Bureau of Customs



Country of Origin	2019		2020		2021		2022		2023		2019 to 2023 Total	
	Volume, Tons	FOB Value, \$ '000	Volume, Tons	FOB Value, \$ '000	Volume, Tons	FOB Value, \$ '000	Volume, Tons	FOB Value, \$ '000	Volume, Tons	FOB Value, \$ '000	Volume (Tons)	FOB Value (\$ '000)
Japan	6,636	\$ 2,628	20,194	\$ 6,503	24,196	\$ 11,696	35,496	\$ 16,802	49,521	\$ 17,445	136,043	\$ 55,075
Indonesia	3,926	\$ 1,670	2,974	\$ 1,103	1,024	\$ 547	6,325	\$ 2,802	12,268	\$ 6,738	31,518	\$ 12,850
Australia	30,562	\$ 13,131	21,180	\$ 8,253	7,188	\$ 3,685	525	\$ 148	14,737	\$ 5,066	74,192	\$ 30,223
United Arab Emirates	6,463	\$ 3,019	1,383	\$ 483	1,740	\$ 676	-	\$ -	626	\$ 198	10,212	\$ 4,376
Vietnam	3,325	\$ 1,687	4,189	\$ 1,435	11,366	\$ 5,618	5,847	\$ 2,806	14,311	\$ 5,620	39,038	\$ 17,166
Korea	1,626	\$ 691	385	\$ 130	1,610	\$ 888	-	\$ -	239	\$ 108	3,800	\$ 1,817
China	173	\$ 93	423	\$ 182	935	\$ 424	1,062	\$ 423	4,043	\$ 3,063	6,635	\$ 4,185
Taiwan	3,274	\$ 1,597	3,579	\$ 1,469	2,703	\$ 1,450	90	\$ 58	402	\$ 156	10,048	\$ 4,730
Thailand	15,461	\$ 7,325	16,160	\$ 5,742	9,596	\$ 4,286	74	\$ 55	4,379	\$ 2,112	45,670	\$ 19,521
Canada	269	\$ 134	-	\$ -	216	\$ 109	-	\$ -	-	\$ -	465	\$ 244
Turkey	-	\$ -	-	\$ -	-	\$ -	-	\$ -	1,651	\$ 1,152	1,651	\$ 1,152
South Africa	-	\$ -	-	\$ -	-	\$ -	-	\$ -	310	\$ 189	310	\$ 189
Malaysia	1,374	\$ 584	3,290	\$ 1,188	3,081	\$ 1,332	-	\$ -	369	\$ 121	8,113	\$ 3,295
United States	253	\$ 278	0	\$ 0	0	\$ 0	5	\$ 47	0	\$ 0	258	\$ 325
Sweden	1,564	\$ 1,232	2,944	\$ 2,043	1,150	\$ 682	1,083	\$ 869	614	\$ 391	7,736	\$ 5,216
Germany	-	\$ -	-	\$ -	41	\$ 16	-	\$ -	-	\$ -	41	\$ 16
France	346	\$ 249	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -
Poland	224	\$ 161	191	\$ 104	-	\$ -	-	\$ -	-	\$ -	346	\$ 249
Finland	-	\$ -	148	\$ 87	1,178	\$ 729	73	\$ 60	1,824	\$ 1,160	415	\$ 266
Russia	1,016	\$ 683	829	\$ 518	1,526	\$ 929	1,254	\$ 965	-	\$ -	9,222	\$ 2,036
Others	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	4,694	\$ 3,095
TOTALS	73,130	\$ 33,258	71,541	\$ 26,875	60,593	\$ 29,786	46,943	\$ 22,593	94,547	\$ 37,586	346,753	\$ 150,138

6 ECONOMIC IMPACT

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

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

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

* COST OF PRODUCTION

Direct* cost of production of CM : ██████████

Fiber - ██████
Energy - ████████
Chemicals - ██████
Personnel (direct) - ██████████
Operating supplies - ██████
Others - ██████

*Excluding Depreciation, capital burden (interest charges), and Selling/Admin. Overhead expenses.

6.1 OUTPUT

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



6.2 RAW MATERIALS USAGE

6.2.1 Raw materials for making corrugating medium are Recovered paper (RCP), consisting of Old corrugated cartons (OCC) and Mixed (packaging paper) wastes.

The average usage of RCP for containerboards is 1.2 Air-dry tons RCP per 1 Ton containerboard (Testliner or CM).

- 6.2.2 About 95% of these RCPs are sourced from locally-collected (waste) paper, while the balance 5% is imported from the U.S., Europe, Hongkong and the Middle East.

6.3 SALES

6.3.1 Decline in the industry's sales of the like or directly competitive product for the last five (5) years.

Since the COVID pandemic year 2020, Total Demand (Imports +Production - Exports) of corrugating containerboards TL and CM has been rising at an average of 12.5% p.a. Corrugating medium (CM) demand in particular was rising at an average of 10% p.a. in the same period. By 2022, after all the recent expansion projects of the major paper manufacturers had been put into operation, the capacity utilization of local containerboard mills should have returned, if not surpassed, the 81% capacity utilization experienced before COVID pandemic hit in 2020, since the added capacities came in the form of new and modern paper machines. Instead, Local capacity utilization dropped from 66% in 2021 to 61% in 2022 and further dropped to 56% in 2023; while imports of containerboards jumped by 67%, from [REDACTED]

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

For Corrugating medium in particular, Local capacity utilization declined from 52% in 2021 to 49% in 2023; while imports of CM jumped from [REDACTED] 2022 to [REDACTED] by 2023.

Between 2022 and 2023, the volume of CM market displaced by imports at the time that our new expansion projects have already come on stream was estimated at [REDACTED]. This hit hard not only the smaller existing mills but also the recent expansion projects invested by industry members Bataan 2020, Inc., United Pulp and Paper Co., and TECO/TIPCO Group, the major members of PULPAPEL. Because of low capacity utilization, the local mills have resorted to rotating shutdowns specially at the new and bigger machines.

6.3.3 Volume and value of export sales of Corugating medium over the most recent five (5) years available, if possible by month or by quarter.

2019	-
2020	-Nil-
2021	-Nil-
2022	20,000 Tons
2023	10,000

6.4 MARKET SHARE

6.4.1 Corrugating containerboards (Testliner and Corrugating medium) Market demand and share of Local Production in the last five (5) years.

DEMAND - RECYCLED CONTAINERBOARDS (Corrugating medium and Testliner)					
YEAR	IMPORTS, Million Tons/yr	PRODUCTION, Million Tons/yr	EXPORTS, Million Tons/yr	TOTAL DEMAND, Million Tons/yr	LOCAL PRODUCTION as % of Total Demand
2019	0.14				
2020	0.15		0.00		
2021	0.13		0.00		
2022	0.12		0.02		
2023	0.20		0.01		

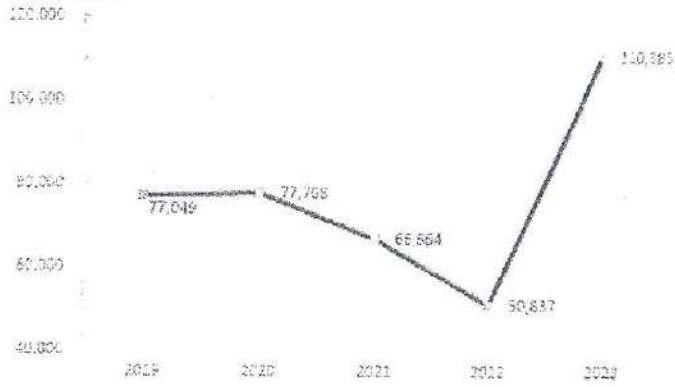
*Corrugating medium and Testliner (Imports data sourced from BIS-DT)

DEMAND - CORRUGATING MEDIUM RECYCLED (CMR)					
YEAR	IMPORTS, Million Tons/yr	PRODUCTION, Million Tons/yr	EXPORTS, Million Tons/yr	TOTAL DEMAND, Million Tons/yr	LOCAL PRODUCTION as % of Total Demand
2019	0.08				
2020	0.08		0.00		
2021	0.07		0.00		
2022	0.05		0.02		
2023	0.11		0.01		

*Corrugating medium, recycled (CMR) - Imports Data sourced from BIS-DT

6.4.2 The extent to which the increased containerboard imports have affected the market share of domestic producers for the last five (5) years:

**IMPORTS OF RECYCLED CORRUGATING MEDIUM,
In Tons**



Change p.a. 117%

IMPORTS OF TESTLINER, Tons



Change p.a. 5% 27%

6.6 PROFITS

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

This explanation should be consistent with changes in gross and net profit shown on page 13 above.

6.7 PRODUCTIVITY

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

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

CAPACITY UTILIZATION, %	2019	2020	2021	2022	2023
Total Paper and PBoard					
Total Corrugating containerboards (TL+CM)					
Corrugating medium	80%	54%	52%	55%	49%

Source of Data : F.A.O. / PULPAPEL

6.8 RETURN ON INVESTMENTS

- 6.8.1 Show return on shareholder's funds or return on assets, or a similar appropriate measure of return on investment, in terms of net profit for the most recent five (5) years available.
- 6.8.2 Provide details of how any allocation of shareholder's funds or assets had been made to like or directly competitive product.

6.9 USE OF PRODUCTION CAPACITY

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

PRODUCTION CAPACITY, '000 Tons/yr	2019	2020	2021	2022	2023
[REDACTED]					

Source of Data : F.A.O. / PULPAPEL

6.10 INVENTORIES

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

6.11 OTHER ADVERSE EFFECTS

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

6.12 OTHER CAUSES OF INJURY

- 6.12.1 Factors other than the imported product that have injured, or are injuring the industry.

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to low-priced paper. With the absence of high tariff rates, exporters easily penetrate the market with their export prices lower than Philippine domestic prices.

HIGH OPERATION COST

Philippine mills incur higher production costs, specially in energy/utilities because of relatively high electricity and fuel costs, compared with most mills in exporting countries. Raw material prices are also higher due to the limited supply (low rate of collection) of Recovered paper (RCP) from local sources and the high freight costs in shipping RCP collected from VisMin areas to the high-demand areas in Luzon. When paper mills import RCP to supplement local supply the procedures of importing RCP are restrictive and costly.

FOREIGN CAPACITY EXPANSIONS

The surplus capacities (in excess of their domestic requirements) built among very large mills overseas drive them to export a portion of their excess production of paper, usually at prices lower than that in their domestic market, to Philippines where many of the paper mills are small and lack the economy-of-scale, access to lower energy costs, and/or modern technology to compete economically in the open market. As their local demand dropped, these big foreign mills dump their excess capacity to other countries such as the Philippines.

LOCAL CAPACITY EXPANSIONS

In the five-year period ending in 2022, the leading paper mills in Phils., invested new capital to raise production capacity by 25% in order to meet the growing local demand for packaging paper, specially corrugating containerboards. For example, additional production lines were built [REDACTED] which almost doubled its annual capacity [REDACTED] to [REDACTED] while [REDACTED] expanded its production capacity by an additional production line having an annual capacity of [REDACTED] MT. When these expansion projects came on stream in 2022, the surge in imports of corrugating containerboards prevented these new projects from fully utilizing the new production capacities and led to machine shutdowns or production slowdowns in 2022-23.

6.13 IMPORTS BY THE INDUSTRY

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

- Full description of the product
- Details of each shipment (including dates of importation, supplier, country of origin, volume and value (FOB and CIF)
- An explanation why the industry has imported the subject product

7 SAFEGUARD MEASURES SOUGHT

The Pulp and Paper Manufacturers Association of the Phils., Inc. (PULPAPEL) submits this appeal for Safeguard Measures on imported corrugating medium containerboard to take effect as in the soonest possible time and for a duration of at least 9 years.

8. ADJUSTMENT PLAN (_____ to submit for this portion separately.)

- 8.1 **Adjustment plan or set of actions that the domestic producers will undertake for the purpose of improving their competitiveness and adopting to the new market conditions:**

Details of the Adjustment Plan to be undertaken by the local paper industry, mainly by member mills of the industry Association, is given under the Confidential version.

RA 8800 – SAFEGUARD MEASURES ACT

Application For Safeguard Measure for Corrugating Medium

I hereby apply for a safeguard measures for **CORRUGATING MEDIUM** under the tariff headings:

4805.19.10 4805.19.90, 4805.12.10, 4805.12.90

from (country/ies of export)

Australia, Austria, Belgium, Canada, China and Hongkong, Finland, France, Germany, India, Indonesia, Italy, Japan, Malaysia, Netherlands, Poland, Russia, Singapore, South Africa, South Korea, Spain, Sweden, Taiwan, Thailand, Turkey, United Arab Emirates, United States of America, and Vietnam

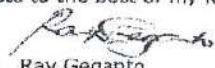
In support of this application I attach evidence of:

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

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

This application is made by the Pulp and Paper Manufacturers Association of the Philippines, Inc. (PULPAPEL) in behalf of the Philippine paper industry producing like or directly competitive product to those subject to the application comprising a major proportion of the total Philippine production of those products.

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


Name: Ray Geganto
Position: **Exec. Director**
Date: 6 March 2024

Name: Juan Miguel Del Rosario
Position: **President**
Date: 14 March 2024

1 THE APPLICANT

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

1.1 Name of company **UNITED PULP AND PAPER CO., INC. (UPPC)**

1.2 Address


1.3 Phone

Email address

1.4 Fax

1.5 Contact persons

1.6 Ownership details

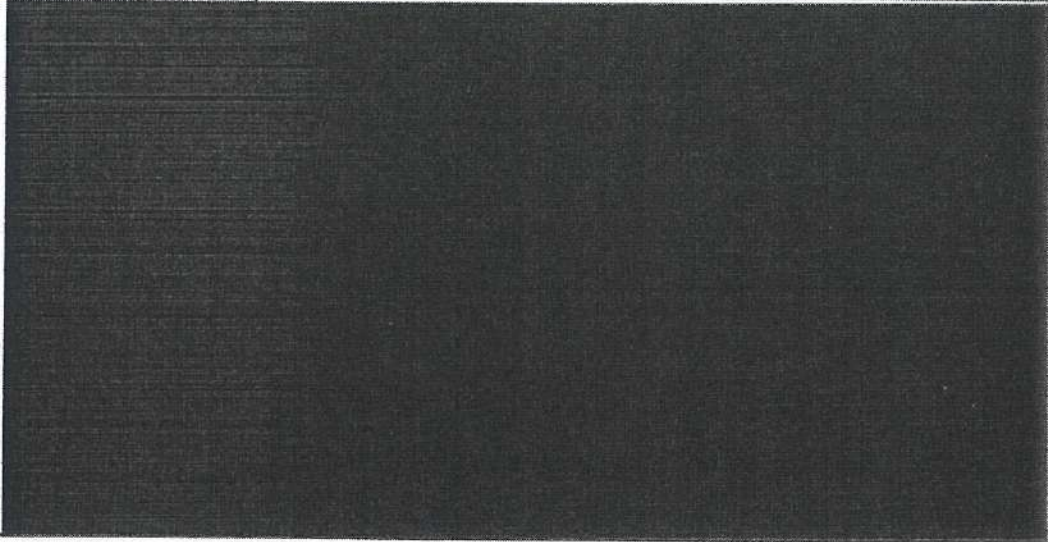
Shareholders	
SCG Packaging Public Co. Ltd. (formerly SCG Paper Public Co., Ltd. Rengo Co., Ltd. Thai Union Paper Industry Co., Ltd. BIR (FAO MMIC) Alsons Consolidated Resources Inc. Others	
Total	

**Source: UPPC General Information Sheet*

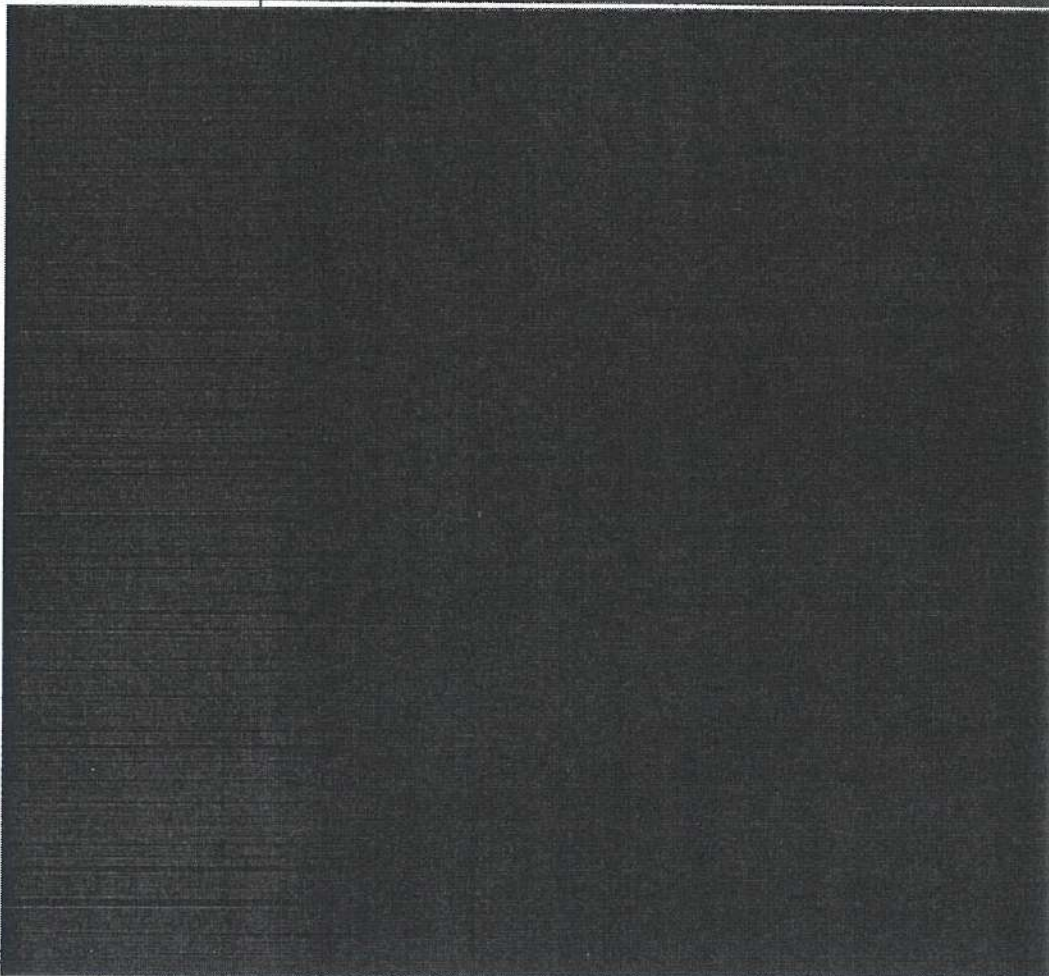
1.7 Details of company accounting year: Calendar year January – December

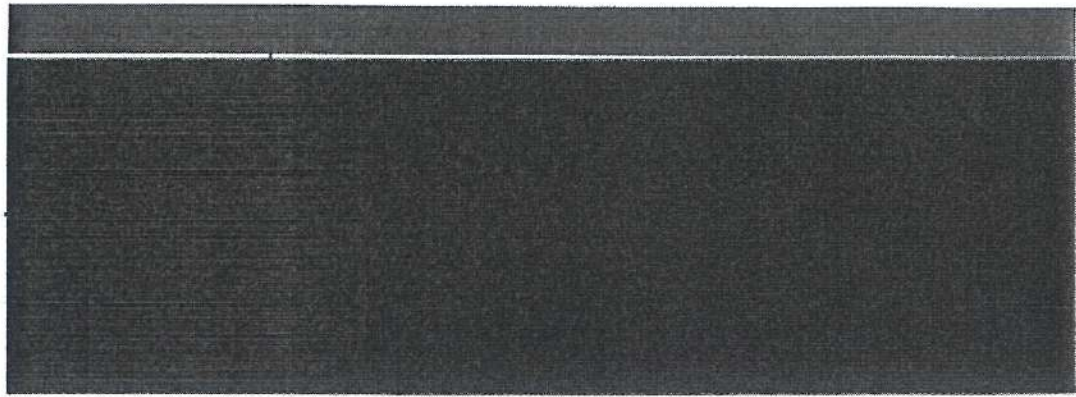
1.8 List of Products Manufactured and Sold

Testliner Board



Corrugating Medium



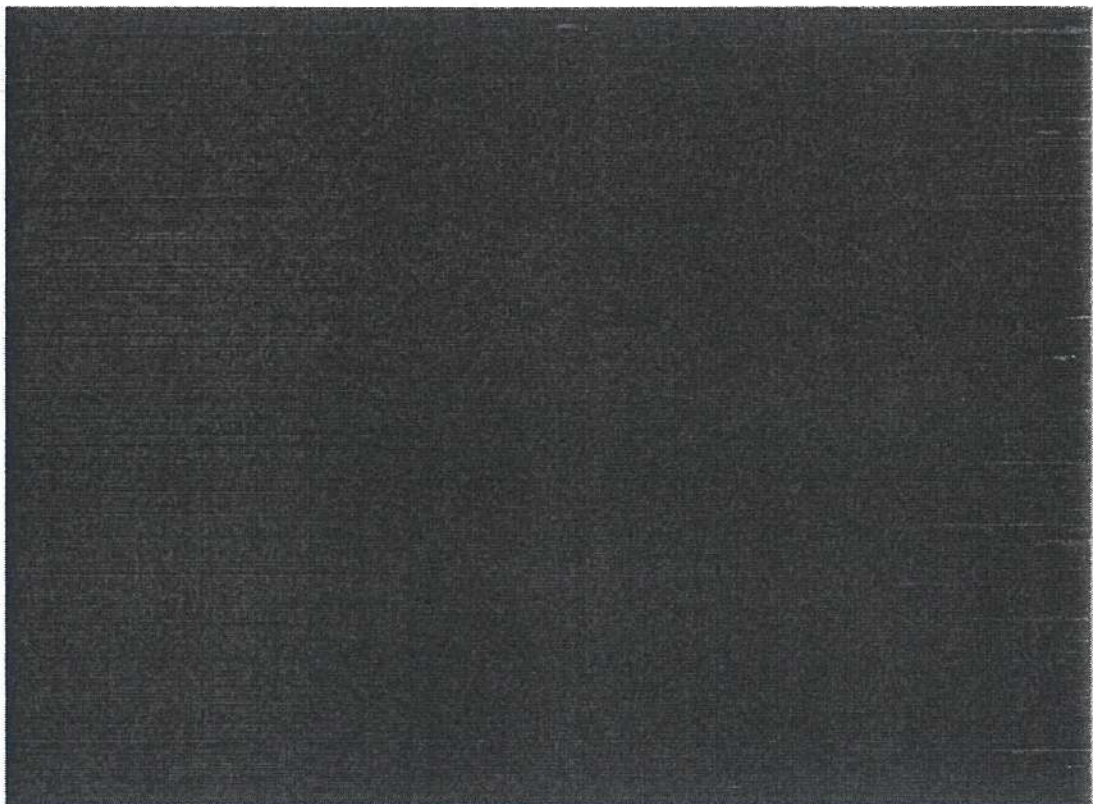


1.9 Distribution Channel

All corrugating medium and testliner boards move in the same distribution channel. In general, corrugating medium and testliner boards are sold directly to box-makers and converters. Boxmakers and converters, in turn, manufacture containerboards into corrugated boxes. The corrugated boxes are sold to end-users such as consumer and food companies for their packaging use.

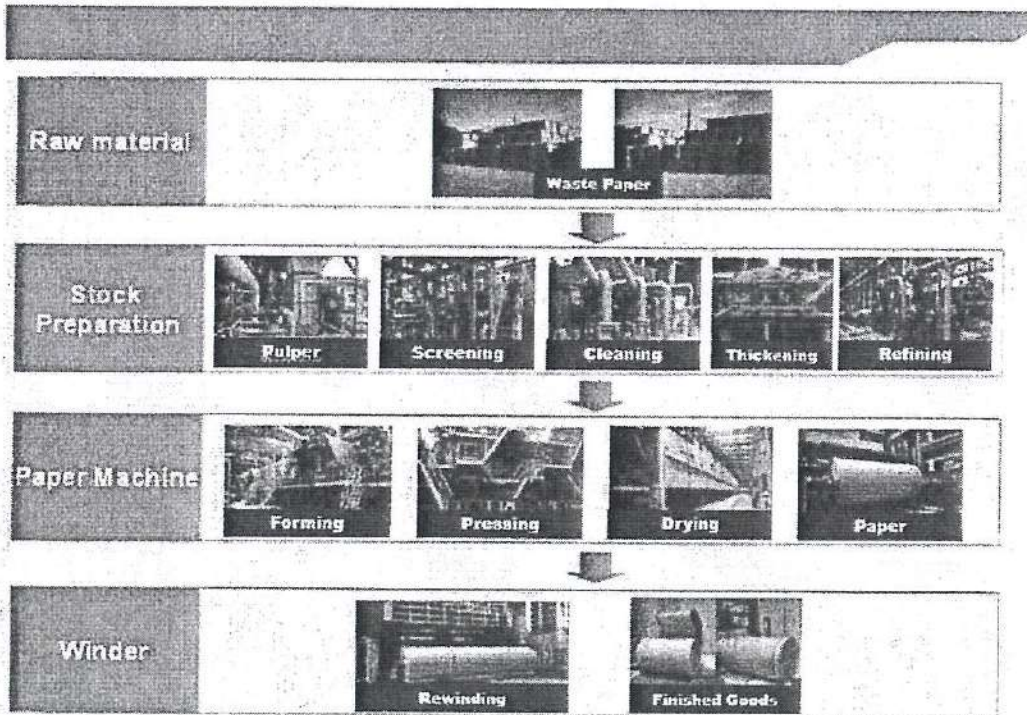
1.10 Production Process

The paper manufacturing and operation of corrugating medium and liner board consist of five stages: stock preparation, sheet formation, pressing, drying and rewinding.





Flowchart 1.10.1 UPPC Manufacturing Process

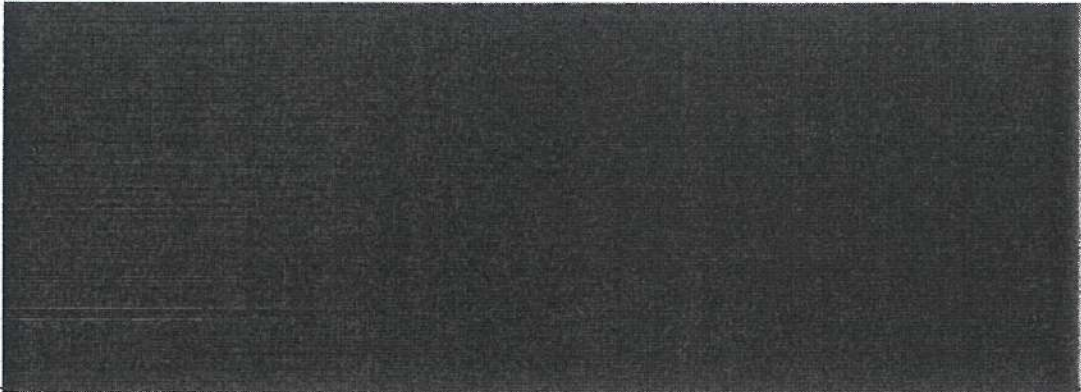


**Source: UPPC Production Team, photos are UPPC's actual paper machine, raw materials, and paper rolls.*

2 OTHER PHILIPPINE PRODUCERS

Please give details for any other Philippine producer/s.

2.1 Name of company UNITED PULP AND PAPER CO., INC. (UPPC)



2.2 Name of company CONTAINER CORPORATION OF THE PHILIPPINES



2.3 Name of company BATAAN 2020



2.4 Name of company CERTIFIED MILLS INC.



2.5 Name of company **CASCADE ENTERPRISES, INC.**
(Former Trans-National Paper Corporation)



2.6 Name of company **BATANGAS PAPER CORP.**



2.7 Name of company **LIBERTY PAPER MILLS**



2.8 Name of company **TRUST INTERNATIONAL PAPER CORPORATION**



2.9 Name of company **FIBRE SORTING INC.**



2.10 Name of company PAPERLAND, INC.



2.11 Name of company FIRST INTERSCRAP TRADING CORP.



*Source: PULPAPEL database

2a SUMMARY OF PHILIPPINE PRODUCERS

Total Philippine Domestic Production of Like or Directly Competitive Products for the Past Five (5) Years **(During the period January 2019 to December 2023)**

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

Domestic production of CORRUGATING MEDIUM by United Pulp and Paper Co., Inc. (UPPC):

Name of Company	2019	2020	2021	2022	2023
United Pulp and Paper Co., Inc.					

*Source: UPPC Accounting Team

*Other producers will submit their own production to PULPAPEL for consolidation.

3 THE PRODUCT

3.1 Please describe the imported product.

Corrugating Medium

Corrugated board is made by conversion process in which three or more layers of paper (or board) are laminated together. The middle ply, which is called **fluting medium or corrugating medium**, is corrugated during the process and the outer layers, called the linerboard, are glued to the peaks, thus making a liner-fluting-liner sandwich.

The imported product being considered in this petition is corrugating medium. Corrugating medium or fluting medium, together with testliner board, are converted into corrugated boxes which protect products from possible damage during shipment and storage. These corrugated boxes are also designed for piling or stacking to withstand top and side pressure, and for crush resistance.

Corrugating Medium are made from high percentage of recycled paper. It is the fluted portion of the corrugated board placed in the middle of two liner boards which provides stacking strength and impact protection. There are various basis weights of corrugating medium produced and made available to the market to cater to different industries and specifications.

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

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

Corrugating Medium (Recycled Corrugating Medium)

Tariff Headings	MFN Rate	CEPT Rate	Description
4805.19.10	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter. - Fluting paper : - - Other : - - - Weighing more than 150 g/m2 but less than 225 g/m2
4805.19.90	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter. - Fluting paper : - - Other : - - - Other
4805.12.10	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter. - Fluting paper : - - Straw fluting paper : - - - Weighing more than 150 g/m2 but less than 225 g/m2
4805.12.90	7%	xxx	--- Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than

as specified in Note 3 to this Chapter. - Fluting
paper : - - Straw fluting paper : - - - Other

**Source: Data provided by Bureau of Import Services to PULPAPEL*

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

Locally produced corrugating medium, together with liner boards, are converted into corrugated boxes which protect products from possible damage during shipment and storage. These corrugated boxes are also designed for piling or stacking to withstand top and side pressure, and for crush resistance.

Locally produced corrugating medium are made from 100% recycled paper. It is the fluted portion of the corrugated board placed in the middle of two liner boards which provides stacking strength and impact protection. There are various basis weights of corrugating medium produced and made available to the market to cater to different industries and specifications.

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

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

The tariff heading, appearance, physical characteristics, end-use, general manufacturing process and raw materials of corrugating medium produced by Philippine producers are same as imported corrugating medium.

- Corrugating medium produced by Philippine producers and imported corrugating medium have the same tariff heading. *(Refer to answer in 3.2)*
- Corrugating medium produced by Philippine producers and Imported corrugating medium have similar appearance and physical characteristics. *(Refer to Annex A will provide samples from each paper mill and imports)*
- Corrugating medium produced by Philippine producers and imported corrugating medium have the same use and application. They are used to make corrugated boxes and corrugated boards.
- Corrugating medium produced by Philippine producers and imported corrugating medium have the same general manufacturing process.
- Corrugating medium produced by Philippine producers and imported corrugating medium use the same fiber material, such as mixed waste and recycled paper, for production.

The only difference in corrugating medium produced by Philippine producers and imported corrugating medium is on the marketing/distribution system.

- Corrugating medium by Philippine producers are sold directly to box-makers and converters. On the other hand, imported corrugating medium are distributed in the Philippines by local agents. These agents serve as middlemen between the exporters (foreign producers) and the importers (box-makers and converters). Box makers and converters convert the corrugating medium to corrugated boxes which are then sold to end-users.

4 SOURCE/S OF THE IMPORTED PRODUCT

4.1 Name the countries of export of the imported product.

Below is the list of countries that have been exporting **CORRUGATING MEDIUM** to the Philippines during the period of January 2019 to December 2023:

	Country of Origin
1	Japan
2	Australia
3	Thailand
4	Vietnam
5	Indonesia
6	UAE
7	Taiwan
8	Malaysia
9	Sweden
10	Russia
11	China
12	South Korea
13	Finland
14	Turkey
15	Canada
16	Poland
17	France
18	South Africa
19	United States
20	Netherlands
21	Spain
22	Austria
23	India
24	Belgium
25	Germany
26	Italy
27	Singapore
28	Hong Kong

**Source: Sorted data from Bureau of Import Services Import Statistics*

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

NAME OF EXPORTER/OVERSEAS PRODUCER	ADDRESS
Marubeni Corporation	
Visy Paper Ltd. / Visy Trading SG Ltd.	
Itochu Corp.	
Vina Kraft Paper Co. Ltd.	
Kyokuyo Company Ltd.	
PT Indah Kiat Pulp and Paper	
Sun Favorite Co. Ltd.	
Inter-Papier Singapore PTE Ltd.	
Saigon Paper Corp.	

*Source: Summarized data from PULPAPEL

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

Name of Importer	
1 Jennson Packaging Corporation / 818 East Asia Group Corp.	
2 SC Brothers Packaging Corp.	

3	Valenzuela Packaging Container Corp.
4	Twinpack Container Corporation
5	Greenstone Packaging Corporation
6	Superior Packaging Corporation
7	Goodyear Container Corporation
8	Triple Star Packaging Corp. / Well-Pack Container Corporation
9	Master Corrugated Boardmakers Inc.
10	Central Corrugated Box Mfg. Corp.
11	Standard Corrugated Box Inc.
12	Malinta Corrugated Boxes Mfg. Corp.
13	United Container Corporation
14	ABL Packaging Corporation
15	Basic Box Industry Corporation
	VISAYAS - MINDANAO AREA
16	Republic Corrugated Cartons & Alcohol Inc.
17	Corbox Packaging Corporation
18	Steniel Mindanao Packaging Corp.
19	Davao Corrugated Carton Corporation
20	Mindanao Corrugated Fibreboard Inc.
21	Davao Packaging Corporation
22	Dole Philippines Inc.

4.4 Indicate when the imported products began causing injury.

The imported products began causing injury in 2023.

Country of Origin	2019		2020		2021		2022		2023		2019 to 2023 Total		Unit Value, US\$/Ton
	Volume, Tons	FOB Value, \$ '000	Volume, Tons	FOB Value, \$ '000	Volume, Tons	FOB Value, \$ '000	Volume, Tons	FOB Value, \$ '000	Volume, Tons	FOB Value, \$ '000	Volume (Tons)	FOB Value (\$ '000)	
Japan	6,636	\$ 2,629	20,194	\$ 6,503	24,196	\$ 11,596	35,496	\$ 16,802	49,521	\$ 17,245	136,043	\$ 55,075	\$ 352
Indonesia	3,926	\$ 1,670	2,974	\$ 1,103	1,024	\$ 567	6,326	\$ 2,802	17,268	\$ 6,728	31,518	\$ 12,850	\$ 390
Australia	30,562	\$ 13,131	21,180	\$ 8,253	7,188	\$ 3,685	525	\$ 148	14,737	\$ 5,006	74,192	\$ 30,223	\$ 340
United Arab Emirates	6,463	\$ 3,019	1,383	\$ 483	1,740	\$ 676	-	-	626	\$ 198	10,212	\$ 4,376	\$ 317
Vietnam	3,325	\$ 1,687	4,189	\$ 1,435	11,366	\$ 5,618	5,847	\$ 2,806	14,311	\$ 5,620	39,038	\$ 17,166	\$ 393
Korea	1,626	\$ 691	385	\$ 130	1,610	\$ 888	-	-	239	\$ 108	3,860	\$ 1,817	\$ 451
China	173	\$ 93	423	\$ 182	935	\$ 424	1,062	\$ 423	239	\$ 108	3,860	\$ 1,817	\$ 451
Taiwan	3,274	\$ 1,597	3,579	\$ 1,469	2,703	\$ 1,450	90	\$ 58	4,043	\$ 3,063	6,635	\$ 4,185	\$ 758
Thailand	15,461	\$ 7,426	16,160	\$ 5,742	9,596	\$ 4,286	74	\$ 55	4,022	\$ 156	10,048	\$ 4,730	\$ 387
Canada	249	\$ 134	-	-	216	\$ 109	-	-	4,379	\$ 2,112	45,670	\$ 19,571	\$ 482
Turkey	-	-	-	-	-	-	-	-	-	-	465	\$ 244	-
South Africa	-	-	-	-	-	-	-	-	-	-	1,651	\$ 1,152	\$ 698
Malaysia	-	-	-	-	-	-	-	-	-	-	310	\$ 189	\$ 608
United States	1,374	\$ 594	3,290	\$ 1,188	3,081	\$ 1,332	-	-	369	\$ 121	8,113	\$ 3,236	\$ 328
Sweden	253	\$ 278	0	\$ 0	-	\$ -	5	\$ 47	0	\$ 0	259	\$ 325	-
Germany	1,964	\$ 1,232	2,944	\$ 2,043	1,150	\$ 682	1,063	\$ 868	614	\$ 391	7,786	\$ 5,216	\$ 636
France	346	\$ 249	-	-	41	\$ 16	-	-	-	\$ -	41	\$ 16	-
Poland	224	\$ 161	191	\$ 104	-	\$ -	-	-	-	\$ -	346	\$ 249	-
Russia	-	-	148	\$ 87	1,178	\$ 719	73	\$ 60	-	\$ -	415	\$ 286	-
Others	1,026	\$ 683	829	\$ 518	1,526	\$ 929	1,254	\$ 965	-	\$ -	1,824	\$ 1,160	\$ 636
TOTALS	73,130	\$ 33,298	71,541	\$ 26,875	60,593	\$ 29,786	46,943	\$ 22,593	94,547	\$ 37,586	346,753	\$ 150,138	-

6 ECONOMIC IMPACT

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

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

Accounting Period	2019	2020	2021	2022	2023
SALES VOLUME (in MT)					
(in Million Pesos)					
Revenue					
Cost of Sales					
Gross Profit(Loss)					
Selling & Admin					
EBIT					
(in Peso/Ton)					
Revenue					
Cost of Sales					
Gross Profit(Loss)					
Selling & Admin					
EBIT					
<i>Note: Figures on domestic sales (CM)</i>					

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

* **COST OF PRODUCTION**

	(in MP)				
	2019	2020	2021	2022	2023
Raw Materials					
Repair and Maintenance Costs					
Other Conversion Cost					
Direct Labor					
Factory Overhead - Depreciation					
Factory Overhead - Fixed Cost					
Inventory Adjustment					
Total Cost to Produce					
Variable Cost					
Fixed Cost					

*Source: UPPC Accounting Data

*** Comparison between Landed Cost of Imports and Cost of Sales of Domestic Product:**

in Peso per MT

PERIOD	FOB (in USD)	Landed Cost **	Cost of Sales and Selling & Admin Expenses *	Variance	Average Domestic Price
2019	456				
2020	375				
2021	490				
2022	485				
2023	394				

**Source:*

FOB price - based on average import price from import statistics from BIS

Landed Cost - FOB price x FX rate + 1,800 fixed cost

Cost of Sales and Selling & Admin Expenses - UPPC accounting data

Average Domestic Price - UPPC's CM average price

* In 2022 - 2023, the domestic industry was forced to sell below cost in order to match with import prices so as to secure volume from customers.

6.1 OUTPUT

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

Production Output (in MT)	Q1	Q2	Q3	Q4	Total	Ave % Inc (Dec)
2019						
2020						
2021						
2022						
2023						

**Source: UPPC Accounting Data*

* The domestic industry's production output decreased by 9% in 2023.

6.2 RAW MATERIALS USAGE

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

	2019	2020	2021	2022	2023
RAW MATERIAL - Fiber (in MT)					
American Old Corrugated Cartons					
Local Old Corrugate Cartons					
Local Double Lined Kraft					
Mixed Paper					
Italian/Taiwan Corrugated Cartons					
Sub Total Fiber Consumption					
RAW MATERIAL - Others					
Alum (kg)					
AKD Sizing (kg)					
Raw Starch (kg)					
Modified Starch (kg)					
Dye (kg)					
Water (CuM)					
Power (Kwh)					

RAW MATERIAL PRICES	2019	2020	2021	2022	2023
RAW MATERIAL - Fiber (Php/MT)					
American Old Corrugated Cartons					
Local Old Corrugate Cartons					
Local Double Lined Kraft					
Mixed Paper					
Sub-Old Corrugated Cartons					

*Source: UPPC Accounting Data

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

	Raw Material	Source(s)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		

13 | _____

* Note: Indirect Raw Material

*Source: UPPC Procurement Team

6.3 SALES

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

Domestic Sales Volume (in MT)	Q1	Q2	Q3	Q4	Total CM	Ave % Inc(Dec)
2019						
2020						
2021						
2022						
2023						

Domestic Sales Amount (in MP)	Q1	Q2	Q3	Q4	Total CM	Ave % Inc(Dec)
2019						
2020						
2021						
2022						
2023						

*Source: UPPC Accounting Team

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

Period	Sales Volume (in MT)	Ave % Inc (Dec)	Import Volume (in MT)	Ave % Inc (Dec)
2019				
2020				
2021				
2022				
2023				

*Source: Sales volume - UPPC Accounting Team; Import volume – sorted import data from BIS

2019 – Normal CM sales volume in line with demand growth.

2020 – Demand in the market drastically declined due to shutdown of some businesses leading to increase in unemployment rate and greatly affecting consumer spending.

2021 – Increased overall market demand because of resumption of global economy after the government started the vaccine rollout.

2022 – Further increase in sales volume due to commercial run of new paper machine (PM3) offering high-strength corrugating medium and launching added lower basis weight of regular corrugating medium grade to respond to customer requirements.

2023 – Domestic sales volume decline by 16% due to surge in imported paper by 117% due to slow demand in major markets (China, US, Japan). Majority of large foreign paper mills have excess capacity resulting to offering cheap imported prices to Philippine market in order for them to utilize their production capacity. As a result, Philippine paper mills were forced to decrease their selling prices in order to compete. Despite of this, majority of paper mills were still forced to shutdown their machines as market share were eaten up by imported mills.

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

Export CM Sales Volume						Ave %
(in MT)	Q1	Q2	Q3	Q4	Total	Inc(Dec)
2019						
2020						
2021						
2022						
2023						

Export CM Sales Amount (in '000 USD)						Ave %
	Q1	Q2	Q3	Q4	Total	Inc(Dec)
2019						
2020						
2021						
2022						
2023						

*Source: UPPC Accounting Team

6.4 MARKET SHARE

- 6.4.1 Provide evidence of the size of the Philippine market, preferably by volume, but otherwise by value, for the last five (5) years.
- 6.4.2 Compare the market share of domestic industry with the share held by imports over the most recent five (5) years where data is available.

DEMAND - RECYCLED CONTAINERBOARDS (Corrugating medium and Testliner)					
YEAR	IMPORTS, Million Tons/yr	PRODUCTION, Million Tons/yr	EXPORTS, Million Tons/yr	TOTAL DEMAND, Million Tons/yr	LOCAL PRODUCTION as % of Total Demand
2019	0.14				
2020	0.15				
2021	0.13				
2022	0.12				
2023	0.20				

*Corrugating medium and Testliner (Imports data sourced from BIS-DTI)

DEMAND - CORRUGATING MEDIUM RECYCLED (CMR)					
YEAR	IMPORTS, Million Tons/yr	PRODUCTION, Million Tons/yr	EXPORTS, Million Tons/yr	TOTAL DEMAND, Million Tons/yr	LOCAL PRODUCTION as % of Total Demand
2019	0.08				
2020	0.08				
2021	0.07				
2022	0.05				
2023	0.11				

*Corrugating medium, recycled (CMR) - Imports Data sourced from BIS-DTI

*Source: Same data with PULPAPEL

* The industry's sales volume drastically decreased last 2023 due to surge in imported corrugating medium during the same period. In 2022, industry's sales volume increased due to expansion of major local mills (UPPC and Bataan 2020).

6.5 PRICES

- 6.5.1 Outline the extent to which the increased imports have affected domestic prices for the most recent five (5) years, where data is available.

In Peso per MT

Average CM (Peso/MT)	Q1	Q2	Q3	Q4	Total CM
2019					
2020					
2021					
2022					
2023					

in Peso/MT

Period	Average Domestic Price	Cost of Sales Including Admin Selling & Expenses
2019		
2020		
2021		
2022		
2023		

**Note: Figures do not include in-land freight*

**Source: UPPC Accounting Team*

2020 – Decrease in price due to drastic decrease in demand due to COVID-19 pandemic, demand in the market drastically declined due to shutdown of some businesses leading to increase in unemployment rate and greatly affecting consumer spending.

2021 – Increase in selling price was due to increased overall market demand because of resumption of global economy after the government started the vaccine rollout.

2022 – Increase in selling price as production costs started to significantly increase due to elevated inflation caused by the Russia-Ukraine War.

2023 – *Influx of imported paper due to slow demand in major markets (China, US, Japan). Majority of large foreign paper mills have excess capacity resulting to offering cheap imported prices to Philippine market in order for them to utilize their production capacity. As a result, Philippine paper mills were forced to decrease their selling prices in order to compete. Despite of this, majority of paper mills were still forced to shutdown their machines as market share were eaten up by imported mills. Taken collectively, these events seriously affected their overall bottomline as illustrated in their financial statements.*

6.6 PROFITS

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

This explanation should be consistent with changes in gross and net profit shown on page 16 above.

	2019	2020	2021	2022	2023
Gross Profit Margin					
Operating margin					
Income(Loss) After Interest (in MP)					
Return on Sales					

**Source: UPPC Accounting Team*

* Please refer to detailed explanation under part 6.5.1

6.7 PRODUCTIVITY

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

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

Year	Production Volume (in MT)	No. of Employees	Labor Productivity (MT/Employee)	Ave % Inc (Dec)
2019				
2020				
2021				
2022				
2023				

**Source: UPPC Accounting and Human Resource Team*

**Increase in number of employees during 2021 for additional personnel for the new paper machine (Paper Machine No. 3).*

6.8 RETURN ON INVESTMENTS

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

	2019	2020	2021	2022	2023
Revenues (in MP)					
Total Assets (Average) (in MP)					
Asset Turnover (No. of Times)					
Asset Turnover (days)					
Return on Sales					
Return on Assets					
Net Income (Loss) (in MP)					
Stockholders' Equity (Common) (in MP)					
Return on Equity (Common)					
Return on Equity					
Total Assets (Average) (in MP)					
Total Equity (Average) (in MP)					
Equity Ratio					
Return on Assets					
x Equity Ratio (Multiplier)					
Return on Equity					

*Source: UPPC Accounting Team

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

	2019	2020	2021	2022	2023
Production Volume (in MT)					
CM					
TLB					
Total					
Ratio of Production Volume					
CM					
TLB					

*Source: UPPC Accounting Team

* The allocation of total assets and total equity for corrugating medium was based on the ratio of production volume for the two products, testliner board and corrugating medium, being produced by the industry.

6.9 USE OF PRODUCTION CAPACITY

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

Production Capacity (in MT)	PM1 (Corrugating Medium)	PM2 (Test Linerboard)	PM3 New Machine (Corrugating Medium)	Total
2019				
2020				
2021				
2022				
2023				

**Source: UPPC Production Team*

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

Period	Capacity (in MT)	Actual Production (in MT)	% Utilization	Remarks
2019				
2020				
2021				
2022				
2023				

**Source: UPPC Production and Accounting Team*

6.10 INVENTORIES

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

Period	Inventory Volume	Inventory Value
	in MT	in Million Pesos
2019		
2020		
2021		
2022		
2023		

Period	Inventory Volume *CM	Ave % Inc (Dec)	Sales Volume *domestic CM	Ave % Inc (Dec)	Production Volume *domestic CM	Ave % Inc (Dec)
2019						
2020						
2021						
2022						
2023						

*Source: UPPC Accounting Team

* Ending inventory increased by 59% as a result of lower sales in 2023.

6.11 OTHER ADVERSE EFFECTS

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

Influx of imported corrugating medium forced local mills to decrease their selling prices in order to compete. Despite of this, majority of paper mills were still forced to shutdown their machines as market share were eaten up by imported mills. Taken collectively, these events seriously affected their overall bottomline as illustrated in their financial statements. Kindly refer to UPPC cash flow in Annex 6.11.1

Environmental Impact – More solid waste in landfills

More solid waste will go to landfills due to lesser production volume of local paper mills who used recovered paper as main raw material. Around 1.1 million tons per year of solid waste are converted to recovered paper and are prevented from going to landfills and the environment.

Social Impact – Potential job loss

The influx of cheap imported paper resulted to decreased local production volume causing several paper mills to shutdown. Around 1.6 million people get their living from recovered paper. They collect used cartons from dump sites, streets and sidewalks. Collectors sell these recovered paper to junk shops and baling stations located across the country.

Economic Impact – Lesser income tax contribution

With the current situation, most local paper mills are experiencing either losses or reduced profits, resulting in negligible income tax returns. In the long run, negative business profits can hinder economic growth by dampening investment, innovation and productivity. Local mills might cut back in their capital expenditures, research and development, and hiring, limiting their capacity to expand operations and contribute to GDP growth.

*Source: Statistics mentioned above are based on estimates from PULPAPEL

6.12 OTHER CAUSES OF INJURY

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

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

PRICE-CONSCIOUS MARKET

The market of the Philippine brown paper industry is generally driven by price more than quality. Local customers may easily trade-off better quality paper to low-priced paper. With the absence of high tariff rates, exporters easily penetrate the market with their export prices lower than Philippine domestic prices.

HIGH OPERATION COST

Moreover, Philippine mills also have high operation costs, such as utility cost and raw material cost, which make local mills uncompetitive to imported paper.

FOREIGN CAPACITY EXPANSIONS

The extensive capacity expansions of these foreign mills are among the major culprits why these foreign producers resort to unfair trade practice. As their local demand dropped, these foreign mills dump their excess capacity to other countries such as the Philippines.

LOCAL CAPACITY EXPANSIONS

Furthermore, Philippine paper mills also expanded their production capacities by investing in new paper machines last 2022. [REDACTED] almost doubled its annual capacity [REDACTED]. Additionally, [REDACTED] had an additional annual capacity [REDACTED]

6.13 IMPORTS BY THE INDUSTRY

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

- *Full description of the product*
- *Details of each shipment (including dates of importation, supplier, country of origin, volume and value (FOB and CIF)*
- *An explanation why the industry has imported the subject product*

Year	UPPC Import Volume (in MT)	Tariff Heading	Country of Origin	Reason for Importing
2019				
2020				
2021				
2022				
2023				

*Source: Sorted import data from BIS

*For other details, please refer to Annex 6.13.1 Outsource Details

The new paper machine of UPPC, Paper Machine No.3 (PM3) had a commercial run last February 2022 which produces high-strength corrugating medium [REDACTED]. The commercial run was originally scheduled earlier but due to the pandemic the facility construction was delayed and extended.

Due to significant increase in capacity, the company did a pre-marketing activity of the corrugating medium that would be produced under PM3 as early as 2020 to secure sales volume. The said high-strength corrugating medium was not yet locally produced during that time that was why a pre-marketing was needed.

7 SAFEGUARD MEASURES SOUGHT

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

Period	CIF (in USD)	<i>in Peso per ton</i>			
		Landed Cost ** (A)	Cost of Sales and Selling & Admin Expenses *	with ____ ROI *** (B)	Safeguard Margin per MT (A-B)
2019					1,839
2020					-433
2021					-1,053
2022					-3,287
2023					-6,622

Note:

* Figures for Landed Cost, and Cost of Sales and Selling & Admin Expense does not include in-land freight

** Figures are non-vat with duty

*** Computation for Reasonable Amount of ROI:

The safeguard measure we are seeking is **Php 6,622 per metric ton**. This is based on the difference between the landed cost and cost of sales with a reasonable amount of return on investment in 2023. The industry used the conservative rate of ____% to get a reasonable amount of return on investment as it is the current rate of interest for bank loans for Q1 2024. With this, the industry deems that the safeguard measure we are seeking is reasonable and logical.

ADJUSTMENT PLAN

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

RA 8800 – SAFEGUARD MEASURES ACT

Application For Safeguard Measure for Corrugating Medium

I hereby apply for a final extension of the safeguard measures for **CORRUGATING MEDIUM** under the tariff headings:

4805.19.10 4805.19.90 4805.12.10 4805.12.90

from (country/ies of export)

Australia, Austria, Belgium, Canada, China and Hongkong, Finland, France, Germany, India, Indonesia, Italy, Japan, Malaysia, Netherlands, Poland, Russia, Singapore, South Africa, South Korea, Spain, Sweden, Taiwan, Thailand, Turkey, United Arab Emirates, United States of America, and Vietnam

In support of this application I attach evidence of:

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

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

This application is made by **United Pulp and Paper Co., Inc. and other members of Pulp and Paper Manufacturers Association of the Philippines (PULPAPEL)** producing like or directly competitive product to those subject to the application comprising a major proportion of the total Philippine production of those products.

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

Signature



Name: **Mr. Jirasak Kaewubol**

Position: **President and CEO**

Date:

DEPARTMENT OF TRADE AND INDUSTRY

SAFEGUARD MEASURES CASE NAME:

APPLICATION OF CORRUGATING MEDIUM INDUSTRY

PUBLIC VERSION

SGM CASE NO. : SG01-2025

DATE : 11 February 2025

**REPORT ON THE INITIATION OF A PRELIMINARY
INVESTIGATION ON THE APPLICATION FOR
SAFEGUARD MEASURES ON THE IMPORTATION OF
CORRUGATING MEDIUM FROM VARIOUS
COUNTRIES**

REPORT ON THE INITIATION OF A PRELIMINARY INVESTIGATION ON THE APPLICATION FOR SAFEGUARD MEASURES ON THE IMPORTATION OF CORRUGATING MEDIUM FROM VARIOUS COUNTRIES

I. INTRODUCTION

This is an evaluation report on the evidence submitted by the Corrugating Medium industry represented by The Pulp and Paper Manufacturers Association of the Phils. (PULPAPEL). Two (2) members of PULPAPEL United Pulp and Paper Co., Inc. (UPPC) and Bataan 2020 Inc., submitted the accomplished application, while the remaining members of the association have expressed their support for the filing of the application for the imposition of safeguard measures on the importation of corrugating medium from various countries.

The corrugating medium industry alleged that serious injury to the domestic industry was caused by the increased imports of corrugating medium which are classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Codes 4805.19.10, 4805.19.90, and 4805.12.00.

A. The Philippine Industry's Petition

A.1 Parties 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"*.

PULPAPEL members manufacture packaging paper and paperboards - corrugating containerboards fluting medium and testliner, bag/wrapping papers, carton boards, graphic papers - printing and writing, newsprint, hygiene/disposable papers - toilet tissue, table napkins, and paper towels.

UPPC is a manufacturer of high-quality industrial grade paper used for corrugated packaging products. UPPC is a subsidiary of the Siam Cement Group Packaging (SCGP), the leading multinational consumer packaging solutions provider in South East Asia. UPPC's paper mill is located in Calumpit, Bulacan producing testliner board and corrugating medium for domestic and export markets. UPPC uses 100% reclaimed paper recovered from its network of baling stations nationwide to produce its products.

Bataan 2020, Inc. is a leading manufacturer of fine quality paper, board, and tissue in the Philippines. Bataan 2020, operates paper mills in Samal, Bataan, and in Baesa Quezon City. Bataan 2020 has been in the industry since 1956, starting with paper making and have grown to include businesses in renewable power generation, tissue converting, chemical, and block ice manufacturing.

A.2 Legal Standing

Under Section 6 of RA 8800, any person whether natural or juridical, belonging to or representing a domestic industry may file for a safeguard measures application, to wit:

“SECTION 6. Initiation of Action Involving General Safeguard Measure. — Any person, whether natural or juridical, **belonging 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 above-cited provision clearly and expressly states that “any person whether natural or juridical, belonging to or representing a domestic industry, may file with the Secretary a verified petition.” Evidently, PULPAPEL, being a juridical entity, belonging to and part of the domestic industry, and having a material interest in the subject issue, falls under the said provision. Thus, it can and may file a verified petition.

Based on the application, there are eleven (11) members of PULPAPEL and four (4) non-members producing corrugating medium. Below is the share of the total domestic production of corrugating medium.

Company	Actual Production in MT	% Share to Total Domestic Production
Petitioner		
PULPAPEL	xxx	90
Non-Member of PULPAPEL	xxx	10
TOTAL	xxx	100.00

Source: PULPAPEL

The Table above shows that PULPAPEL meets the legal requirement to be considered a domestic industry, since PULPAPEL accounts for 90% share of the total domestic production and therefore, constitutes a major proportion of the total production of the concerned product.

A.3 Importers and Exporters of Corrugating Medium

Annexes “A” and “B” are the lists of importers and exporters of corrugated medium during the period of the investigation.

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 Documents Received/Gathered by DTI

On 20 March, 26 April and 13 June 2024, DTI received an application from PULPAPEL, UPPC and Bataan 2020 for the initiation of a safeguard measures investigation on the importation of corrugating medium from various countries.

DTI evaluated the initial documents and informed PULPAPEL, UPPC and Bataan 2020 to submit additional data. On 09 October 2024, additional data were submitted by the industry, i.e. product description, raw materials used, and employment, among others.

II. THE PROCESS OF INITIATION OF INVESTIGATION

A. Acceptance of the Petition

In accepting the petition, the Secretary relied on the following provisions of the IRRs of RA 8800:

Rule 6.3 b. provides, *"the Secretary shall preliminary screen the application if the following conditions are met:*

- i. The application is signed;*
- ii. All relevant questions are answered or the reasons for the absence of information are given; and*
- iii. The attachments to the application are complete".*

Rule 6.3 c. provides, *"failure to supply all the information sought in the application will lead to the non-acceptance thereof. The Secretary shall check the consistency of the information provided in the application against other information available to him. The Secretary shall clarify any unclear or ambiguous statement with the applicant".*

Rule 6.3 d. provides, *"as soon as the requirements are completed, the Secretary shall acknowledge in writing that he has already accepted a properly documented application. The date of the Secretary's letter shall be considered as day zero (0) of the five (5) calendar days within which he is required to determine whether there is sufficient evidence to justify the initiation of an investigation. The Secretary shall issue the letter as soon as practicable from his receipt of a properly documented application. If the applicant decides to give the Secretary further information in support of an*

application, the five (5) day period herein mentioned shall commence from the date of the submission of the new information. After this period, the Secretary shall no longer entertain any information that may be provided by the applicant".

On 07 February 2025, the Secretary officially informed PULPAPEL, UPPC and Bataan 2020 that their petitions have been accepted as a properly documented application.

B. Decision to Initiate

Rule 6.4 a. of the IRRs of RA 8800 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".

III. 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. Relevant Provisions on Initiation of Investigation

Section 6 paragraphs 1 and 2 of RA 8800 states that, "any person, whether natural or juridical, belonging 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) a 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"*.

IV. THE EVIDENCE PRESENTED BY THE INDUSTRY

A. The Product Subject of 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 corrugating medium with the locally produced corrugating medium is required to determine if these are like or directly competitive products.

A.1 Domestic Product

Locally produced corrugating medium are made from 100% recycled paper. It is the fluted portion of the corrugated board placed in the middle of two liner boards which provides stacking strength and impact protection. There are various basis weights of corrugating medium produced and made available to the market to cater to different industries and specifications.

Corrugated board is made by conversion process in which three or more layers of paper (or board) are laminated together. The middle ply, which is called fluting medium or corrugating medium, is corrugated during the process and the outer layers, called the linerboard, are glued to the peaks, thus making a liner-fluting-liner sandwich.

The imported product being considered in this petition is corrugating medium. Corrugating medium or Fluting medium, are converted into corrugated boxes which protect products from possible damage during shipment and storage.

These corrugated boxes are also designed for piling or stacking to withstand top and side pressure, and for crush resistance.

A.1.1 Uses and Applications

Locally produced corrugating medium, together with liner boards, are converted into corrugated boxes which protect products from possible damage during shipment and storage. These corrugated boxes are also designed for piling or stacking to withstand top and side pressure, and for crush resistance.

A.1.2 Production Process

The paper manufacturing and operation of corrugating medium and liner board consist of five stages: stock preparation, sheet formation, pressing, drying and rewinding.

xxx

2. Distribution Channel:

Corrugating medium are sold directly to box-makers and converters in the form of paper rolls. Box makers and converters, in turn, manufacture the container boards into corrugated boxes. The corrugated boxes are sold to end-users such as consumer and food companies for their packaging use.

A.2 Imported Product

A.2.1 Product Description under the Tariff and Customs Code 4805.

Heading No.	2022 AHTN Code	Description
4805		Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter
		- Fluting Paper
	4805.19.10	--- Weighing more than 150 g/m ² but less than 225 g/m ²
	4805.19.90	--- Other
	4805.12.00	-- Straw fluting paper

Source: Tariff Commission (Tariff Administration and Policy including AHTN 2022 Edition)

A.2.2 Tariff Schedule of Corrugating Medium

AHTN	Description	2022 Rates of Duty (%)							
		MFN	ATIGA	AIFTA	ACFTA	AJCEPA	AHKFTA	AKFTA	AANZFTA
4805	Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter - Fluting Paper								
4805.19.10	--- Weighing more than 150 g/m ² but less than 225 g/m ²	7	0	5	5	0	0	0	0
4805.19.90	--- Other	7	0	5	5	0	7	0	0
4805.12.00	-- Straw fluting paper	7	0	5	7	0	7	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 Favored Nation
ATIGA	ASEAN Trade in Goods Agreement
AIFTA	ASEAN-India Free Trade Area
ACFTA	ASEAN-China Free Trade Area
AJCEP	ASEAN-Japan Comprehensive Economic Partnership
AHKFTA	ASEAN-Hong Kong, China Free Trade Area
AKFTA	ASEAN-Korea Free Trade Area
AANZFTA	ASEAN-Australia-New Zealand Free Trade Area

B. Comparison between Imported and Domestic Product

Locally produced corrugating medium are directly competitive with the imported ones because of the subsequent characteristics:

- i. Fall under the same tariff classification
- ii. Same end use and applications
- iii. Made from same raw materials
- iv. Use similar methods of production and processes

The tariff heading, appearance, physical characteristics, end-use, general manufacturing process and raw materials of corrugating medium produced by Philippine producers are the same as imported corrugating medium.

The only difference in corrugating medium produced by Philippine producers and imported corrugating medium is on the marketing/distribution system.

Corrugating medium by Philippine producers are sold directly to box-makers and converters. On the other hand, imported corrugating medium are distributed in the Philippines by local agents. These agents serve as middlemen between the exporters (foreign producers) and the importers (box-makers and converters). Box makers and converters convert the corrugating medium to corrugated boxes which are then sold to end-users.

C. Period of Investigation

The POI covers imports of corrugating medium from 2019 to 2023. The domestic corrugating medium 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.

D. 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."*

D.1 Volume of Imports

- The DTI has evaluated whether the product in question is being imported in increased quantities, either absolutely or relative to domestic production, and whether these imports are on terms or conditions that could cause, or threaten to cause, serious injury to the local corrugating medium industry during the past (5) five years up to the most recent data available sourced from the Bureau of Customs (BOC).

Aside from the AHTN Code Nos. 4805.19.10 and 4805.19.90, the tariff classification under AHTN Code No. 4805.12.00 (straw fluting), with the commodity description "corrugating medium," was included in the import data for proper accounting of the import statistics. It is important to note that the actual volume under this tariff heading is minimal and has little impact on the final statistics.

Table 1 shows the volume of imported corrugating medium that arrived in the Philippine market from 2019 to 2023, with updates available until June 2024.

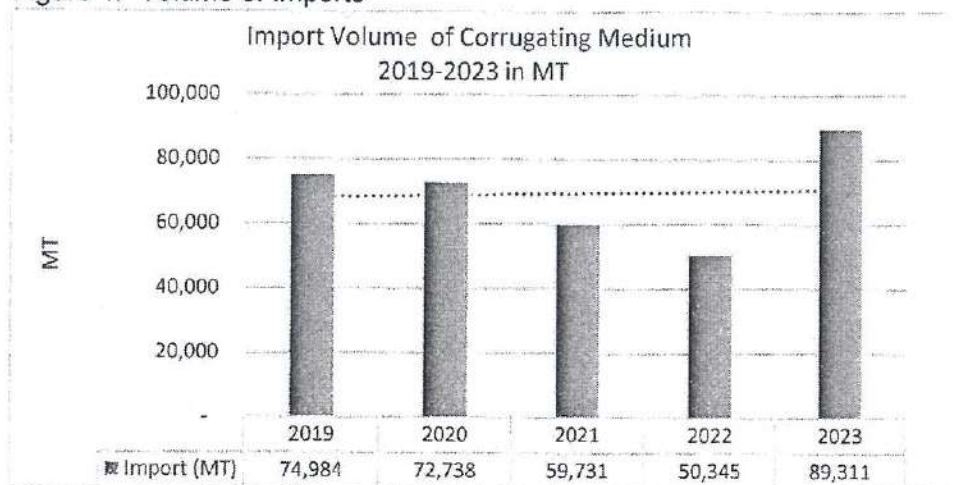
D.1.1. Absolute Terms - Import Volume – Corrugating Medium

Table 1: Import Volume of Corrugating Medium (2019 – June 2024) in MT

Year	2019	2020	2021	2022	2023	2024 (Jan. - June)	Annualized 2024
Import Volume (MT)	74,984	72,738	59,731	50,345	89,311	92,955	185,910
Growth Rate (%)	-	(3)	(18)	(16)	77	-	-

Source: Bureau of Customs – Single Administrative Document (BOC-SAD)

Figure 1: Volume of Imports



The importation of corrugating medium in 2019 was recorded at about 75,000MT with a slight 3% decline in 2020. It steadily decreased in 2021 and 2022 by 18% and 16% respectively, which may be attributed to the economic slowdown due to the Covid-19 pandemic. However, imports of the subject product rose sharply in 2023 by 77% (to about 89,000MT). In the first half of 2024, the import volume had already reached around 93,000MT or 104% of the 2023 level.

Annualized 2024 imports increased more than double to approximately 186,000MT from around 93,000MT in 2023.

D.1.2. Share of Imports (by Country) of Corrugating Medium

The biggest suppliers of corrugating medium are Japan, Indonesia, Australia, and Viet Nam during the POI.

Table 2: Share of Imports (by country) in MT

COUNTRY	PERIOD OF INVESTIGATION (POI) – 2019 to 2023										Imports (MT) 2024 (Jan-Jun)	% Share
	Imports (MT) 2019	% Share	Imports (MT) 2020	% Share	Imports (MT) 2021	% Share	Imports (MT) 2022	% Share	Imports (MT) 2023	% Share		
Australia	30,562	40.76%	20,727	28.50%	7,188	12.03%	525	1.04%	12,310	13.78%	93	0.10%
Indonesia	3,901	5.20%	2,826	3.89%	1,024	1.71%	6,062	12.04%	14,988	16.78%	17,622	18.96%
Japan	6,624	8.83%	20,194	27.76%	23,711	39.70%	35,496	70.51%	40,792	45.67%	38,051	40.94%
Viet Nam	3,129	4.17%	4,189	5.76%	11,366	19.03%	5,779	11.48%	13,788	12.79%	1,657	1.78%
Total Major Sources	44,216	58.97%	47,936	65.90%	43,289	72.47%	47,863	95.07%	79,512	89.03%	57,422	61.77%
Total Other Sources	30,767	41.03%	24,802	34.10%	16,442	27.53%	2,482	4.93%	9,799	10.97%	35,533	38.23%
Grand Total	74,984	100%	72,738	100%	59,731	100%	50,345	100%	89,311	100%	92,955	100%

Other sources of corrugating medium include UAE, Austria, Belgium, Canada, PROC, Germany, Spain, Finland, India, Italy, South Korea, Malaysia, Netherlands, Poland, Russia, Sweden, Singapore, Thailand, Türkiye, Chinese Taipei, and South Africa

Country	2019	% Share	2020	% Share	2021	% Share	2022	% Share	2023	% Share	2024 Jan- June	% Share
United Arab Emirates (UAE)	6,463	8.62%	1,383	1.90%	1,740	2.91%	-	-	626	0.70%	-	-
Austria	76	0.10%	50	0.07%	-	-	-	-	-	-	-	-
Belgium	-	-	72	0.10%	-	-	-	-	-	-	17	0.02%
Canada	249	0.33%	-	-	216	0.36%	-	-	-	-	-	-
PROC	8	0.01%	27	0.04%	39	0.07%	60	0.12%	2,398	2.68%	30,576	32.89%
Germany	-	-	-	-	41	0.07%	-	-	-	-	-	-
Spain	144	0.19%	-	-	-	-	-	-	-	-	-	-
Finland	-	-	148	0.20%	1,178	1.97%	73	0.14%	1,723	1.93%	394	0.42%
India	-	-	-	-	-	-	-	-	81	0.09%	66	0.07%
Italy	-	-	-	-	-	-	-	-	-	-	17	0.02%
Republic of Korea	1,626	2.17%	385	0.53%	1,610	2.70%	-	-	239	0.27%	555	0.60%
Malaysia	1,360	1.81%	3,036	4.17%	2,882	4.82%	-	-	-	-	129	0.14%
Netherlands	70	0.09%	104	0.14%	-	-	-	-	-	-	-	-
Poland	-	-	191	0.26%	-	-	-	-	-	-	-	-
Russian Federation	1,026	1.37%	829	1.14%	1,526	2.55%	1,122	2.23%	-	-	-	-
Sweden	1,954	2.62%	2,944	4.05%	1,150	1.93%	1,063	2.11%	532	0.60%	213	0.23%
Singapore	-	-	-	-	-	-	-	-	0.0002	0.0000002%	21	0.02%

Thailand	14,510	19.35%	12,053	16.57%	3,358	5.62%	74	0.15%	1,837	2.06%	3,358	3.61%
Türkiye	-	-	-	-	-	-	-	-	1,651	1.85%	-	-
Chinese Taipei	3,271	4.36%	3,579	4.92%	2,703	4.53%	90	0.18%	402	0.45%	16	0.02%
South Africa	-	-	-	-	-	-	-	-	310	0.35%	171	0.18%
Total: Other Sources	30,767	41%	24,802	34%	16,442	28%	2,482	5%	9,799	11%	35,533	38%

Source: Bureau of Customs (BOC-SAD)

D.2. Relative Terms

D.2.1 Corrugating Medium

Table 3: Comparison of Volume of Imports to Domestic Production of Corrugating Medium (2019-2023) in MT

Year	Imports (MT)	Production (MT)*	% Share of Imports to Domestic Production
2019	74,984	100	xxx
2020	72,738	76	xxx
2021	59,731	89	xxx
2022	50,345	124	xxx
2023	89,311	127	xxx

Sources: Import Volume - Bureau of Customs (BOC-SAD)

Domestic Production - Domestic Industry (UPPC and Bataan 2020, Inc.)

*Figures indexed due to confidentiality

The share of imports represented a significant share proportionate to production during the POI.

In 2019, the share of imports relative to production was almost 70%. From 2020 to 2022, the percentage of imports to domestic production dropped from 70% to 50%.

In 2023, the ratio of imports to domestic production rose sharply to almost 85%. While domestic production slightly increased, imports grew at a significantly faster rate, outpacing production growth.

In view of the above, it can be concluded that there has been a recent, sudden, sharp and significant increase in imports, both in absolute and relative terms.

D.3 Top 10 Importers and Exporters of Corrugating Medium

D.3.1 Top 10 Importers of Corrugating Medium

Table 4: Top 10 Importers of Corrugating Medium (2019– 2023) in MT

NO.	IMPORTER	2019	2020	2021	2022	2023	Total 2019-2023	% Share
1	CORBOX CORPORATION	29,029	24,598	21,558	18,018	18,644	111,848	32.22%
2	TWINPACK CONTAINER CORPORATION	14,849	11,937	9,392	1,160	19,870	57,208	16.48%
3	SC BROTHERS PACKAGING CORP.	6,137	7,497	6,453	16,577	19,803	56,467	16.27%
4	PHILIPPINE INTL TRADING CORPORATION	-	8,771	8,835	3,806	4,082	25,495	7.34%
5	TRIPLE STAR PACKAGING CORP.	2,991	1,712	1,796	1,123	2,823	10,445	3.01%
6	WELL-PACK CONTAINER CORP.	1,853	1,922	75	1,965	1,884	7,699	2.22%
7	JENNSON PACKAGING CORPORATION	3,942	2,439	-	-	694	7,076	2.04%
8	PRECISION CRESTEC INC.	2,073	2,788	1,343	-	71	6,275	1.81%
9	MIESTO INTERNATIONAL FOODS CORP.	291	1,031	2,071	644	2,190	6,228	1.79%
10	STANDARD CORRUGATED BOX INC.	1,840	1,781	779	874	928	6,203	1.79%
<i>Total: Top 10 Importers</i>		63,006	64,476	52,303	44,167	70,990	294,943	84.97%
<i>Other Importers</i>		11,977	8,261	7,427	6,178	18,321	52,165	15.03%
Grand Total:		74,984	72,738	59,731	50,345	89,311	347,108	100.00%

Source: Bureau of Customs (BOC-SAD) – Import Volume

D.3.2 Top 10 Exporters of Corrugating Medium

Table 5: Top 10 Exporters of Corrugating Medium (2019– 2023) in MT

NO.	COUNTRY	EXPORTER	2019	2020	2021	2022	2023	Grand Total	% Share
1	Japan	KYOKUYO COMPANY LIMITED	4,373	15,805	17,657	31,225	30,039	99,099	28.55%
2	Australia	VISY TRADING SINGAPORE PTE.LTD.	30,562	20,599	7,188	525	8,982	67,857	19.55%
3	Thailand	SIAM KRAFT INDUSTRY CO., LTD	14,510	11,334	935	74	1,222	28,076	8.09%
4	Viet Nam	VINA KRAFT PAPER CO., LTD	1,643	2,909	7,595	1,489	62	13,698	3.95%
5	Indonesia	P.T. INDAH KIAT PULP & PAPER TBK	-	-	622	749	11,252	12,623	3.64%
6	United Arab Emirates	UNION PAPER MILLS	6,463	1,383	1,740	-	626	10,212	2.94%
7	Japan	MARUBENI CORPORATION	-	-	49	-	9,173	9,222	2.66%
8	Viet Nam	HUNG THINH PHAT EXPORT IMPORT AND TRADING CO., LTD.	-	-	379	2,794	3,932	7,106	2.05%
9	Japan	RENGO CO., LTD	1,346	2,616	2,720	-	387	7,069	2.04%
10	Sweden	BILLERUDKORSNAS AB	1,740	2,944	1,150	1,063	-	6,897	1.99%
<i>Total: Top 10 Exporters</i>			60,637	57,591	40,036	37,920	65,675	261,859	75.44%
<i>Other Exporters</i>			14,347	15,146	19,695	12,426	23,636	85,249	24.56%
Grand Total:			74,984	72,738	59,731	50,345	89,311	347,108	100.00%

Source: Bureau of Customs (BOC-SAD) – Import Volume

V. 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."

A. Share of the Domestic Industry

Market Size and Share

Table 6: Total Apparent Philippine Market (in MT) – Imported Corrugating Medium and Domestic Sales

Year	Imports (MT)	Domestic Sales (MT)*	Total Philippine Market*	Market Share	
				Domestic Industry	Imports
2019	74,984	100	100	xxx	xxx
2020	72,738	81	88	xxx	xxx
2021	59,731	93	88	xxx	xxx
2022	50,345	101	87	xxx	xxx
2023	89,311	100	108	xxx	xxx

Sources: Bureau of Customs (BOC-SAD) – Import Volume
Domestic Industry (UPPC and Bataan, 2020 Inc.) – Domestic Sales Volume
*Figures indexed due to confidentiality

The apparent Philippine market was at its peak in 2023 at about x x x MT.

In 2019, total apparent demand was approximately x x x MT, but it declined by 12% in 2020. This decrease was driven by a 12% drop in sales and a 3% reduction in imports. The industry attributed the decline in the market demand to the shutdown of several businesses, which led to increased unemployment and greatly impacted consumer spending.

In 2021 and 2022, apparent demand further declined by less than 1% for both years. However, in 2022, the industry's sales volume increased due to the expansion of major local mills, such as UPPC and Bataan 2020, Inc. The new paper machines began commercial operations, offering high-strength products and lower basis weight regular grades to meet consumer needs.

In 2023, the total apparent market reached a record high of approximately x x x MT. This growth was driven by a 77% increase in imports, while sales of domestic products declined by 2%. The domestic industry claimed that despite the expansion of local mills, imports have hindered new projects from fully utilizing their production capacities, leading to machine shutdowns in 2022 and 2023. Consequently, the domestic industry was forced to lower selling prices to compete with imports, resulting to continued business shutdowns as imports grew and captured a significant share of the Philippine market.

On the other hand, the market share of domestic sales relative to Philippine market fluctuated from 2019 to 2023, ranging from a high of 68% to a low of 54%. In 2023, the domestic industry's market share dropped to 54% due to a 2% decline in sales, while imports captured 46% of the market. Despite a 24% increase in consumption demand in 2023, the domestic industry was unable to take advantage of the market growth.

B. Sales, Production, Ending Inventory and Capacity Utilization

B.1 Domestic Sales

Table 7: Domestic Sales Volume and Value

Year	Sales Volume (MT)*	% Increase (Decrease)	Sales Value (Php Million)*	% Increase (Decrease)
2019	100	-	100	-
2020	81	(18.51)	77	(22.97)
2021	93	14.63	113	47.04
2022	101	8.55	139	22.43
2023	100	(1.86)	123	(11.67)

Source: Domestic Industry

*Figures indexed due to confidentiality

The industry's domestic sales volume and value decreased by 19% and 23%, respectively in 2020. According to the domestic industry, the 2019 sales volume is in line with growth demand, however, the demand drastically declined in 2020 due to shutdown of some businesses, leading to increase in unemployment thereby greatly affecting consumer spending.

The domestic industry's sales volume recovered by a 15% increase in 2021 and further by 9% increase in 2022. Sales value likewise increased by 47% in 2021 and 22% in 2022. According to the domestic industry, there was an increase in overall market demand because of the resumption of global economy in 2021 and further increase in sales volume in 2022 was due to the commercial run of new paper machines offering high strength corrugating medium.

In 2023, domestic sales volume and value declined by 2% and 12%, respectively. According to the domestic industry, sales declined due to surge in imported paper caused by slow demand in major markets (China, US, and Japan). Majority of large foreign mills have excess capacity resulting to the offering of cheap imported prices to the Philippine market in order for them to utilize their production capacity. As a result, Philippine paper mills were forced to decrease their selling prices in order to compete. Despite this, majority of paper mills were still forced to shut down their machines as market share were eaten up by imported mills.

B.2. Export Sales

Table 8: Export Sales Volume and Value

Year	Sales Volume (MT)*	% Increase (Decrease)	Sales Value ('000 USD)*	% Increase (Decrease)
2019	100	-	100	-
2020	0	(100.00)	0	(100.00)
2021	37	100.00	154	100.00
2022	714	1,849.56	137	(10.66)
2023	823	15.36	100	(27.40)

Source: Domestic Industry – UPPC only

*Figures indexed due to confidentiality

The industry did not export in 2020 due to the shutdown of some businesses during the pandemic. The industry's export sales volume recovered in 2021 and increased by 1,850% in 2022 and further by 15% in 2023. However, export sales value declined by 11% in 2022 and further by 27% in 2023.

B.3 Production

Table 9: Total Production

Year	2019	2020	2021	2022	2023
Production (MT)*	100	76	89	124	124
% Increase (Decrease)	-	(24.13)	16.71	39.63	0.14

Source: Domestic Industry

*Figures indexed due to confidentiality

The industry's production volume declined by 24% in 2020 and increased by 17% and 40% in 2021 and 2022, respectively. In 2023, production slightly increased by less than 1% while sales volume declined by less than 2%.

B.4 Finished Goods Inventory

Table 10: Finished Goods Inventory

Year	Volume (MT)*	% Increase (Decrease)	Value (Php Million)*	% Increase (Decrease)
2019	100		100	
2020	109	9.50	103	3.05
2021	225	105.53	267	158.45
2022	426	89.20	538	102.03
2023	638	49.86	710	31.81

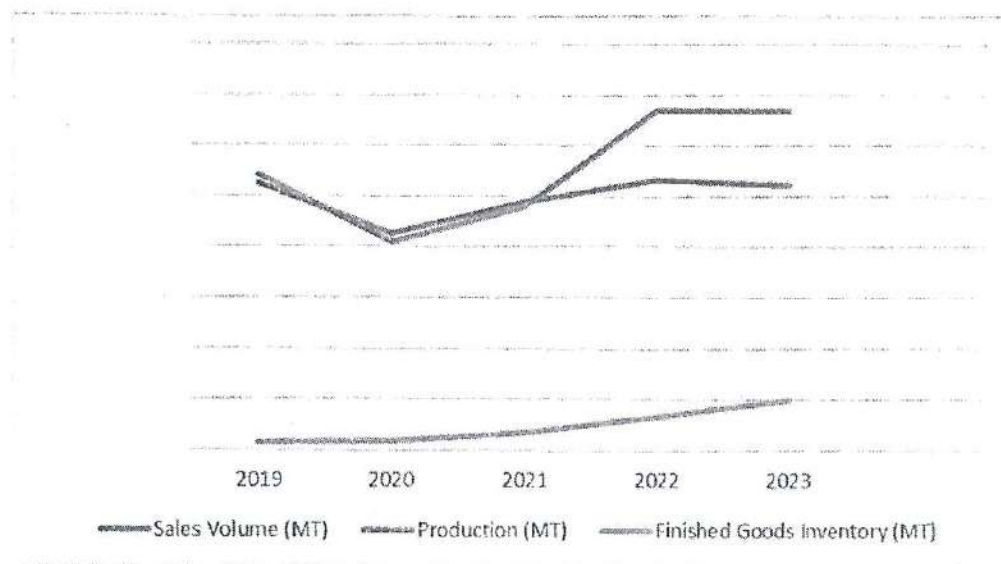
Source: Domestic Industry

*Figures indexed due to confidentiality

The finished goods inventory volume increased year-on-year during the POI by 10% in 2020, 106% in 2021, 89% in 2022 and 50% in 2023. The finished goods inventory value, likewise increased year-on-year by 3% in 2020, 258% in 2021, 102% in 2022, and 32% in 2023.

The industry recorded in 2023 its highest finished good inventory volume and value.

Figure 2: Sales, Production and Finished Goods Inventory Volume



Based on the figure above, the production volume follows the trend of sales volume from 2019 to 2021. Finished goods inventory continued to increase from 2021 to 2023 due to the increase in production greater than the increase in sales from 2021 to 2022 and a decline in sales in 2023.

B.4 Capacity Utilization

Table 11: Capacity Utilization

Year	Rated Capacity (MT)*	Production (MT)*	Capacity Utilization Rate (%)	% Increase (Decrease)
2019	100	100	63.72	-
2020	100	76	48.34	(24.13)
2021	100	89	56.42	16.71
2022	168	124	46.81	(17.04)
2023	194	124	40.62	(13.22)

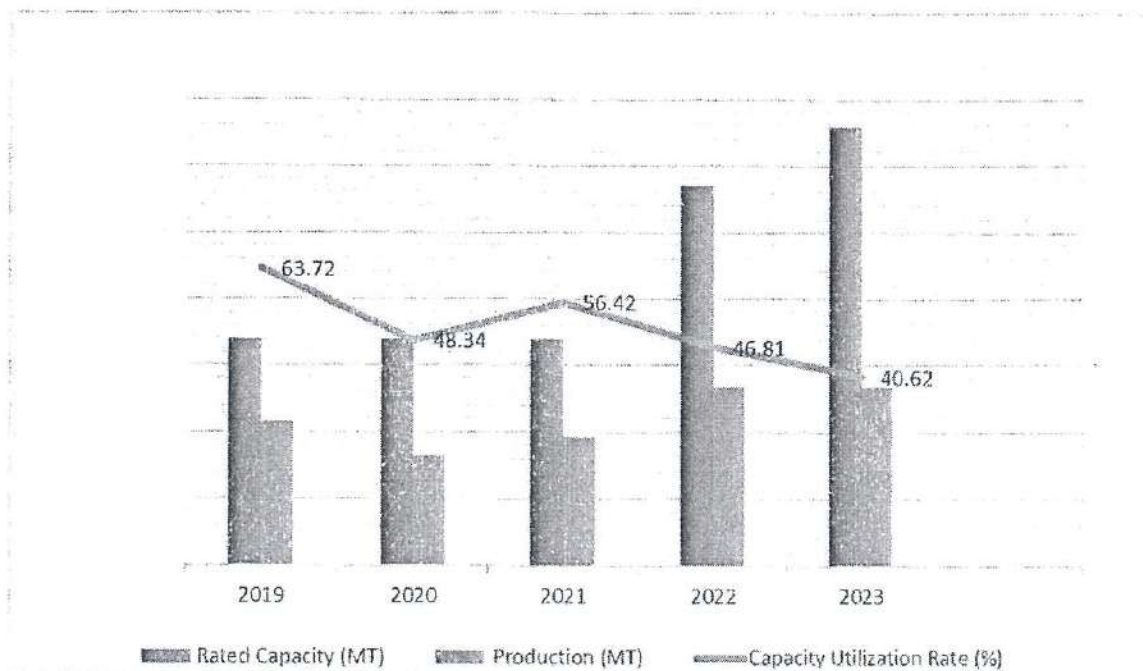
Source: Domestic Industry

*Figures indexed due to confidentiality

The capacity utilization declined in 2020 by 24% due to the onslaught of the pandemic. In 2021, capacity utilization increased by 17%. One of the companies produce corrugating medium at its full capacity from 2019 to 2021, with some being produced in other paper machine to serve customer requirements.

In 2022 and 2023, the industry purchased additional paper machine which produces high strength corrugating medium. According to the industry, the commercial run was originally scheduled earlier, but due to the pandemic, the facility construction was delayed and extended. Owing to the significant increase in capacity, the industry did a pre-marketing activity of the corrugating medium as early as 2020-2021 to secure sales volume. In 2022, the industry reached a 47% capacity utilization rate while in 2023, the capacity utilization declined to 41%.

Figure 3: Rated Capacity, Production and Utilization Rate



Based on the above figure, capacity utilization has been declining since the start of the POI which is a combination of the increase in rated capacity but not with the same magnitude of increase in production. The industry recorded its lowest capacity utilization in 2023 at 41%.

C. Financial Performance/ Profitability

C.1 Profit and Loss

Table 12: Operating Profit (Loss) – M Php

Particulars	2019	2020	2021	2022	2023	% Increase (Decrease) (2019 vs.2020)	% Increase (Decrease) (2020 vs.2021)	% Increase (Decrease) (2021 vs.2022)	% Increase (Decrease) (2022 vs.2023)
Sales*	100	77	114	143	114	(22.97)	47.90	25.53	(20.34)
Cost of Goods Sold*	100	83	112	150	134	(16.73)	34.87	33.85	(10.99)
Gross Profit*	100	27	127	84	(47)	(73.44)	378.13	(33.99)	(155.94)
Selling, General and Administrative Expenses*	100	129	121	140	146	28.83	(6.29)	15.67	4.52
Operating Profit (Loss)*	100	(61)	132	36	(212)	(160.77)	317.72	(72.67)	(685.11)

Source: Domestic Industry

*Figures indexed due to confidentiality

The industry's gross profit declined by 74% and recorded its first operating loss in 2020.

In 2021, the industry recovered from the pandemic, recording an increase in the gross profit by 378% and an increase in operating profit by 318%. The domestic industry mentioned that the domestic selling price increased in 2021 due to increased overall market demand because of the resumption of the global economy.

While there is an increase in selling price in 2022, gross profit declined by 34% while operating profit declined by 73%. According to the industry, there was an increase in selling price but the production costs escalated due to elevated inflation and the Russia-Ukraine war.

In 2023, the industry recorded a gross loss and an operating loss. According to the industry, the influx of imported paper due to slow demand in major markets (China, US, Japan) affected the domestic industry's share. Majority of large foreign mills have excess capacity resulting to offering cheap imported prices to PH market. As a result, PH paper mills were forced to decrease their selling prices in order to compete. Despite this, majority of paper mills were still forced to shut down their machines as market share were eaten up by imported mills. Taken collectively, these events seriously affected their overall bottom line as illustrated in their financial statements.

C.2 Return on Sales

Table 13: Return on Sales

Particulars	2019	2020	2021	2022	2023
Sales (M Php)*	100	77	114	143	114
Operating Profit (M Php)*	100	(61)	132	36	(212)
Return on Sales	xxx	xxx	xxx	xxx	xxx

Source: Domestic Industry

*Figures indexed due to confidentiality

Return on Sales (ROS) is a profitability ratio which provides insight into how much profit is being produced per peso of sales.

Return on sales (ROS) based on operating profit have been declining during the POI except for 2021 which recorded its highest ROS. ROS decreased in 2022. In 2023, there is a loss on sales, even higher than the recorded loss on sales in 2020 during the pandemic.

D. Employment and Labor Productivity

D.1 Employment

Table 14: Employment

Year	Employees for Production*	% Increase (Decrease)
2019	100	
2020	99	(1.50)
2021	106	8.03
2022	109	2.41
2023	115	5.69

Source: Domestic Industry

*Figures indexed due to confidentiality

The table above shows the direct labor personnel for the production of corrugating medium. Employment in 2020 relatively decreased by 1.5% while it continued to increase year-on-year by 8% in 2021, further by 2% in 2022, and by 6% in 2023.

According to the domestic industry, the increase in employment starting in 2021 is due to the additional personnel required in the operation of the newly purchased paper machine.

D.2 Productivity

Table 15: Productivity

Year	Production Volume (MT)*	Employees for Production*	Labor Productivity (MT/employees)	% Increase (Decrease)
2019	100	100	xxx	-
2020	76	99	xxx	(22.98)
2021	89	106	xxx	8.04
2022	124	109	xxx	36.35
2023	124	115	xxx	(5.24)

Source: Domestic Industry

*Figures indexed due to confidentiality

The labor productivity decreased by 23% in 2020, increased by 8% in 2021 and increased sharply by 36% in 2022. However, in 2023, labor productivity declined by 5% resulting from a slight increase in production and a sustained increase in employment.

E. Price Effects

E.1 Cost to Produce

Table 16: Cost to Produce per MT

Particulars	2019	2020	2021	2022	2023
Raw Materials (M Php)*	100	76	133	208	139
Direct Labor (M Php)*	100	140	150	155	235
Manufacturing Overhead (M Php)*	100	79	90	150	176
Cost to Produce (M Php)*	100	79	109	174	161
Production Volume (MT)*	100	76	89	124	124
COP per unit (Php/ MT)*	100	104	123	141	130
% Increase (Decrease)		3.64	18.29	15.08	(8.07)

Source: Domestic Industry

*Figures indexed due to confidentiality

The industry's production cost per unit increased year-on-year from 2019 to 2022 by 4%, 18% and 15%, respectively. In 2023, production cost declined by 8%.

E.2 Price Undercutting

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

There is a price undercutting of 3.28% in 2023. The major sources in 2023 with recorded price undercutting are Australia at 3.23%, Indonesia at 4.83% and Japan at 7.55%, only Viet Nam did not record price undercutting.

Table 17: Comparison between Landed Cost of Imports and Average Domestic Selling Price in 2023

YEAR	* Ex-factory Price of Domestic Industry (PhP/MT)	**Landed Cost of Imports (PhP/MT)	% Difference
Australia	xxx	xxx	3.23
Indonesia	xxx	xxx	4.83
Japan	xxx	xxx	7.55
Viet Nam	xxx	xxx	(5.79)
2023	xxx	xxx	3.28

Source: * Domestic Industry
**BOC – SAD

E.3 -Price Depression

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

During the period of investigation, price depression was recorded in 2020 at 5.61%, and in 2023 at 14.78% on local corrugating medium.

Table 18: Price Depression

Year	Ave. Ex-factory Price of Domestic Industry (P/MT)*	% Increase/ (Decrease)
2019	100	-
2020	94	(5.61)
2021	119	26.25
2022	135	12.92
2023	115	(14.78)

Source: Domestic Industry
*Figures indexed due to confidentiality

E.4 Price Suppression

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

During the period of investigation, no price suppression was recorded on the local corrugating medium.

Table 19: Price Suppression of Local Corrugating Medium (P/MT)

Year	Ave. Ex-factory Price*	Cost of Production*	Difference*	% Difference
	(P/MT)	(P/MT)	(P/MT)	
2019	100	100	100	13.76
2020	94	104	27	3.61
2021	119	123	94	10.57
2022	135	141	87	8.50
2023	115	130	5	0.58

Source: Domestic Industry

*Figures indexed due to confidentiality

L. Other Adverse Effects

The influx of imported corrugating medium forced local mills to decrease their selling prices in order to compete. Despite this, the majority of paper mills were still forced to shut down their machines as market share were eaten up by imported corrugating medium. Taken collectively, these events seriously affected their overall bottom line.

a) Environmental Impact — More solid waste in landfills

More solid waste will go to landfills due to lesser production volume of local paper mills that use recovered paper as the main raw material. Around 1.1 million tons per year of solid waste are converted to recovered paper and are prevented from going to landfills and the environment.

b) Social Impact — Potential job loss

The influx of cheap imported paper resulted to decreased local production volume causing several paper mills to shut down. Around 1.6 million people get their living from recovered paper. They collect used cartons from dump sites, streets, and sidewalks. Collectors sell these recovered papers to junk shops and baling stations located across the country. Around 8,000 collectors earn money from selling recovered papers to bring home food to feed their families. Furthermore, there are 6,000 regular employees in 22 paper mills in the Philippines.

c) Economic Impact — Lesser income tax contribution

With the current situation, most local paper mills are experiencing either losses or reduced profits, resulting in negligible income tax returns. In the long run, negative business profits can hinder economic growth by dampening investment, innovation,

and productivity. Local mills might cut back in their capital expenditures, research and development, and hiring, limiting their capacity to expand operations and contribute to GDP growth.

M. Other Causes of Injury

Price-Conscious Market

The market of the Philippine brown paper industry is generally driven by price more than quality. Local customers may easily trade-off better quality paper to low-priced paper. With the absence of high tariff rates, exporters easily penetrate the market with their export prices lower than Philippine domestic prices.

High Operation Cost

Philippine mills also have high operation costs, such as utility cost and raw material cost, which make local mills uncompetitive to imported paper.

Foreign Capacity Expansions

The extensive capacity expansions of these foreign mills are among the major culprits why these foreign producers resort to unfair trade practice. As their local demand dropped, these foreign mills dump their excess capacity to other countries such as the Philippines.

VI. FINDINGS AND CONCLUSIONS

A. Volume of Imports

A.1 In Absolute Terms

- In 2019 and 2020, imports ranged from approximately 73,000MT to 75,000MT. In 2023, imports significantly increased by 77% to 89,311MT.
- In the first half of 2024, imports reached 92,955MT, a 104% increase of the 2023 level.
- Japan, Indonesia, Australia, and Viet Nam are the biggest suppliers of corrugating medium during the POI.

A.2 In Relative Terms

- Share of imports represented a significant share proportionate to production during the POI.
- In 2023, the share of imports relative to production rose significantly to almost 85%. While domestic production increased by approximately 2%, imports surged by 77%, outpacing the growth of production.

B. Serious Injury

B.1. Market Size and Share

- The apparent Philippine market was at its peak in 2023
- Market share of the domestic industry plunged to almost 54% in 2023, as sales declined by 2%, while imports captured 46% of the market. Despite a 24% increase in consumption demand and plant expansions in 2022, the domestic industry was not able to take advantage of the market growth.

B.2. Domestic Sales Volume and Value

- Sales volume recovered from the 2020 pandemic with an increase of 15% in 2021 and further by 9% in 2022. Sales value likewise increased by 47% in 2021 and 22% in 2022.
- In 2023, domestic sales volume and value declined by 2% and 12%, respectively.

B.3 Production

a. Total Production

- The industry's production volume declined by 24% in 2020 and increased by 17% and 40% in 2021 and 2022, respectively. In 2023, production slightly increased by less than 1% while sales volume declined by less than 2%.

b. Capacity Utilization

- The capacity utilization declined in 2020 by 24%. In 2021, capacity utilization increased by 17%. In 2022 and 2023, the industry purchased additional paper machine which produces high-strength corrugating medium.

c. Inventories

- The finished goods inventory volume increased year-on-year during the POI by 10% in 2020, 106% in 2021, 89% in 2022 and 50% in 2023.
- The finished goods inventory value, likewise increased year-on-year by 3% in 2020, 258% in 2021, 102% in 2022, and 32% in 2023.

d. Cost to Produce

- The industry's production cost per unit increased year-on-year from 2019 to 2022 by 4%, 18% and 15%, respectively. In 2023, production cost declined by 8%.

B.4 Profitability

a. Profit and Loss

- Industry's gross profit declined by 74% and recorded its first operating loss of in 2020. In 2021, the industry recovered from the pandemic, recording an increase in the gross profit by 378% and an increase in operating profit by 318%. While there is an increase in selling price in 2022, gross profit declined by 34% while operating profit declined by 73%.
- In 2023, the industry recorded a gross loss and an operating loss.

b. Return on Sales

- Return on sales (ROS) based on operating profit has been declining during the POI except for 2021 which recorded its highest ROS. In 2023, there was a loss in sales, even higher than the recorded loss in sales in 2020 during the pandemic.

B.5 Employment, Salaries and Wages

- Direct labor personnel for the production of corrugating medium in 2020 relatively decreased by 1.5% while it continued to increase year-on-year by 8% in 2021, further by 2% in 2022, and by 6% in 2023.

B.6 Productivity

- The labor productivity decreased by 23% in 2020, increased by 8% in 2021, and increased sharply by 36% in 2022. However, in 2023, labor productivity declined by 5% resulting from a slight increase in production and a sustained increase in employment.

B.7 Prices

a. Price Undercutting

- There is a price undercutting of 3.28% in 2023. The major sources in 2023 are Australia, Indonesia, and Japan which recorded price undercutting.

b. Price Depression

- During the period of investigation, price depression was recorded in 2020 at 5.61%, and in 2023 at 14.78%.

c. Price Suppression

- There is no price suppression during the POI.

VII. CAUSATION

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

- A significant increase in the volume of imports both in absolute terms and relative to domestic production from 2019 to 2023. In the first half of 2024, imports reached 92,955MT, a 104% increase of the 2023 level. The market share of the domestic industry plunged to 54% in 2023, as sales declined by 2%, while imports captured 46% of the market. Despite a 24% increase in consumption demand and plant expansions in 2022, the domestic industry was not able to take advantage of the market growth.
- The industry suffered loss of market share, declining domestic sales, utilization rate, reduction in labor productivity, and incurred losses.

VIII. ADJUSTMENT PLAN

The domestic industry submitted its adjustment plan to undertake improvement to increase production capacity while also improving efficiency and cost of production. One of the members of PULPAPEL is currently undertaking or plans to undertake the 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.

From 2022 to 2023, it launched new grades for both domestic and export markets, corrugating medium with different basis weights. Continuous product development to respond to market requirements.

Putting up additional baling stations in strategic locations nationwide. Baling stations as of December 2023 were recorded at 26 baling stations. The plan is to have a total of 40 baling stations by 2029.

The domestic industry likewise implemented various activities and projects to increase operation efficiency and optimize production, that is, 1) process optimization and improvement, and 2) yield improvement.

IX. 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 are clearly demonstrated.

The investigation is governed by RA 8800 (otherwise known as the Safeguard Measures Act), its Implementing Rules and Regulations, and the terms and conditions of the Agreement on Safeguards.

IX. a. Unforeseen Development

On 16 September 2024, Fastmarket¹ reported a global oversupply in the packaging market, driven by new challenges. However, the report also highlighted growth prospects for containerboard, boxboard, kraft paper, and graphic papers. According to Fastmarket, "Global oversupply trends, particularly in Europe and Asia, are a result of overinvestment in capacity and demand shifts caused by the pandemic. Demand weakness in both regions is expected to keep markets in oversupply at least until 2027."

On 05 July 2024, an article titled "The Presence of Surplus Capacity in Corrugated Boxes Along with Industry Fragmentation Has Diminished the Sector's Overall Value"² featured insights from Mr. Dharmendra Pandya, President of the Federation of Corrugated Box Manufacturers (FCBM). In the article, Mr. Pandya discusses the challenges and opportunities facing India's corrugated box industry. According to him, the sector is dealing with significant challenges stemming from surplus production capacity. This oversupply has weakened pricing power, reducing the overall value of corrugated products. Furthermore, industry fragmentation has exacerbated these issues, creating additional hurdles for manufacturers. Despite these challenges, the paper-based corrugated box remains irreplaceable as a packaging material. Unlike alternatives such as biodegradable, compostable, or wood-based plastics, corrugated packaging offers unmatched advantages: 100% recyclability, foldability for efficient

¹ <https://www.fastmarkets.com/insights/key-factors-in-global-outlook-paper-packaging/>

² <https://thepulpandpapertimes.com/news/industry-news/the-presence-2081>

storage, variable wall thickness for cushioning and temperature control, Hygroscopic properties, and customizable flexibility. The FCBM President emphasized that the Indian corrugated box sector is encountering difficulties due to surplus capacity, with the main weakness being the excess supply capacity. This oversupply has resulted in decreased pricing leverage for corrugated products. The presence of surplus capacity along with industry fragmentation has diminished the sector's overall value.

On 21 February 2023, ResourceWise published an article titled "How to navigate the overcapacity issue in the European Pulp and Paper Industry"³ highlighting the ongoing challenges in the sector. Overcapacity, which arises when an industry's production exceeds market demand, has significantly impacted the European pulp and paper industry, leading to the shutdown of 41 machine lines in 2023. This resulted in a total capacity reduction of 5.4 million tons, with the majority of closures occurring in the graphic papers segment. Germany experienced the highest number of shutdowns, underscoring a pronounced surplus in production capacity. According to the article, while these closures are aimed to address the overcapacity issue, it seems that these measures were not enough to counter the downward trajectory of demand that is expected to continue into 2024.

IX. b. Notification Requirement

Article 12.1 of the WTO Agreement on Safeguards states 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;

IX. c. Article 11 of the ASEAN Trade in Goods Agreement (ATIGA)

Article 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."*

³ <https://www.resourcewise.com/forest-products-blog/how-to-navigate-the-overcapacity-issue-in-the-european-pulp-and-paper-industry>

X. RECOMMENDATIONS

Based on the above findings, there are indications that increased imports of corrugating medium are the substantial cause of serious injury to the domestic industry in terms of loss of market share, declining domestic sales, utilization rate, reduction in labor productivity, incurred losses, and increased production cost.

Wherefore, premises considered, the Department, finds *prima facie* evidence to initiate and conduct a preliminary safeguard investigation to determine whether corrugating medium are being imported into the Philippines in increased quantities and is causing serious injury to the domestic industry.

Let the notice of initiation of a preliminary safeguard investigation be published in two (2) newspapers of general circulation and individual notices be sent to all interested parties including the country members concerned.

SO ORDERED.

11 February 2025


MA. CRISTINA A. ROQUE
Secretary

ANNEX A

	Exporter	
1	AMERICAN PAPER EXPORT INC.	Canada
2	ASIA HONOUR PAPER INDUSTRIES (M) SDN BHD	Malaysia
3	BILLERUD SWEDEN AB	Sweden
4	BILLERUDKORSNAS AB	Sweden
5	BLUEBELL INTERNATIONAL	United States
6	C.A.S. PAPER MILL COMPANY LIMITED	Thailand
7	CANADIAN FIBER RESOURCES SLU	Spain
8	CANTOLLI MARKETING SDN BHD.	Malaysia
9	CAS PAPER MILL COMPANY LIMITED	Thailand
10	CHANGXING ERHAOSHAN TEXTILE CO. LTD.	China
11	CHANGXING JIEFAN TEXTILE CO. LTD.	China
12	CHENG LOONG BINH DUONG PAPER CO. LTD.	China
13	CHENG YANG PAPER MILL CO. LTD.	Vietnam
14	CHUN YUAN TRADING LIMITED	Taiwan
15	CLENERGY TECHNOLOGY CO. LTD.	China
16	CLIENTELE CO. LTD.	South Korea
17	COLE-PARMER INSTRUMENT COMPANY	United States
18	DALIAN MAIN RESOURCE IMPORT&EXPORT CO. LTD.	China
19	DEBRAHS INTERNATIONAL COMPANY LIMITED	China
20	DONG HAI JOINT STOCK COMPANY	Vietnam
21	DONGGUAN FOROBO AUTOMATION TECHNOLOGY CO. LTD.	China
22	DONGGUAN RUIDATONG TRADING CO. LTD.	China
23	DONGGUAN XIONGYI TRADE CO. LTD.	China
24	DONGGUAN ZHENGYANG IMPORT AND	China
25	ELEANOR GROUP LIMITED	China
26	ELITE KRAFT PAPER CO. LTD.	Thailand
27	ELOF HANSSON TRADE AB	Finland
28	ETERNITY INTL. GROUP LIMITED	China
29	EUROPCELL GMBH	France
30	EVER PROSPEROUS INT'L CO. LTD.	Taiwan
31	FEILI PUMP CO. LTD.	China
32	FIGROS INTERNATIONAL B.V.	Netherlands
33	FOSHAN WISE STAR NEW MATERIAL CO. LTD.	China
34	GARLAND SURFACE PROTECTION INC.	United States
35	GRAPHIC PACKAGING INTERNATIONAL	United States
36	GS PAPERBOARD AND PACKAGING SDN BHD	Malaysia
37	GUANGDONG XINGHUOYUNTU TRADING CO.	China
38	GUANGZHOU FU DE LU TRADING CO. LTD.	China
39	GUANGZHOU RENKE INTERNATIONAL TRADE	China
40	GUANGZHOU WANHUI TRADING CO. LTD.	China
41	GUANGZHOU WANON ELECTRIC AND MACHINE CO. LTD.	China
42	HAKKO PRODUCTS PTE. LTD.	Singapore
43	HANGZHOU FUYANG YIXUAN TECHNOLOGY	China

44	HANGZHOU GLOBAL JET ECOMMERCE CO. LTD.	China
45	HANGZHOU H.D.L. NEW MATERIALS CO. LTD.	China
46	HANGZHOU JIEDE TECHNOLOGY	China
47	HENAN DAZHI PAPER MAKING	China
48	HM TRADING CORPORATION	South Korea
49	HOKUETSU SHOJI CO. LTD.	Japan
50	HUNG THINH PHAT EXPORT IMPORT AND TRADING CO. LTD.	Vietnam
51	ICP CONSTRUCTION	United States
52	INTER-PAPIER-HANDELSGESELLSCHAFT	Germany
53	ITOCHU PULP AND PAPER CORP.	Japan
54	JAPAN PULM AND PAPER COMPANY LIMITED	Japan
55	JF HILLEBRAND CHINA CO. LTD.	China
56	JIAXING GUANGJIE TECHNOLOGY CO. LTD.	China
57	JOP CO. LTD.	Japan
58	JUSDA INTERNATIONAL LTD.	Hong Kong
59	JWC LTD	South Korea
60	KOKUSAI PULP AND PAPER CO. LTD.	Japan
61	KORCO AB	Russia
62	KOVAX CORP.	Japan
63	KWOK FUNG SINO HK ENTERPRISE LIMITED	Indonesia
64	KYOKUYO CO. LTD.	Japan
65	LIANGSHAN JINRONG TEXTILE CO. LTD.	China
66	LIONS PAPER AND BOARD (M) SDN BHD	Indonesia
67	LONGDA PACKAGING PRODUCTS CO. LTD.	China
68	MACRO-LITE KOREA CORPORATION	South Korea
69	MALAYSIAN NEWSPRINT INDUSTRIES	Malaysia
70	MARUBENI CORPORATION	Japan
71	MICROCHIP TECHNOLOGY TH CO. LTD.	Thailand
72	MISUMI SOUTH EAST ASIA PTE. LTD.	Singapore
73	mitsui BUSSAN PACKAGING CO. LTD.	Japan
74	MIZA CORPORATION	Vietnam
75	MONDI PAPER SALES GMBH	Finland
76	MURATA MANUFACTURING CO. LTD.	Japan
77	NANAN CITY NAN SHANG SUPPLY CHAIN	China
78	NANTONG DEEDA TEXTILE CO. LTD.	China
79	NILS TROEDSSON PAPER CO.	Sweden
80	NINGBO SALVADOR IMP. & EXP. CO. LTD.	China
81	NINGBO ZHONGFEI SUPPLY CHAIN MANAGEMENT CO. LTD.	China
82	NIPPON CERAMIC CO. LTD.	Japan
83	OPAL PACKAGING AUSTRALIA PL	Australia
84	OVOL JAPAN PULP & PAPER CO. LTD.	Japan
85	PAPYLEX CO. LTD.	Japan
86	PASCORP PAPER INDUSTRIES BERHAD	Malaysia
87	PIVOT TAIWAN DESIGN LTD.	Taiwan
88	POONGSAN ELECTRIC CO. LTD.	South Korea

89	PRYSMIAN CAVI E SISTEMI ITALIA SRL	Italy
90	PT ADIPRIMA SURAPRINTA DESA	Indonesia
91	PT ASPEX KUMBONG WISMA KORINDO	Indonesia
92	PT ECO PAPER INDONESIA	Indonesia
93	PT EKAMAS FORTUNA	Indonesia
94	PT FAJAR SURYA WISESA TBK	Indonesia
95	PT INDAH KIAT PULP & PAPER TBK	Indonesia
96	PT JAYA KERTAS	Indonesia
97	PT MEGA SURYA ERATAMA	Indonesia
98	PT MEKABOX INTERNATIONAL	Indonesia
99	PT MOUNT DREAMS INDONESIA	Indonesia
100	PT PABRIK KERTAS TJIWI KIMIA TBK.	Indonesia
101	PT PELITA CENGKARENG PAPER JL	Indonesia
102	PT PINDO DELI PULP AND PAPER M	Indonesia
103	PT STAR PAPER SUPPLY	Indonesia
104	PT SUPREME PAPER SOLUTION	Indonesia
105	PT SURABAYA MEKABOX JL. RAYA	Indonesia
106	QINGDAO BLT PACKING INDUSTRIAL	China
107	QINGDAO GLOBAL FLEXITANK	China
108	QINGDAO HENGXIN PLASTIC CO. LTD.	China
109	QINGDAO LAF PACKAGING CO. LTD.	China
110	QINGDAO LET FLEXITANK CO. LTD.	China
111	QINGDAO LET PACKAGING CO. LTD.	China
112	QINGDAO SAFT PACKAGE CO. LTD.	China
113	QINGDAO ZHONGXIANG PACKAGING CO.	China
114	QUANZHOU SAFE TRADE CO. LTD.	China
115	RENGO CO. LTD.	Japan
116	ROLL AND REAM CORPORATION CO. LTD.	Thailand
117	RUIJIN WENJIN INDUSTRIAL TECHNOLOGY	China
118	SAIGON PAPER CORPORATION	Vietnam
119	SANYO DENKI CO. LTD.	Japan
120	SAPPI PAPIER HOLDING GMBH	South Africa
121	SHANDONG ROPE TECHNOLOGY CO. LTD.	China
122	SHANGHAI MACHINERY INTERNATIONAL TRADING CORP. LTD.	China
123	SHANTOU DEFU PACKING MATERIALS LTD.	China
124	SHANTOU NOBELZEN TRADING CO. LTD.	China
125	SHAOXING DENGSHUO TEXTILE CO. LTD.	China
126	SHAOXING LEOPARD HOUSEHOLD TEXTILE CO. LTD.	China
127	SHENZHEN IDEAL FRIENDSHIP IMPORT & EXPORT CO. LTD.	China
128	SHENZHEN DIDA ELECTRONIC COMMERCE	China
129	SHENZHEN FULING IMPORT AND EXPORT	China
130	SHENZHEN GUANLIAN YUANYANG SCM	China
131	SHENZHEN GUI HAO CHENG TRADE CO. LTD.	China
132	SHENZHEN HCC IMP&EXP CO. LTD.	China
133	SHENZHEN IDEAL FRIENDSHIP IMPORT	China

134	SHENZHEN JIYOULONGHUI IMPORT AND EXPORT CO. LTD.	China
135	SHENZHEN QIFA TRADE CO. LTD.	China
136	SHENZHEN RUIANXIN IMPORT AND EXPORT CO. LTD.	China
137	SHENZHEN SHENDASHENG IMPORT& EXPORT CO. LTD.	China
138	SHENZHEN SHENRUIXING TRADING CO. LTD.	China
139	SHENZHEN WEIDACHENG IMPORT & EXPORT CO. LTD.	China
140	SHENZHEN XINSHANGQI TRADING CO. LTD.	China
141	SHENZHEN YIHAODI IMPORT AND EXPORT CO. LTD.	China
142	SHENZHEN YISHANG IMPORT AND EXPORT CO. LTD.	China
143	SHENZHEN ZEDA TRADING CO. LTD.	China
144	SHIMANO SINGAPORE PTE. LTD.	Singapore
145	SHIPSTAR HONGKONG LIMITED	China
146	SIAM KRAFT INDUSTRY CO. LTD.	Thailand
147	SIEMENS AG	Germany
148	SILICONIX ELECTRONICS CO. LTD.	Taiwan
149	SIMPASSIC GLASSWARE COMPANY LIMITED	China
150	SINO PAPER LIMITED	Vietnam
151	SLP CO. LTD.	South Korea
152	SOLTIS KAGIT DIS TIC AS	Turkey
153	STORA ENSO OYJ	Finland
154	SUC TRE COMPANY LIMITED	Vietnam
155	SUN FAVORITE CO. LTD.	Taiwan
156	TAISHAN FOKUNG TRADING CO. LTD.	China
157	THUAN AN PRODUCTION COMPANY LIMITED	Vietnam
158	TIANJIN GOLDEN BRIDGE WELDING MATERIALS GROUP INTERNATIONAL TRADING CO. LTD.	China
159	TONGLU YICHENG TRADING CO. LTD.	China
160	TROEDSSON PAPER CO.	Sweden
161	TRUONG PHU CONSTRUCTION TRANSPORT	Vietnam
162	UNION PAPER MILLS BR LLC	United Arab Emirates
163	VANGMAY PAPERS PRIVATE LIMITED	India
164	VINA KRAFT PAPER CO. LTD.	Vietnam
165	VISY PAPER	Australia
166	VISY TRADING SINGAPORE PTE LTD.	Australia
167	WENZHOU ANYO IMPORT & EXPORT CO. LTD.	China
168	WENZHOU ZHONGYING INTERNATIONAL FREIGHT FORWARDING CO. LTD.	China
169	WILFRIED HEINZEL AG	Austria
170	WUFENG(XIAMEN) PETROCHEMICAL CO. LTD.	China
171	XIAMEN EASY BUY IMPORT & EXPORT CO. LTD.	China
172	XIAMEN GLORY LILY FURNITURE CO. LTD.	China
173	XIAMEN HEYDAY IMPORT&EXPORT CO. LTD.	China
174	XIAMEN YONGTAIMAN IMPORT AND EXPORT CO. LTD.	China
175	XIAMEN YUSHUNDA TRADE CO. LTD.	China
176	YELIM CORPORATION	South Korea
177	YINGKOU ZEDA TECHNOLOGY CO. LTD.	China

178	YIWU DUHAI IMPORT&EXPORT CO. LTD.	China
179	YIWU HARPY IMPORT AND EXPORT CO. LTD.	China
180	YIWU HUIXIE IMPORT & EXPORT CO. LTD.	China
181	YIWU JESSE TRADE CO. LTD.	China
182	YIWU LUHUTANG IMPORT AND EXPORT CO. LTD.	China
183	YIWU SAILUO TRADING CO. LTD.	China
184	YIWU SHIRLEY IMPORT & EXPORT CO. LTD.	China
185	YIWU YAXIYA IMP AND EXP CO. LTD.	China
186	YIWU YINYI TRADING LIMITED	China
187	YIWU ZHIHONG IMPORT AND EXPORT CO. LTD.	China
188	YIWU ZHIPING IMPORT&EXPORT CO. LTD.	China
189	ZHEJIANG SIRI PACKAGING CO. LTD.	China
190	ZHUJI SANYI IMPORT AND EXPORT CO. LTD.	China

ANNEX B

	Importer
1	818 EAST ASIA GROUP CORP.
2	A1 PLUS MULTINATIONAL PACKAGING INC
3	ABL PACKAGING CONTAINER CORPORATION
4	ADVANCE PAPER CORPORATION
5	ALLIED CORRUGATOR CORPORATION
6	ARCHEMICALS CORP.
7	ARMAK TAPE CORPORATION
8	ASIAN STATIONERY CORP
9	BASIC BOX INDUSTRIES CORP.
10	BHENZ HARDWARE TRADING
11	BLK TRADING NON-SPECIALIZED WHOLESA
12	BLUEBELL CORPORATION OF THE PHILS
13	C & J SPECIALTY PAPERS PHILIPPINES
14	C.E.V. CONSUMER GOODS TRADING
15	CENTRAL CORRUGATED BOX CORPORATION
16	CENTURIAN INTERNATIONAL CORP
17	CHEMOSCIENCE PHILS. INC.
18	CIRTEK ELECTRONICS CORPORATION
19	CONSTANT PACKAGING CORPORATION
20	CORBOX CORPORATION
21	CROSSPOINT PAPER INC.
22	DATRIMA PACKAGING & INDUSTRIAL CORP
23	DAVAO FIBREBOARD PACKAGING PLANT IN
24	DAVAO PACKAGING CORPORATION
25	DE VAM IMPEX CORPORATION
26	DOLE PHILIPPINES INC.
27	DURABOARD PACKAGING CORPORATION
28	FLOORSTONE INC
29	FORGEMS MARKETING CO. INC.
30	FORMS INTL ENTERPRISES CORP
31	FOURWARD TRADING
32	GATCHA NON SPECIALIZED WHOLESALE
33	GLOBAL FLEXI PHILIPPINES ENTERPRISE
34	GLOBAL PACKAGING AND LOGISTIC
35	GOLDEN DRAGON INDUSTRIAL CORP.
36	GONZREY CONSUMER GOODS TRADING
37	GOODYEAR CONTAINER CORP.
38	GREENSTONE PACKAGING CORP.
39	H.R.D. SINGAPORE PTE LTD
40	HARMONY INDUSTRIAL TRADING
41	HERLICH TRADING
42	JENNSON PACKAGING CORP.

43	JF HILLEBRAND PHILIPPINES INC.
44	JFORD IMPORT & EXPORT TRADING
45	KOU FU COLOR PRINTING CORP.
46	LAGUNA SOUTHWOODS PRODUCTS INC
47	LAM HONG PAPER PRODUCTS CO. INC.
48	LIMKETKAI MANUFACTURING CORPORATION
49	MALINTA CORRUGATED BOXES
50	MANONE NON SPECIALIZED WHOLESALE
51	MASTER CORRUGATED BOARDMAKERS INC
52	MEGA FASTWORK INTERNATIONAL CORP.
53	MEHITABEL INC.
54	METER KING INC
55	METRO ACE INNOVPLAS CORP.
56	METRO PAPER CONVERTER PHILS CORP.
57	MICROSEMI SEMICONDUCTORS MANILA
58	MIESTO INTERNATIONAL FOODS CORP
59	MINDANAO CORRUGATED FIBREBOARD INC
60	MORK TRADING INCORPORATED
61	NERUBIAN CONSUMER GOODS TRADING
62	NESTLE CABUYAO FACTORY
63	NIKKOSHI PHILIPPINES CORPORATION
64	OCEANLINK CONSUMER GOODS TRADING
65	OPENSEAS INC
66	P1 PAPER CORPORATION
67	PHILIPPINE INTERNATIONAL DEVT INC.
68	PHILIPPINE INTERNATIONAL TRADING
69	PHILIPPINE MANUFACTURING CO. OF
70	PIONEER FLOAT GLASS MANUFACTURING
71	PIVOT-HAWKS MANILA INC
72	PPMC PACKAGING MFG CORPORATION
73	PRECISION CRESTEC INC.
74	PRIME PACIFIC CONSUMER GOODS TRDNG
75	PRIMELINE PAPER SALES INC
76	PRINT UNIVERSE GRAPHICS & PACKAGING
77	PRINT4U INC
78	RENRENLE CORPORATION
79	REPUBLIC CORRUGATED CARTONS & ALCOH
80	ROCA MERCHANDISING
81	SANITARY CARE PRODUCTS ASIA INC.
82	SANYO DENKI PHILIPPINES INC.
83	SC BROTHERS PACKAGING CORP
84	SD PRINTSHOP
85	SHIMANO (PHILIPPINES) INC.
86	SHIN-ETSU MAGNETICS PHILIPPINES INC
87	SIEMENS POWER OPERATIONS INC.

88	SMARTWAY SOLUTIONS COMPANY LIMITED
89	SOUTHBASE TRADING
90	SP MAMPLASAN PACKAGING CORPORATION
91	STANDARD CORRUGATED BOX INC
92	STARBRIGHT OFFICE DEPOT INC.
93	STENIEL MINDANAO PACKAGING CORP
94	SUBSEATECH MANUFACTURING AND TRADIN
95	SUMMIT IKIGAI TRADING OPC
96	SUMMIT PACIFIC PHILIPPINES INC.
97	SUPERIOR PACKAGING CORPORATION
98	TERADYNE PHILIPPINES LTD.
99	TIMELESS TRADING NON SPECIALIZED
100	TOUCH PACKAGING INC.
101	TOWERSTONES INCORPORATED
102	TRIONY CORP
103	TRIPLE STAR PACKAGING CORP.
104	TRIPLEX ENTERPRISES INC.
105	TRI-STAR PAPER PRODUCTS INC.
106	TWINPACK CONTAINER CORPORATION
107	UNIFIBER MULTISALES CORPORATION
108	UNITED CONTAINER CORPORATION
109	UNITED PULP AND PAPER CO., INC
110	VALENZUELA PACKAGING CONTAINER CORP
111	VENTURE360 PAPER PRODUCTS CO.
112	WELL-PACK CONTAINER CORP.
113	WILLIAMS COMMERCIAL CO INC
114	ZJM TRADING CORPORATION