



REPUBLIC OF THE PHILIPPINES  
TARIFF COMMISSION

## FINAL REPORT

### FORMAL INVESTIGATION ON THE IMPOSITION OF SAFEGUARD MEASURE AGAINST IMPORTATIONS OF MOTOR VEHICLES (PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES) FROM VARIOUS COUNTRIES

TCI (SG) No. SG-2021-OC-Motor Vehicles



Non - Confidential Version

22 July 2021

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## Acronyms, Abbreviations and Units

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ABS	-	Anti-Lock Brakes
AHTN	-	ASEAN Harmonized Tariff Nomenclature
ASEAN	-	Association of Southeast Asian Nations
ATV	-	All-Terrain Vehicle
AVID	-	Association of Vehicle Importers and Distributors, Inc.
ATIGA	-	ASEAN Trade in Goods Agreement
B	-	Billion
BOC	-	Bureau of Customs
BOI	-	Board of Investments
CAMPI	-	Chamber of Automotive Manufacturers of the Philippines Inc.
CARS	-	Comprehensive Automotive Resurgence Strategy
cc	-	Capacity Cylinder
CCCME	-	China Chamber of Commerce of Machinery and Electronic Products
CMPI	-	Changan Motor Philippines Inc.
CBU	-	Completely Built Up
CKD	-	Completely Knocked Down
CMC	-	Customs Memorandum Circular
CMO	-	Customs Memorandum Order
CO	-	Certificate of Origin
COC	-	Certificate of Conformity
COVID-19	-	Coronavirus Disease 2019
CREATE BILL	-	Corporate Recovery and Tax Incentives for Enterprises
CUV	-	Crossover Utility Vehicle
DAO	-	Department Administrative Order
DENR	-	Department of Environment and Natural Resources
DOLE	-	Department of Labor and Employment
DTI	-	Department of Trade and Industry
EBD	-	Electronic Brake-Force Distribution
ECC	-	Environmental Compliance Certificate
EMB	-	Environmental Management Bureau
EO	-	Executive Order
Ford	-	Ford Group Philippines, Inc.
FOB	-	Freight On Board
GATT	-	General Agreement on Tariffs and Trade
GOCC	-	Government Owned and Controlled Corporations
GPS	-	Global Positioning System
HS	-	Harmonized Commodity Description and Coding System (HS)
Hyundai	-	Hyundai Asia Resources, Inc.
Honda	-	Honda Cars Philippines, Inc.
HFCE	-	Household Final Consumption Expenditure
IRRs	-	Implementing Rules and Regulations
Isuzu	-	Isuzu Philippines Corporation
JAMA	-	Japan Automobile Manufacturers Association, Inc.
KAMA	-	Korea Automobile Manufacturers Association
kg	-	kilogram
Kia	-	Kia Motors Corporation
LGU	-	Local Government Unit

LCV	-	Light Commercial Vehicle
M	-	Million
MC	-	Memorandum Circular
Mitsubishi	-	Mitsubishi Motors Philippines Corporation
MPV	-	Multi-Purpose Vehicle
MST	-	Microsoft Teams
MT	-	Metric Ton
MVR	-	Motor Vehicle Registration
N.A.	-	Not Available
Nissan	-	Nissan Philippines, Inc.
OEM	-	Original Equipment Manufacturer
PAMCOR	-	Philippine Automobile Manufacturing Corporation
PC	-	Passenger Cars
PCMP	-	Progressive Car Manufacturing Program
PDS	-	Product Design Specification
PHP	-	Philippine Peso
PHV	-	Public Hearing via Videoconferencing
PMA	-	Philippine Metalworkers' Alliance
PNS	-	Philippine National Standards
POI	-	Period of Investigation
RA	-	Republic Act
SAD	-	Single Administrative Document
SGA	-	Safeguards Agreement
SGAP	-	Sojitz G Auto Philippines Corporation
SKD	-	Semi-Knocked Down
SMC	-	Scandinavian Motors Corporation (SMC)
SME	-	Small and Medium Enterprises
SPC	-	Statistical Process Control
SUV	-	Sports Utility Vehicle
TAIA	-	Thai Automotive Industry Association
TBT	-	Technical Barriers to Trade
TC or Commission	-	Tariff Commission
TCCCI	-	The Covenant Car Company, Inc.
TLs	-	Tariff Lines
Toyota	-	Toyota Motor Philippines Corporation
TMA	-	Truck Manufacturers Association, Inc.
TRAIN LAW	-	Tax Reform for Acceleration and Inclusion
UNCTAD	-	United Nations Conference on Trade and Development
UNCTAD TRAINS	-	Trade Analysis Information System
USD	-	US Dollar
WCO	-	World Customs Organization
WTO	-	World Trade Organization
4WD	-	Four-Wheel Drive
2WD	-	Two-Wheel Drive

# 1. TERMS OF REFERENCE

## 1.1. Preliminary Investigation by the Department of Trade and Industry

### 1.1.1. Initiation

In a letter to the Secretary of Trade and Industry dated 09 August 2019, the Philippine Metalworkers Alliance (PMA) filed an “*application for Safeguard Measures, with a request for the provisional issuance of said measure, on behalf of the Philippine automotive industry*” pursuant to Republic Act (RA) No. 8800 otherwise known as the “Safeguard Measures Act”.

In its Initiation Report, the DTI found “*prima facie evidence to initiate and conduct a preliminary safeguards investigation to determine whether motor vehicles (i.e., passenger and light commercial vehicles) are being imported into the Philippines in increased quantities and is causing serious injury to the domestic industry*”.<sup>1</sup>

In a letter dated 20 January 2020 and received by the Tariff Commission (TC or Commission) on 11 February 2020, the Secretary of Trade and Industry advised the Commission of said initiation of investigation.

### 1.1.2. Preliminary Determination

In its preliminary determination, the DTI “*established the existence of a causal link between increased imports of the products under consideration and serious injury to the domestic industry. The evidence justifies the imposition of provisional safeguard measures to prevent further injury to the local industry which, if not addressed, would be difficult to repair.*”<sup>2</sup> The period of investigation was 2014 to 2019, although updated data for 2020 (January to October) was also presented in the DTI Report.

The products covered by the DTI preliminary investigation were “*classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Codes 8703 - Passenger cars of any four-wheeled motor vehicle that are designed to transport persons (less than 10 persons) and not primarily to transport goods. Also, included in the investigation are light commercial vehicles specifically pick-ups whether four-wheeled drive or not which are designed to carry both passenger and goods/cargoes classified under AHTN Codes 8704.21.19 and 8704.21.29*”.<sup>3</sup> On the other hand, excluded from the investigation were the following: “*passenger cars described as completely knocked down (CKD), semi knocked-down (SKD), and used vehicles... special purpose vehicles such as ambulance, hearse, electric motor vehicles, and luxury cars that have high-end features that go above and*

<sup>1</sup> Report on the Initiation of a Preliminary Investigation on the Application for Safeguard Measures on the Importation of Motor Vehicles from Various Countries (SG Case No. SG01-2020), 17 January 2020, DTI.

<sup>2</sup> Report on the Affirmative Preliminary Determination on the Application of Philippine Metalworkers' Alliance (PMA) on the Importation of Motor Vehicle from Various Countries (SG Case No. SG01-2020), 29 December 2020, DTI.

<sup>3</sup> Ibid.



beyond the average necessities amounting to US\$25,000 or more based on FOB price... For the light commercial vehicles, those that are described as completely knocked down (CKD), semi-knocked down (SKD), and used vehicles were also excluded... Also excluded are special purpose vehicles such as ambulance, hearse, e-motor vehicles, and luxury vehicles that have high-end features that go above and beyond the average necessities amounting to US\$28,000 or more based on FOB price.”<sup>4</sup>

### 1.1.3. Imposition of Provisional Measures

The Secretary of Trade and Industry issued DTI-Department Administrative Order (DAO) No. 20-11 (s. 2020) on 29 December 2020 providing for the imposition of provisional safeguard measures, in the form of a cash bond, on the motor vehicles covered by the DTI investigation (Table 1.1).

**Table 1.1. Provisional Safeguard Measures**

AHTN Code	Description	Provisional Measure
8703	Passenger cars <sup>1/</sup>	PHP 70,000 / unit
8704.21.19 and 8704.21.29	Light commercial vehicles <sup>2/</sup>	PHP 110,000 / unit

<sup>1/</sup> Excluding CKD, SKD, used vehicles, special purpose vehicles such as ambulance, hearse, electric motor vehicles, and luxury cars that have high-end features that go above and beyond the average necessities amounting to more than USD 25,000 based on FOB price

<sup>2/</sup> Excluding CKD, SKD, used vehicles, special purpose vehicles such as ambulance, hearse, electric motor vehicles, and luxury cars that have high-end features that go above and beyond the average necessities amounting to more than USD 28,000 based on FOB price

On 19 February 2021, the Secretary of Trade and Industry issued DTI-DAO No. 21-01 (s. 2021) amending Annexes A (*List of Developing Countries and Separate Customs Territories from Which the Provisional Safeguard Duties on Passenger Cars Shall Not be Applied*) and B (*List of Developing Countries and Separate Customs Territories from Which the Provisional Safeguard Duties on Light Commercial Vehicles Shall Not be Applied*) of DTI-DAO No. 20-11 upon taking into consideration that “countries/economies generally considered as developing have certain qualities, such as low to lower middle income and have low, medium, to high human development” and that “many developed countries are members of an international organization comprised mainly of high-income economies such as the Organization for Economic Co-operation and Development (OECD)”. Thus, in DTI-DAO No. 21-01, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia (Slovak Republic), Slovenia, Israel and Chile were removed from said Annexes A and B as they were identified as members of the OECD.

The provisional measures shall be imposed for a period of 200 days from the date of issuance by the Bureau of Customs (BOC) of the relevant Customs Memorandum Order (CMO) or 15 days after publication of the DTI Order in two newspapers of general circulation, whichever comes earlier.

<sup>4</sup> Report on the Affirmative Preliminary Determination on the Application of Philippine Metalworkers’ Alliance (PMA) on the Importation of Motor Vehicle from Various Countries (SG Case No. SG01-2020), 29 December 2020, DTI.




DTI-DAO No. 20-11 was published on 05 January 2021 in the *Manila Standard and Business Mirror* while the BOC issued CMO No. 6-2021 later, on 01 February 2021. On the other hand, DTI-DAO No. 21-01 was published on 24 February 2021 (in the same newspapers) while the BOC issued CMO No. 14-2021 again on a later date - on 17 March 2021.

Finally, DTI-DAO No. 21-01 provides that importations of motor vehicles originating from the developing countries listed in the amended Annexes and covered by Rule 8.8 of RA No. 8800 shall not be subjected to the provisional measures. Importers of passenger cars/vehicles and light motor vehicles from a country that is exempt from the provisional safeguard duties shall submit a Certificate of Origin (CO) issued by the authorized agency/office in the source country of manufacture, subject to affixation of “Apostille” to the document or authentication by the Philippine Embassy/Consulate General, as applicable.

## 1.2. Endorsement of Case to the Tariff Commission

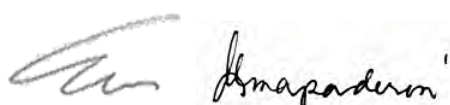
In a letter dated 29 December 2020 and received by the Commission on 06 January 2021, the Secretary of Trade and Industry requested the conduct of a formal investigation to determine the merits of imposing a definitive safeguard measure on importations of motor vehicles pursuant to Section 9 of RA No. 8800 and its IRRs. Aside from providing a copy of DTI-DAO No. 20-11 and its Report, the Secretary also endorsed to the Commission the records of the case.

On 08 January 2021, the Commission wrote to DTI requesting for a meeting to clarify the product coverage of the application, especially in terms of the current tariff nomenclature (ASEAN Harmonized Tariff Nomenclature, or AHTN, 2017). Following a virtual meeting held on 18 January 2021 between the Commission and DTI, the Secretary of Trade and Industry, in his letter dated 02 February 2021 and received by the Commission on 03 February 2021, clarified said product coverage and provided the list of specific tariff lines of motor vehicles covered by the DTI investigation, thus completing the endorsement of all case records to the Commission (Table 1.2).

**Table 1.2. Records of the Case Endorsed to the Commission**

Communication	Date Received
Folder I: DTI Preliminary Determination Report	06 January 2021
Folder II: Importer’s Response to DTI-BIS Questionnaire	06 January 2021
Folder III: Exporter’s Response to DTI-BIS Questionnaire	06 January 2021
Folder IV: Other Correspondence	06 January 2021
DTI Letter: List of Tariff Lines Covered by DTI Preliminary Investigation	03 February 2021

Following receipt of the request for formal investigation from the Secretary of Trade and Industry and the complete case records (including the specific list of tariff lines covered by the DTI investigation), the Commission commenced its formal investigation on 05 February 2021.






## 2. SAFEGUARD ACTION

### 2.1. The Safeguard Measures Act of 2000

RA No. 8800, or the “Safeguard Measures Act”, provides for general safeguard measures to afford relief to domestic industries suffering from serious injury or the threat thereof as a result of increased imports.

Section 5 of RA No. 8800 states:

*“The Secretary shall apply a general safeguard measure upon a positive final determination of the Commission that a product is being imported into the country in increased quantities, whether absolute or relative to the domestic production, as to be a substantial cause of serious injury or threat thereof to the domestic industry; however, in the case of non-agricultural products, the Secretary shall first establish that the application of such safeguard measures will be in the public interest.”*

Section 15 provides:

*“The duration of the period of an action taken under the General Safeguard Provisions of this Act shall not exceed four (4) years. Such period shall include the period, if any, in which provisional safeguard relief under Section 8 was in effect.*

*The effective period of any safeguard measure, including any extensions thereof under Section 19 may not, in the aggregate, exceed ten (10) years.”*

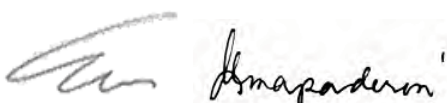
Under the Safeguard Measures Act, a general safeguard investigation has several stages as follows:

#### a. Initiation of Action Involving General Safeguard Measures

Section 6 provides:

*“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.*

*In the absence of such a petition, the Secretary may, motu proprio, initiate a preliminary safeguard investigation if there is evidence that increased imports of the product under consideration are a substantial cause of, or are threatening to substantially cause, serious injury to the domestic industry.”*



**b. Preliminary Determination**

Section 7 provides:

*“Not later than thirty (30) days from receipt of the petition or a motu proprio initiation of the preliminary safeguard investigation, The Secretary shall on the basis of the evidence and submission of the interested parties, make a preliminary determination that increased imports of the product under consideration are a substantial cause of or threaten to substantially cause, serious injury to the domestic industry.*

*Upon a positive preliminary determination that increased importation of the product under consideration is a substantial cause of, or threatens to substantially cause, serious injury to the domestic industry, the Secretary shall, without delay, transmit its records to the Commission for immediate formal investigation.”*

**c. Formal Investigation**

The Tariff Commission shall conduct the formal investigation to determine:

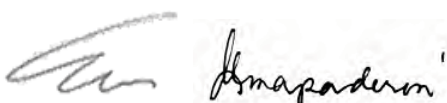
- a. if the domestic product is a like product or a product directly competitive to the imported product under consideration;
- b. if the product is being imported into the Philippines in increased quantities (whether absolute or relative to domestic production);
- c. the presence and extent of serious injury or threat thereof to the domestic industry that produces like or directly competitive product; and
- d. the existence of a causal relationship between the increased imports of the product under consideration and the serious injury or threat thereof to the affected domestic industry.

The Commission shall conclude its formal investigation and submit a report of its findings and conclusions to the DTI Secretary or DA Secretary within 120 calendar days from receipt of the request from the Secretary, except when the Secretary certifies the same as urgent, in which case the Commission shall complete the investigation and submit the report within 60 calendar days.

Upon its positive determination, the Commission shall recommend to the Secretary an appropriate definitive general safeguard measure.

The Commission also undertakes the following post-formal investigation activities:

- monitoring of the domestic industry’s progress and specific efforts to bring about a positive adjustment to import competition;



- conduct of investigation on requests for extension and re-application of safeguard measures;
- conduct of investigation on requests for reduction, modification and termination of safeguard action; and
- after the termination of the safeguard measure, evaluation of the effectiveness of the actions taken by the domestic industry in facilitating positive adjustment to import competition.

#### d. Decision

Within 15 calendar days from receipt of the final report of the Commission, the DTI or DA Secretary shall make a decision, taking into consideration the general safeguard measures recommended by the Commission.

If the determination is affirmative, the Secretary shall issue, within two calendar days after making his decision, a written instruction to the heads of the concerned government agencies to implement the appropriate general safeguard measure as determined by him.

In the event of a negative final determination by the Commission, or if the cash bond is in excess of the definitive safeguard duty assessed, the Secretary shall immediately issue, through the Secretary of Finance, a written instruction to the Commissioner of Customs, authorizing the return of the cash bond or the remainder thereof, as the case may be, previously collected as provisional safeguard measure within 10 days from the date the final decision had been made, provided that the government shall not be liable for any interest on the amount to be returned.

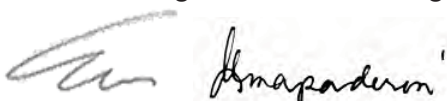
The Secretary shall not accept for consideration another petition from the same industry, with respect to the same imports of the product under consideration, within one year after the date of rendering such a decision.

## 2.2. The World Trade Organization (WTO) 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 Uruguay Round of Multilateral Trade Negotiations resulted in a new Agreement on Safeguards which interprets and elaborates Article XIX.




Article 2 of the Agreement provides that:

*“A Member may apply a safeguard measure to a product only if that Member has determined, pursuant to the provisions set out below, that such product is being imported into its territory in such increased quantities, absolute or relative to domestic production, and under such conditions as to cause or threaten to cause serious injury to the domestic industry that produces like or directly competitive products.”*

A major feature of the Safeguards Agreement is its proscription of a range of negotiated trade-restricting arrangements, including voluntary export restraints.

Further, Article 7 of the same Agreement stipulates that:

*“1. A Member shall apply safeguard measure only for such period of time as may be necessary to prevent or remedy serious injury and to facilitate adjustment. The period shall not exceed four years, unless it is extended under paragraph 2.*

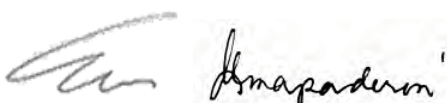
*2. The period mentioned in paragraph 1 may be extended provided that the competent authorities of the importing Member have determined, in conformity with the procedures set out in Articles 2, 3, 4 and 5, that the safeguard measure continues to be necessary to prevent or remedy serious injury and that there is evidence that the industry is adjusting, and provided that the pertinent provisions of Articles 8 and 12 are observed.”*

In order that a substantially equivalent level of WTO concessions and other obligations to affected WTO Members is maintained, a country imposing safeguard measures may offer “adequate means of trade compensation” to affected exporting countries. If an agreement is not reached on such compensation, said exporting countries are given an opportunity to suspend “substantially equivalent” concessions or obligations under GATT 1994 after the measures have been in place for three years, or immediately if the safeguard action is taken against imports which have not increased in absolute terms and the measure does not conform to the provisions of the Agreement on Safeguards.

Disputes arising from the application of safeguard measures are subject to WTO dispute settlement procedures.

Safeguard measures, if imposed, must be liberalized progressively. A measure extended shall not be more restrictive than it was at the end of the initial period and should continue to be liberalized.

Article XIX of GATT 1994 stipulates that an emergency action is permissible only where the increase in imports (and the consequent serious injury or threat thereof) is due to unforeseen developments and the effect of GATT-WTO obligations, including tariff concessions. The Agreement on Safeguards, when it provides for the conditions for the application of safeguard measures (i.e.,



increased importation, serious injury or threat thereof, and causal link) is, however, silent on the circumstances prescribed by Article XIX.

In relation to the current inquiry, the circumstances provided in Article XIX of GATT 1994 need not be demonstrated for the imported products under consideration for the reason that these are not subject of any Philippine obligation or tariff concession under the WTO Agreement. Nonetheless, the current inquiry is governed by the national legislation (RA No. 8800) and the terms and conditions of the Agreement on Safeguards.

### 2.3. Free Trade Agreements (FTAs)

#### a. Association of Southeast Asian Nations Trade in Goods Agreement (ATIGA)

The ASEAN Economic Ministers signed the ATIGA on 26 February 2009 in Cha-am, Thailand. ATIGA took effect on 17 May 2010.

Article 86 (*Safeguard Measures*), Chapter 9 (*Trade Remedy Measures*) of the ATIGA provides that:

*“Each Member State which is a WTO member retains its rights and obligations under Article XIX of GATT 1994, and the Agreement on Safeguards or Article 5 of the Agreement on Agriculture.”*

Article 11 (*Notification Procedures*), Chapter 1 (*General Provisions*) provides, among others:

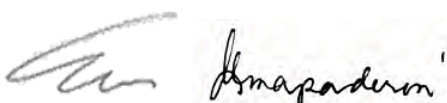
*“1. Unless otherwise provided in this Agreement, Member States shall notify any action or measure that they intend to take:*

*(a) which may nullify or impair any benefit to 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.”*



Considering that motor vehicles are covered by the ATIGA, notice of any safeguard action shall be given to the Senior Economic Officials Meeting (SEOM) and the ASEAN Secretariat before effecting any such action or measure and adequate opportunity for consultation/s shall be accorded the governments of the affected ASEAN Member States.

**b. ASEAN-China Free Trade Area (ACFTA)**

Article 9 (1) on Safeguard Measures of the Agreement on Trade in Goods under the ACFTA Agreement provides, that *“Each Party, which is a WTO member, retains its rights and obligations under Article XIX of the GATT 1994 and the WTO Agreement on Safeguards.”* Furthermore, paragraph 11 of Article 9 states that *“When applying ACFTA safeguard measures, a Party shall not have simultaneous recourse to the WTO safeguard measures referred to in paragraph 1.”*

**c. ASEAN-Korea Free Trade Area (AKFTA)**

Paragraph 1 of Article 9 (*Safeguard Measures*) of the Agreement on Trade in Goods under AKFTA Agreement states:

*“Each Party which is a WTO member retains its rights and obligations under Article XIX of GATT 1994 and the WTO Agreement on Safeguards. Actions taken pursuant to Article XIX of GATT 1994 and the WTO Agreement on Safeguards shall not be subject to the Agreement on Dispute Settlement Mechanism under the Framework Agreement.”*

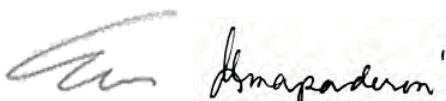
In addition, paragraph 10 of said Article provides:

*“Notwithstanding the provisions of this Article, no Party may impose an ASEAN-Korea FTA safeguard measure on a good to which actions are being applied pursuant to Article XIX of GATT 1994 and the WTO Agreement on Safeguards. When a Party intends to apply, pursuant to Article XIX of the GATT 1994 and the WTO Agreement on Safeguards, an action on a good to which ASEAN-Korea FTA safeguard measure is being applied, it shall terminate the ASEAN-Korea FTA safeguard measure prior to the imposition of the action to be applied pursuant to Article XIX of GATT 1994 and the WTO Agreement on Safeguards.”*

**d. ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)**

Article 9 (*Relationship to the WTO Agreement*), Chapter 7 (*Safeguard Measures*) of the AANZFTA Agreement provides, as follows:

*“1. Each Party retains its rights and obligations under Article XIX of GATT 1994, the Safeguards Agreement and Article 5 of the Agreement on Agriculture. This Agreement does not confer any additional rights or obligations on the Parties with regard to global safeguard measures.*



2. A party shall not apply a safeguard measure or provisional measure, as provided in Article 6 (Scope and Duration of Transitional Safeguard Measures) or Article 7 (Provisional Safeguard Measures) on a good that is subject to a measure that the Party has applied pursuant to Article XIX of GATT 1994 and the Safeguards Agreement, the Agreement on Agriculture or any other relevant provisions in the WTO Agreement, nor shall a Party continue to maintain a safeguard measure or provisional measure on a good that becomes subject to a measure that the party applies pursuant to Article XIX of GATT 1994 and the Safeguards Agreement, the Agreement on Agriculture or any other relevant provisions in the WTO Agreement.
3. A party considering the imposition of a global safeguard measure on an originating good of another Party or Parties shall initiate consultations with that Party or Parties as far in advance of taking such measure as practicable.”

**e. ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEPA)**

Paragraph 1 of Article 20 (Safeguard Measures) provides:

“1. A Party which is a member of the World Trade Organization may apply a safeguard measure to an originating good of the other Parties in accordance with Article XIX of GATT 1994 and the Agreement on Safeguards in Annex 1A to the WTO Agreement (hereinafter referred to as “the Agreement on Safeguards”), or Article 5 of the Agreement on Agriculture in Annex 1A to the WTO Agreement (hereinafter referred to as “Agreement on Agriculture”). Any action taken pursuant to Article XIX of GATT 1994 and the Agreement on Safeguards, or Article 5 of the Agreement on Agriculture, shall not be subject to Chapter 9 of this Agreement.”

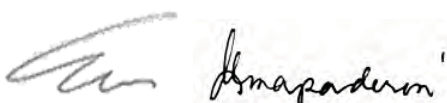
In addition, paragraph 9(a) of said Article states:

“9(a) A Party applying a safeguard measure in connection with an importation of an originating good of another Party in accordance with Article XIX of GATT 1994 and the Agreement on Safeguards, or Article 5 of the Agreement on Agriculture, shall not apply the AJCEP safeguard measure to that importation.”

**f. Philippines-Japan Economic Partnership Agreement (PJEPA)**

Paragraph 11 of Article 22 (Emergency Measures) under PJEPA provides:

“11. Each Party may take safeguard measures to the originating goods in accordance with:



- (a) *Article XIX of the GATT 1994 and the Agreement on Safeguards, provided that the originating good is the subject of the concession of that Party under the GATT 1994 and, by such a safeguard measure, that Party suspends the obligation of that Party under the GATT 1994 or withdraws or modifies the concession of that Party under the GATT 1994; or*
- (b) *Article 5 of the Agreement on Agriculture Annex 1A to the WTO Agreement (hereinafter referred to in this Chapter as “the Agreement on Agriculture”), provided that the originating good is the subject of the concession to that Party under the GATT 1994 and, by such a safeguard measure, that Party imposes the additional duty under Article 5 of the Agreement on Agriculture.”*

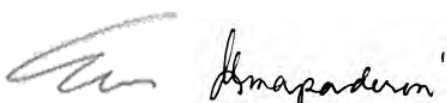
**g. ASEAN-India Free Trade Area (AIFTA)**

Paragraph 1 of Article 10 (*Safeguard Measures*) provides:

*“1. Each Party, which is a WTO Member, retains its rights and obligations under Article XIX of GATT 1994 and the Agreement on Safeguards in Annex 1A to the WTO Agreement (Agreement on Safeguards) and Article 5 of the Agreement on Agriculture in Annex 1A to the WTO Agreement (Agreement on Agriculture). Any action taken pursuant to Article XIX of GATT 1994 and the Agreement on Safeguards or Article 5 of the Agreement on Agriculture shall not be subject to the Agreement on Dispute Settlement Mechanism under the Framework Agreement (ASEAN-India DSM Agreement).”*

Paragraph 11 of said Article further states:

*“11. Notwithstanding the provisions of this Article, no Party may impose an AIFTA safeguard measure on a good to which actions are being applied pursuant to Article XIX of GATT 1994 and the Agreement on Safeguards or Article 5 of the Agreement on Agriculture. When a Party intends to apply, pursuant to Article XIX of GATT 1994 and the Agreement on Safeguards or Article 5 of the Agreement on Agriculture, an action on a good to which an AIFTA safeguard measure is being applied, it shall determine the AIFTA safeguard measure prior to the imposition of the action to be applied pursuant to Article XIX of GATT 1994 and the Agreement on Safeguards or Article 5 of the Agreement on Agriculture.”*





**h. Philippines-European Free Trade Association Free Trade Agreement (PH-EFTA FTA)**

Article 2.14 (*Global Safeguard Measures*) of PH-EFTA FTA states that:

*“The rights and obligations of a Party in respect of global safeguards shall be governed by Article XIX of the GATT 1994 and the WTO Agreement on Safeguards. In taking measures under these WTO provisions, a Party shall, in accordance with WTO rules, exclude imports of an originating product from one or several Parties if such imports do not in and of themselves cause or threaten to cause serious injury.”*

Further, paragraphs 1 and 2 of Article 2.15 (*Transitional Safeguard Measures*) of the same agreement states that:

*“1. Where, as a direct result of the reduction or elimination of an import duty under this Agreement, any product originating in a Party is being imported into the territory of another Party in such increased quantities, in absolute terms or relative to domestic production, and under such conditions as to constitute a substantial cause of serious injury or threat thereof to the domestic industry of like or directly competitive products in the territory of the importing Party, the importing Party may take transitional safeguard measures to the minimum extent necessary to remedy or prevent the injury, subject to paragraphs 2 to 14.*

*2. Transitional safeguard measures shall only be taken upon clear evidence that increased imports have caused or are threatening to cause serious injury pursuant to an investigation in accordance with the procedures laid down in the WTO Agreement on Safeguards.”*

**i. ASEAN-Hong Kong, China Free Trade Agreement (AHKFTA)**

Article 1 of Chapter 7 of the AHKFTA states:

*“Each Party affirms its rights and obligations with respect to another Party under Article VI of GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 in Annex 1A to the WTO Agreement, the Agreement on Subsidies and Countervailing Measures in Annex 1A to the WTO Agreement, Article XIX of GATT 1994, and the Agreement on Safeguards in Annex 1A to the WTO Agreement.”*



### 3. THE FORMAL INVESTIGATION

Section 9 of RA No. 8800 provides the legal basis for the Commission to conduct a formal investigation on the merits of imposing a definitive safeguard measure against importations of motor vehicles from various countries:

*“Section 9. Formal Investigation. - Within five (5) working days from receipt of the request from the Secretary, the Commission shall publish the notice of the commencement of the investigation, and public hearings which shall afford interested parties and consumers an opportunity to be present, or to present evidence, to respond to the presentation of other parties and consumers and otherwise be heard. Evidence and positions with respect to the importation of the subject article shall be submitted to the Commission within fifteen (15) days after the initiation of the investigation by the Commission.*

*The Commission shall complete its investigation and submit its report to the Secretary within one hundred twenty (120) calendar days from receipt of the referral by the Secretary, except when the Secretary certifies that the same is urgent, in which case the Commission shall complete the investigation and submit the report to the Secretary within sixty (60) days.”*

#### 3.1. Period of Investigation

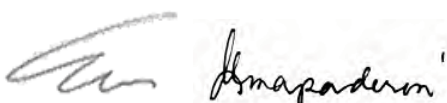
Following Rule 7.2.a of the Implementing Rules and Regulations (IRRs) of RA No. 8800 which states that import data covering the last five years preceding an application for safeguard measure should be evaluated for purposes of substantiating claims of a surge in imports, the period of investigation (POI) of the DTI investigation was 2014 to 2019, although import data for 2020 (January to October) was also presented in its Report.<sup>5</sup>

For purposes of the Commission’s formal investigation, and in accordance with WTO requirements, the POI is from 2014 to 2020, i.e., the period for which the latest annual data on importations is available. The determination of the POI is discussed more fully in Section 8.1 of this Report.

#### 3.2. Notifications

The Commission commenced its formal investigation with the issuance of a *Notice of Formal Investigation and Preliminary Conference* on 05 February 2021 (*Annex A*). Said *Notice* was uploaded to the Commission’s website (<https://www.tariffcommission.gov.ph>) on the same date and was published in *The Manila Times* and *Manila Standard* on 06 February 2021 (*Annex B*). Individual notices were likewise sent *via* e-mail to all parties on record.

<sup>5</sup> Report on the Affirmative Preliminary Determination on the Application of Philippine Metalworkers’ Alliance (PMA) on the Importation of Motor Vehicle from Various Countries (SG Case No. SG01-2020), 29 December 2020, DTI.



### 3.3. Conduct of Preliminary Conference via Videoconferencing (PCV)

Held *via* videoconferencing using Microsoft Teams (MST) on 17 February 2021, the PCV apprised parties on the timelines; nature of investigation; appearance of counsel and parties; number of witnesses; notification/s; accessibility of documents and public file; confidentiality of documents; submission of position papers, memoranda and adjustment plan; conduct of inspection and verification of data; schedules of public hearing; and other matters that will aid in the prompt disposition of the case.

In attendance during the PCV were representatives and/or counsels of the petitioner, domestic manufacturers, importers, exporters, industry associations, foreign embassies, foreign manufacturers, private individuals, media, and government agencies (*Annex C*).

Matters taken up and agreed upon by the parties were contained in an *Order of Preliminary Conference* issued by the Commission on 19 February 2021 (*Annex D*). Uploaded to the Commission's website on the same date, said *Order* was provided to all parties that attended the PCV.

### 3.4. Requests for Information

The Commission requested relevant information (e.g., product specifications, production data, trade data, financial data, and market data) from the petitioner and other interested parties to gain a deeper understanding of the Philippine motor vehicles sector. In particular, parties who either attended the PCV or indicated willingness to participate in the formal investigation (whether verbally or through written submissions) were communicated with and were requested to provide appropriate information, i.e., the information requested differed depending on whether the party was a domestic manufacturer, Philippine importer, or foreign exporter.

The results of this initiative of the Commission are summarized below:

**Table 3.1. Requests for Information by TC**

Company/ Party	Date of TC Letter	Response
<b>A. Domestic Industry</b>		
Philippine Metalworkers' Alliance (PMA)	12 March 2021	Complied
<b>A1. Passenger Cars</b>		
Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI)	12 March 2021	Complied
Isuzu Philippines Corporation (Isuzu)	02 March 2021	Complied
Honda Cars Philippines, Inc. (Honda)	12 March 2021	Did not provide requested data
Mitsubishi Motors Philippines Corporation (Mitsubishi)	12 March 2021	Complied
Nissan Philippines, Inc. (Nissan)	12 March 2021	Did not provide requested data
Toyota Motor Philippines Corporation (Toyota)	12 March 2021	Complied
<b>A2. Light Commercial Vehicles</b>		



Company/ Party	Date of TC Letter	Response
Truck Manufacturers Association, Inc. (TMA): Isuzu, Mitsubishi, Toyota, Ford, Sojitz Fuso	12 March 2021	Complied
<b>B. Philippine Importer/Trader</b>		
Changan Motor Philippines Inc. (CMPI)	11 March 2021	Complied
Association of Vehicle Importers and Distributors, Inc. (AVID)	12 March 2021	Complied
The Covenant Car Company, Inc. (TCCCI)	12 March 2021	Complied
Ford Group Philippines, Inc. (Ford)	11 March 2021	Complied
Scandinavian Motors Corporation (SMC)	11 March 2021	Complied
Sojitz G Auto Philippines Corporation (SGAP)	12 March 2021	Complied
<b>C. Foreign Exporter</b>		
Korea Automobile Manufacturers Association (KAMA)	8 March 2021	Complied
Kia Motors Corporation (Kia)	8 March 2021	Complied
Hyundai Motor Company (HMC)	8 March 2021	Complied
Thai Automotive Industry Association (TAIA)	8 March 2021	Complied
Japan Automobile Manufacturers Association, Inc. (JAMA)	8 March 2021	
China Chamber of Commerce of Machinery and Electronic Products (CCCME)	12 March 2021	Complied
<b>D. Foreign Government</b>		
Thai Trade Center Manila	01 March 2021	Submitted position paper instead
European Chamber of Commerce in the Philippines	12 March 2021	Submitted position paper instead

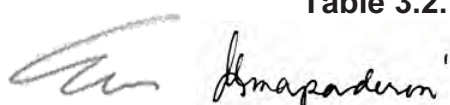
### 3.5. Ocular Inspection / Data Verification / Meetings

As provided in its *Order of Preliminary Conference* dated 19 February 2021, the Commission shall conduct on-site investigations, to include ocular inspections and data verification, to validate information provided or to obtain further details.

The Commission normally conducts ocular inspections and data verification activities at the manufacturing plants and office premises of parties to determine the veracity of submissions and to gather insights and information pertinent to the investigation.

However, in compliance with the health protocols under the current State of Public Health Emergency throughout the Philippines and implementation of the Community Quarantines (ECQ/MECQ) throughout the National Capital Region, Bulacan, Cavite, Laguna and Rizal (or the so-called “NCR Bubble”), the Commission opted to conduct online meetings to clarify and/or verify submissions of parties. The schedule of online meetings is shown below:

**Table 3.2. Conduct of Data Verification via Virtual Meetings**




Name of Party	Date of Data Verification Meeting
Philippine Metalworkers' Alliance	26 March 2021
Toyota Motors Philippines	07 April 2021
Toyota Suppliers Club	08 April 2021
Isuzu Philippines Corporation	08 April 2021
Mitsubishi Motor Philippines Corporation	16 April 2021
Ford Group Philippines	19 April 2021
The Covenant Car Company, Inc.	21 April 2021

Moreover, the Commission acceded to requests for online meetings by several interested parties seeking to either elaborate on their position/s and/or clarify the TC investigation process. The following meetings were held:

**Table 3.3. Online Meetings with Other Interested Parties**

Party	Date of Online Meeting
Embassy of the United States	25 January 2021
Toyota Motors Philippines	18 February 2021
Embassy of Korea	03 March 2021

Finally, consultations were held with the Governments of Thailand and Japan, upon their requests, on the following dates:

**Table 3.4. Consultations with Japan and Thailand**

Foreign Government	Date of Consultations
Thailand (Department of Foreign Trade)	14 June 2021
Japan (Embassy of Japan in the Philippines)	16 June 2021

### 3.6. Issuance of Staff Report

On 25 May 2021, the Commission issued its Staff Report containing its initial findings on the elements of product comparability and volume of increased imports. All concerned parties were provided a copy of said Report and were given until 30 May 2021 to submit their comments.




## 4. PARTIES' SUBMISSIONS

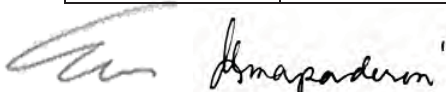
The Commission maintained a public file containing non-confidential information/submissions which was made available, upon request, to all interested parties. All position papers, manifestations and other documentary evidence received by the Commission are tabulated in *Annex E*.

### 4.1. The Petitioner

To support its application for the imposition of safeguard measures against importations of motor vehicles (i.e., passenger cars and light commercial vehicles) from various countries, petitioner PMA submitted the following:

**Table 4.1. Position/s of Petitioner: PMA**

Issue	Position
On increased imports	<ul style="list-style-type: none"> <li>• There is an increase in imports of like or directly competitive products. Based on data gathered from BOC, there is an upward trend of imports from car and car-parts consistently from 2014 to 2018.</li> <li>• There is a steady increase in imports during the years 2014 to 2017. However, the surge of USD 3,197,681,068 in imports in 2018 is a cause of concern, given that such amounts translate to an approximately 300% increase in imports within a twelve-month period from the end of 2017.</li> </ul>
On employment	<ul style="list-style-type: none"> <li>• “The impending demise of the automotive industry will mean the loss of tens of thousands of workers directly employed, including those illegally placed on ENDO and ‘hired’ through labor-only contractors such as ‘manpower agencies’ and ‘labor cooperatives.’”</li> <li>• There will be additional job losses estimated at hundreds of thousands with respect to formal and informal sector workers from whom the workers and employers purchase an enormous amount of goods and services.</li> </ul>
On serious injury and/or threat of serious injury	<ul style="list-style-type: none"> <li>• The existence of serious injury or threat thereof to the domestic industry can clearly be seen from the loss of jobs.</li> <li>• Data shows a downward trend for all five players after 2018, with Univation R&amp;F and Enkei reducing employment as early as 2014. The greatest number of job losses was in Mitsubishi R&amp;F, wherein the labor-force was reduced by 401 workers in 2018 due to redundancy.</li> <li>• The Nissan Philippines factory closed down, with 133 workers losing their jobs. Mitsubishi temporarily laid-off 46 employees, while another 46 employees availed of early retirement package. Another 68 employees lost their jobs in Isuzu Motors.</li> <li>• For Isuzu, the decline in production can be seen in all three models being produced in the Philippines, from a total of 12,035 units in 2017 to only 9,349 units in 2018. There was further decline in production in 2019 due to the phase out of D-Max.</li> <li>• Production declined [for Mitsubishi] in business year April 2018 to March 2019, where only 21,022 units were produced. The several reductions in units produced was caused clearly by the phasing out of the KZ model, although it is noted that there was an increase in production for the ELL model.</li> </ul>
On causal link	<ul style="list-style-type: none"> <li>• There obviously is a causal link between the increased imports of the product under consideration and the serious injury or threat thereof, as seen in the reduction of units produced and job losses.</li> <li>• The causal link between imports and loss of employment can be seen from the</li> </ul>




Issue	Position
	<p>steady increase in imports of cars and auto parts from 2014, which quadrupled in size in 2018.</p> <ul style="list-style-type: none"> <li>• There is a steady decrease in the number of workers from its highest (86,428) in April 2015 to its second lowest (37,398) in July 2018. This steady decrease can be attributed to the increasing trend in car and car parts imports from 2014 to 2017. Similarly, the sudden decrease of jobs in 2018 (from 67,204 in January to 37,398 in July) could be readily ascribed to the sudden surge in imports in 2018.</li> <li>• The declines in production in both Isuzu and Mitsubishi were complemented by the increase in imports from USD 1,559,393,635.00 in 2017 to USD 4,757,074,703.00 in 2018.</li> </ul>

### **Adjustment Plan**

Rule 4.1 of the IRRs of RA No. 8800 defines adjustment plan as an “*action plan which a domestic industry is required to submit, that describes a set of quantified goals, specific plans, and timetables that a concerned industry commits to undertake in order to facilitate positive adjustment of the industry to import competition*” (underscoring supplied).

On the other hand, Rule 11.3 of said IRRs of RA No. 8800 provides that:

*“If the Commission makes an affirmative determination of serious injury or threat thereof, individual commitments regarding actions such persons and entities intend to take to facilitate positive adjustment to import competition shall be submitted to the Commission by any:*

- a) *Firm in the domestic industry,*
- b) *Certified or recognized union or group of workers in the domestic industry,*
- c) *Local community,*
- d) *Trade association representing the domestic industry, and*
- e) *Other person or group of persons who stand to benefit from the imposition of safeguard measures.”* (Underscoring supplied)

Additionally, Rule 11.4 reads:

*“The adjustment plan shall provide a clear quantification of its proposed goals and detail the efforts that the domestic industry and other concerned parties will make to place the domestic industry in a more competitive position. The goals shall be presented using objectively verifiable indicators that will cover the period for which safeguard measures are sought. Measures covering more than one year shall include specific efforts to be undertaken by the domestic industry for each year of progressive liberalization of the measure. It shall likewise include a time frame to enable the Commission to monitor their attainment over the specified period.”* (Underscoring supplied).



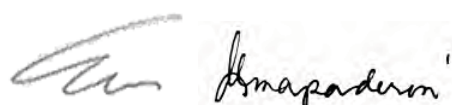

Finally, Section 16 of RA No. 8800 also provides that:

*“SEC. 16. Monitoring. - So long as any action taken under Section 13 remains in effect, the Commission shall monitor developments with respect to the domestic industry, including the progress and specific efforts made by workers and firms in the domestic industry to make a positive adjustment to import competition.”*

Following the Commission’s directive in its *Order of Preliminary Conference* dated 19 February 2021, PMA submitted on 12 March 2021 its proposed short-term adjustment plans to adopt to facilitate positive adjustment to import competition. Said adjustment plans are listed below:

**Table 4.2. Adjustment Plan of Petitioner: PMA**

Measures to be Undertaken	Rationale
a. Immediate release of incentives for automotive manufacturers currently enrolled in the Comprehensive Automotive Resurgence Strategy (CARS) program subject to requirements of the program	It has been reported that car manufacturing companies enrolled have not yet received the incentives under the CARS program. Immediate release of these incentives will offset the additional cost incurred by car companies due to the safeguards measure. Moreover, this will increase business confidence on government’s industrial policy.
b. 10-year extension of current phase and re-opening of application to CARS program to allow existing automotive car manufacturers that are not yet enrolled in the program to avail of the current incentives	There are only two car manufacturers who are currently enrolled in the CARS program. It is advantageous for car manufacturers to enroll in the program because of the incentives that they can avail. Extension of the current phase of the program will allow more firms to enroll. For companies currently enrolled in the CARS program that are unlikely to meet the production target, the extension of the current phase of the program will give them sufficient time to meet production targets.
c. Opening of Phase 3 of the CARS program to both enrolled and unenrolled car manufacturers	The Phase 3 of the CARS program will entail additional incentives for domestic car manufacturers that decide to enroll.
d. Enactment of a law requiring government agencies, local government units (LGUs), and government-owned and controlled corporations (GOCCs) to prioritize procurement of vehicles from local manufacturers	Based on estimates using the past data on government vehicles, government procurement of vehicles generates at least PHP 8 billion in terms of direct demand for transport equipment. If government demand for cars is channeled toward locally produced models, domestic car manufacturing will benefit greatly from the demand generated by the government.
e. Lowering of corporate income tax should the Corporate Recovery and Tax Incentives for Enterprises (CREATE) bill be signed into law	The CREATE bill will reduce the tax burden for car companies. The bill also envisions the grant of various tax incentives.
f. Extension of sunset period for incentives currently enjoyed by car manufacturers that will be affected by adjustments in incentives should the CREATE bill be signed into law	Extension of sunset period for car companies enjoying fiscal incentives will give them sufficient time to adjust and reduce the impact on their long-term plans.





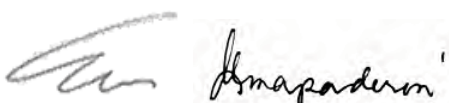

The measures listed in PMA's submitted adjustment plan do not have quantifiable goals, specific plans, and timetables to facilitate positive adjustment of the motor vehicles industry to import competition as required by Rule 11.4 of the IRRs of RA No. 8800. Specific quantifiable goals and timetables are required because Section 16 of RA No. 8800 requires monitoring of compliance with adjustment plan. The identified measures are all government-led programs.

During the data verification meeting held on 26 March 2021, the Commission requested PMA for a detailed adjustment plan following the aforesaid Rule 11.4, which the latter agreed to submit. The Commission has not received any revised adjustment plan from PMA.

#### **4.2. Other Parties-in-Interest**

Many parties-in-interest (e.g., local car manufacturers/assemblers, Philippine importers, foreign exporters, industry associations, labor unions, foreign governments/embassies) submitted position papers citing their concerns, comments, and reservations on the imposition of safeguard measures (provisional and definitive) against importations of subject motor vehicles from various countries. Due to the numerous submissions received, the positions of these interested parties are summarized in *Annex F*.

Notably, the domestic car industry does not support the petition of PMA. Position papers expressing their opposition and concern/s were received from the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI) and its members. The membership of CAMPI is composed of the following five companies: Honda Cars Philippines, Inc. (Honda); Isuzu Philippines Corporation (Isuzu); Mitsubishi Motors Philippines Corporation (Mitsubishi); Nissan Philippines, Inc. (Nissan); and Toyota Motor Philippines Corporation (Toyota). Additionally, Hyundai Asia Resources, Inc. (Hyundai), another car manufacturer, also submitted its opposition to the PMA petition.



## 5. DETERMINATION OF LIKE PRODUCT OR DIRECTLY COMPETITIVE PRODUCT

Rule 9.4.a of the IRRs of RA No. 8800 requires the Commission to determine “if the domestic product is like or directly competitive product to the imported product under consideration.”

Section 4(h) of RA No. 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) defines “directly competitive products” as “domestically-produced substitutable products.”

### 5.1. Imported Products Under Consideration

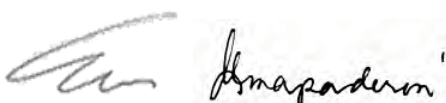
The Commission determined the imported products under consideration based on the Preliminary Report of DTI and the tariff lines provided by the Secretary of Trade and Industry in his letter to the Commission dated 02 February 2021.

Subject imported products of the investigation are **new CBU passenger cars** and **new CBU light commercial vehicles** which are completely assembled and ready to use. These motor vehicles are described in the DTI Preliminary Report as follows:

**Table 5.1. Imported Products Under Consideration<sup>6</sup>**

Imported New CBU Motor Vehicles	Exclusions
<b>Passenger cars</b> with at least four wheels, used for the transport of passengers, and comprising no more than eight seats in addition to the driver's seat, classified under AHTN 2017 Heading 87.03	CKD vehicles, semi knocked-down (SKD), used vehicles, special purpose vehicles such as golf cars and similar vehicles, go-karts, all-terrain vehicle (ATV), ambulances, hearses, prison vans, motor-homes, electric motor vehicles, and luxury cars that have high-end features that go above and beyond the average necessities amounting to more than USD 25,000 based on FOB price
<b>Light commercial vehicles</b> specifically diesel-fueled pick-up trucks and other utility vehicles with gross vehicle weight not exceeding 5 tons, used for the carriage of goods, classified under AHTN 2017 subheading 8704.21.29	CKD vehicles, semi knocked-down (SKD), used vehicles, special purpose vehicles such as ambulance, hearse, e-motor vehicles and luxury vehicles that have high-end features that go above and beyond the average necessities amounting to more than USD 28,000 based on FOB price.

<sup>6</sup> Report on the Affirmative Preliminary Determination on the Application of Philippine Metalworkers' Alliance (PMA) on the Importation of Motor Vehicle from Various Countries (SG Case No. SG01-2020), 29 December 2020, DTI.




In the ASEAN Harmonized Tariff Nomenclature (AHTN), **CKD** refers to a condition upon importation wherein the complete components and parts of a motor vehicle are brought in completely-knocked-down, for purposes of easy transport, to be assembled in the importing country. On the other hand, **CBU** refers to completely built motor vehicles, or essentially built units, wherein non-essential parts, or optional or enhancement accessories, are the only things missing. The term “luxury”, when used to categorize vehicles, refers to units that are equipped with better performance capabilities, lavish interiors, and the latest safety and technology features.

## 5.2. The Domestic Products

During the POI (2014-2020), the domestic industry produced **CBU passenger cars** and **CBU light commercial vehicles** (Table 5.2). These motor vehicles are described as follows:

**Table 5.2. Domestic Products**

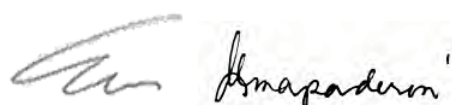
Locally Produced Motor Vehicles	Descriptions*
<b>CBU Passenger cars</b>	Locally manufactured CBU or ready to use four-wheeled motor vehicles, propelled by either gasoline or diesel, which are designed to transport not more than nine persons including the driver, and not designed primarily to transport goods. Examples are hatchbacks, sedans, and multi-purpose vehicles (MPVs).
<b>CBU Light commercial vehicles</b>	Locally manufactured CBU or essentially complete diesel-fueled pick-up trucks and other utility vehicles, whether four-wheel drive or not, with gross vehicle weight not exceeding 5 tons, used for the carriage of goods but with provision also for the transport of persons, classified under AHTN 2017 subheading 8704.21.29

\*Based on AHTN 2017

From 2014 to 2020, there were six identified local producers of subject articles, namely: Toyota Motors Philippines (Toyota), Mitsubishi Motors Philippines Corporation (Mitsubishi), Nissan Philippines Inc. (Nissan), Hyundai Asia Resources Inc. (Hyundai), Honda Cars Philippines, Inc. (Honda), and Isuzu Philippines Corporation (Isuzu) (Table 5.3). All six companies can produce CBU passenger cars. For CBU light commercial vehicles, only two companies - Mitsubishi and Isuzu – have the capability.

**Table 5.3. Local Producers of Domestic Products**

Manufacturer	Model	Specification/s	AHTN 2017 Code
Toyota Motors Philippines (Toyota)	Vios	CBU, 5-seater, 1496 cc, gasoline	8703.22.47
	Innova	CBU, 8-seater, 2755 cc, diesel	8703.33.80
		CBU, 8-seater, 2494 cc, diesel <sup>1/</sup>	8703.32.76
		CBU, 8-seater, 1998 cc, gasoline <sup>2/</sup>	8703.23.66
Mitsubishi Motors	Mirage G4	CBU, 5-seater Sedan, 1193 cc gasoline	8703.22.47




Manufacturer	Model	Specification/s	AHTN 2017 Code
Philippines Corporation (Mitsubishi)	Mirage Hatchback	CBU, 5-seater, 1193 cc, gasoline	8703.22.59
	L300 (Cab and Chassis)	Utility Vehicle, 2268 cc, diesel	8704.21.29
	Lancer (EX) <sup>3/</sup>	CBU, 5-seater, 1998 cc, gasoline	8703.23.56
	Adventure <sup>4/</sup>	CBU, 7-seater, 2477cc, diesel	8703.32.76
Nissan Philippines Inc. <sup>5/</sup> (Nissan)	Almera	CBU, 5-seater, 1198-1498 cc, gasoline	8703.22.47
Hyundai Asia Resources Inc. (Hyundai)	Accent GL	CBU, 5-seater, 1368 cc, gasoline	8703.22.47
	Accent CRDi	CBU, 5-seater, 1582 cc, diesel	8703.32.61
Honda Cars Philippines, Inc. <sup>6/</sup> (Honda)	City	CBU, 5-seater, 1498 cc, gasoline	8703.22.47
	BR-V	CBU, 7-seater, 1497 cc, gasoline	8703.22.59
Isuzu Philippines Corporation (Isuzu)	D-MAX <sup>7/</sup>	CBU, 3.0t, diesel	8704.21.29
	Crosswind <sup>8/</sup>	CBU, 2499 cc, diesel	8703.32.76

Sources: Local manufacturers' submissions/websites, TC Research

Notes:

<sup>1/</sup> local production discontinued in 2018

<sup>2/</sup> local production discontinued in 2019

<sup>3/</sup> local production discontinued in 2014

<sup>4/</sup> local production discontinued in 2017

<sup>5/</sup> ceased operation in March 2021

<sup>6/</sup> ceased operations in March 2020

<sup>7/</sup> local production discontinued in July 2019

<sup>8/</sup> local production discontinued in 2018

### 5.3. WTO Requirement


#### Like Products

In the Appellate Body Report on “Japan – Taxes on Alcoholic Beverages”, it adopted that Panel’s findings that “like products” must be narrowly construed, noting that “the term ‘like products’ suggest that for two products to fall under this category they must share, apart from commonality of end-uses, essentially the same physical characteristics”.<sup>7</sup> The Report further stated that: “Tariff classification has been used as a criterion for determining “like products” in several previous adopted panel reports.”<sup>8</sup>

In its Report on “United States – Safeguard Measures on Imports of Fresh, Chilled, or Frozen Lamb Meat from New Zealand and Australia”, the Appellate Body noted that “safeguard measure is imposed on a specific ‘product’, namely, the imported product. The measure may only be imposed if that specific product (‘such

<sup>7</sup> WTO Appellate Body Report of the Panel. 1996. “Japan – Taxes on Alcoholic Beverages”. WTO Document Code WT/DS8/AB/R; WT/DS10/AB/R; WT/DS11/AB/R

<sup>8</sup> WTO Appellate Body Report. 1996. “Japan – Taxes on Alcoholic Beverages”. WTO Document Code WT/DS8/AB/R; WT/DS10/AB/R; WT/DS11/AB/R




product') is having the stated effects upon the 'domestic industry that produces like or directly competitive products'. The conditions in Article 2.1, therefore, relate in several important respects to specific products."<sup>9</sup> The Report further declared that: "In our view, under Article 4.1(c), input products can only be included in defining the "domestic industry" if they are 'like or directly competitive' with the end-products."

### **Directly Competitive Products**

Paragraph 91 of the WTO Appellate Body Report on "Korea – Taxes on Alcoholic Beverages"<sup>10</sup> identified the following key elements for the interpretation of the term "directly competitive":

- i. The word "competitive" means "characterized by competition". The context of the competitive relationship is necessarily the marketplace, since that is the forum where consumers choose different products that offer alternative ways of satisfying a particular need or taste. As competition in the marketplace is a dynamic and evolving process, the competitive relationship between products is not to be analyzed exclusively by current consumer preferences; competitive relationship extends as well to potential competition.
- ii. According to the ordinary meaning of the term "directly competitive", products are competitive or substitutable when they are interchangeable or if they offer alternative ways of satisfying a particular need or taste.
- iii. "Like" products are a subset of directly competitive or substitutable products: all like products are, by definition, directly competitive or substitutable, whereas not all "directly competitive or substitutable" products are "like".

In its Report on "United States – Measures Affecting Imports of Certain Passenger Vehicles and Light Truck Tyres from China"<sup>11</sup>, the Appellate Body did not question the methodology of United States when it used the following guidance in assessing what constitutes the like or directly competitive product i.e., it is necessary to consider not only quantitative factors (such as price and cross-price elasticity) but also qualitative factors which include: (i) the physical properties of the article, (ii) its customs treatment, (iii) its manufacturing process (i.e., where and how it is made), (iv) its uses, (v) the marketing channels through which the product is sold, and (vi) product design specification/s.<sup>12</sup>

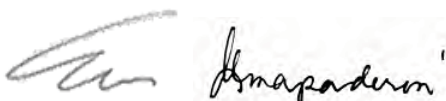
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<sup>9</sup> WTO Appellate Body Report. 2001. "United States – Safeguard Measures on Imports of Fresh, Chilled, or Frozen Lamb Meat from New Zealand and Australia." WTO Document Code WT/DS177/AB/R; WT/DS178/AB/R.

<sup>10</sup> WTO Appellate Body Report. 1998. "Korea – Taxes on Alcoholic Beverages". WTO Document Code WT/DS75/AB/R; WT/DS84/AB/R

<sup>11</sup> WTO Appellate Body Report. 2011. "United States – Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tyres from China." WTO Document Code WT/DS399/AB/R

<sup>12</sup> US International Trade Commission. July 2009. "Certain Passenger Vehicle and Light Truck Tires from China." Investigation No. TA-421-7.



## 5.4. Factors for Consideration

In making a determination on like or directly competitive products, the Commission was guided by the requirements of the Safeguard Measures Act and the WTO Agreement on Safeguards.

The Commission considered all submissions received and undertook its own research (e.g., available information on motor vehicle manufacturers' websites, relevant information on the internet).

### 5.4.1. Motor Vehicle Design/Specifications<sup>13</sup>

Motor vehicles are identified through their brands, model names, and variants. For example, the passenger car "Mitsubishi Mirage G4" has a brand name "Mitsubishi", a model name of "Mirage", and a variant called "Mirage G4". However, motor vehicles are also specifically distinguished based on several objective parameters (*Annex G*).

#### A. Body Shape/Design

Motor vehicles have general areas such as engine area, passenger area and luggage area. The physical arrangement of these areas affects the shape of the motor vehicle. In general, when using the box-design terminology, a motor vehicle can be classified as One-Box, Two-Box, or Three-Box (Figure 5.1).

Figure 5.1. Body Shape of Motor Vehicle

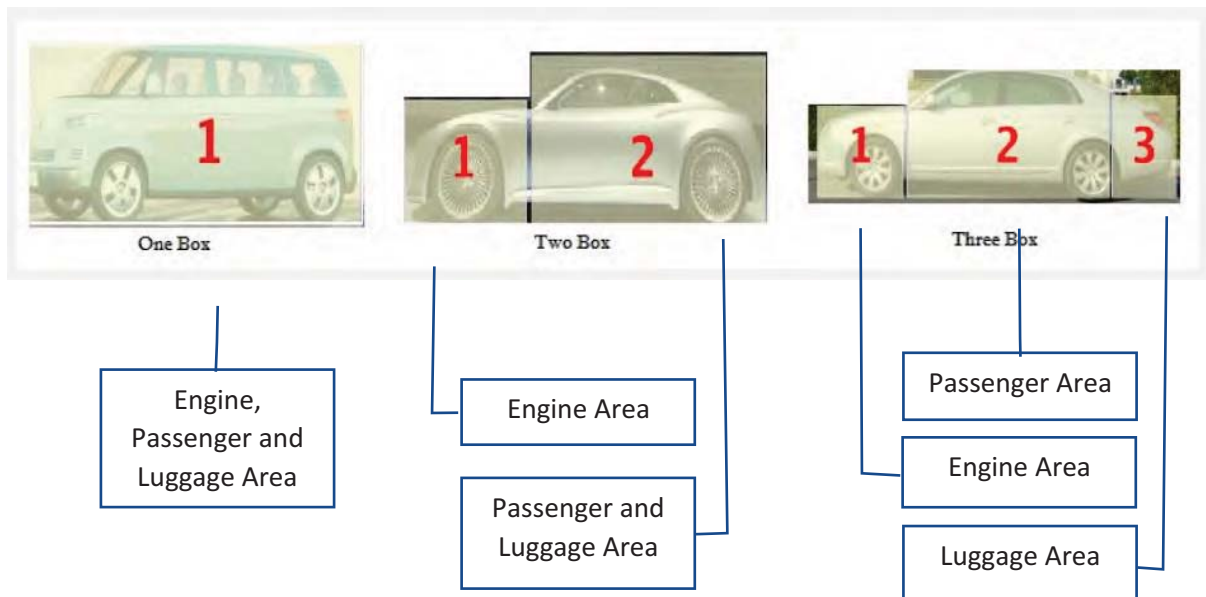


Image source: <https://www.bemoneyaware.com/blog/wp-content/uploads/2013/09/one-box-two-box-three-box.jpg>

<sup>13</sup> Chapter 2: Understanding Car Specification. Retrieved from: <https://www.blitzify.com/ultimate-guide-for-car-owners/understanding-car-specifications>

A certain motor vehicle may be considered as a One-Box design (also called *monospace* or *mono-box*) due to the sweep of the pillars that give the visual impression from outside the vehicle that the engine, passengers and cargo are all contained in one space. One-Box designs include light commercial vehicles and vans. Examples of One-Box motor vehicles are the Nissan Urvan and Toyota HiAce (Figure 5.2).

**Figure 5.2. Examples of One-Box Motor Vehicle Design**



Nissan Urvan



Toyota Hi-Ace

Image sources: [Nissan.ph](http://Nissan.ph), [autos.maxabout.com](http://autos.maxabout.com)

On the other hand, passenger cars, light commercial vehicles (three-door to five-door), multi-purpose vehicles (MPVs), hatchbacks, and utility vehicles typically have a Two-Box design, with the engine compartment in one box and the passengers and cargo in the other box. Examples would be the Toyota Innova, Mitsubishi Mirage Hatchback, and the Mitsubishi L300 (Figure 5.3).

**Figure 5.3. Examples of Two-Box Motor Vehicle Design**



Toyota Innova




Mitsubishi Mirage Hatchback



Mitsubishi L300

Image sources: [toyota.com.ph](http://toyota.com.ph); [mitsubishi-motors.com.ph](http://mitsubishi-motors.com.ph)

Sedans and pick-up trucks are examples of a Three-Box design wherein the engine, passengers and cargo are separated into three visual spaces when viewed from outside the vehicle. The Toyota Vios, Mitsubishi Mirage G4, and Isuzu D-Max have such Three-Box design (Figure 5.4).

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**Figure 5.4. Examples of Three-Box Motor Vehicle Design**



Toyota Vios



Mitsubishi Mirage G4



Isuzu D-Max

Image Sources: *dreamstime.com; mitsubishi-motors.com.ph; zigwheels.co.th*

## **Findings**


Only imported motor vehicles (e.g., Nissan Urvan, Toyota Hi-Ace) can be categorized under a One-Box design configuration.

Locally produced and imported new CBU motor vehicles can be categorized under Two-Box or Three-Box design configurations. Locally produced passenger cars (i.e., Toyota Innova, Mitsubishi Mirage Hatchback) and light commercial vehicles (i.e., Mitsubishi L300) are of the same Two-Box design configuration with imported passenger cars (e.g., Chevrolet Trailblazer, Honda Brio) and LCV (e.g., Isuzu Traviz and Kia K2500). Similarly, locally produced passenger cars (i.e., Toyota Vios, Mitsubishi Mirage G4 and Hyundai Accent GL) are of the same Three-Box design as imported passenger cars (e.g., Morris Garage MG5 and MG6).

## **B. Body Style/Type**

Motor vehicles are also categorized in terms of their style or type. These are:

- i. Sedan. A passenger car, having a 3-box configuration, for four or more people; Examples: Morris Garages MG5 & MG6, Changan Alsvin, Jac J4
- ii. Luxury. Could be any type of vehicle that is appointed with higher quality equipment, higher performance components, or innovative features to increase passenger comfort or convey an image of prestige; a highly subjective term; Examples: Cadillac CT4, Volvo S60, Mercedes-Benz CLA 250)
- iii. Sports Car. Another subjective term but generally used to describe a vehicle with components designed to maximize performance, sometimes at the cost of passenger comfort and space; Examples: Mercedes-Benz CLS-Class, Ford Mustang, Chevrolet Camaro
- iv. Economy. A small car with low purchase price and cost of operation; can be of any design shape; Examples: Toyota Wigo, Hyundai Eon, Suzuki Alto
- v. Sports Utility Vehicle (SUV). Typically a two-box design, often with four-wheel drive, and increased towing capacity; usually built on a light truck frame; Examples: Toyota Fortuner, Mitsubishi Montero Sports, Isuzu Mu-X
- vi. Multi-Purpose Vehicle (MPV). Also known as a minivan; a Two-Box design built to maximize passenger carrying capacity; often includes

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- vii. Crossover Utility Vehicle. An SUV built to provide car-like handling and gas mileage with SUV-like cargo and seating capacities; typically, a Two-Box design; Examples: Honda BR-V, Ford Territory, Toyota Corolla Cross
- viii. Pick-up. It is a light truck that has an enclosed cabin, either single or double row, with an open cargo area and low side tailgate; Examples: Isuzu D-Max, Mitsubishi Strada, Chevrolet Colorado
- ix. Commercial Utility Vehicle. A utility vehicle with a two-door cabin at the front while at the rear is a closed area for carrying goods which can be custom-made; Examples: Mitsubishi L300, Isuzu Traviz, Kia K2500
- x. Van. Characterized by a large, boxy appearance, a short hood, and heavy cargo/passenger-hauling capacity; Examples: Nissan Urvan, Toyota HiAce, Foton View Transvan

### **Findings**

Locally produced and imported motor vehicles can be categorized in any of the abovementioned body styles/type (Table 5.4).

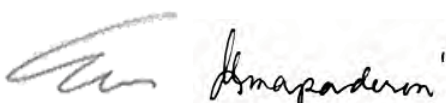
**Table 5.4. Body Styles of Locally Produced and Imported Motor Vehicles**

Body Style/Type	Brand / Model	
	Locally Produced Motor Vehicle	Imported Motor Vehicle
Sedan	Toyota Vios, Mitsubishi Mirage G4, Hyundai Accent GL	Morris Garages MG5 & MG6, Changan Alsvin, Jac J4
Economy	Mitsubishi Mirage Hatchback	Honda Brio
MPV	Toyota Innova	Mitsubishi Xpander, Toyota Avanza
Commercial utility vehicle	Mitsubishi L300 Cab and Chassis	Isuzu Traviz and Kia K2500

All other imported motor vehicles that have categories such as luxury cars, sports cars, SUVs, Crossover Utility Vehicles, and vans have no local counterparts in terms of body style/type.

### **C. Dimensions and Weight**

In describing motor vehicles, size and weight are considered. Vehicle weights are usually referred to in terms of Curb Weight and Gross Vehicle Weight (GVW). Curb weight is the weight of the vehicle with full fluids, as it sits with no cargo or passengers. GVW is the curb weight plus the weight of the maximum payload the vehicle is designed to carry. For a vehicle's dimensions, trunk space and the volume of the cargo carrying area may be referred to as well.




Wheelbase (length from front to rear wheels) and ground clearance (distance between the ground and bottom chassis) are also important factors. The wheelbase determines the turning radius of a vehicle. For example, a jeep which has a short wheelbase, will turn around in a shorter distance than a full-size pickup, which has a long wheelbase. If the wheel was held over and the vehicles driven in a circle, the jeep makes a much smaller turn than the truck. In terms of ground clearance, high clearance vehicles, such as four-wheel drive pickups, provide lots of clear space under the vehicle for rolling over obstacles. On the other hand, vehicles with low clearance, such as low-riders, sit closer to the ground.

## **Findings**

**Dimensions.** Locally produced motor vehicles and imported motor vehicles models are comparable. For instance, the Mitsubishi Mirage Hatchback has approximately the same dimensions as the imported Honda Brio and Toyota Wigo as they all have small body designs (Tables 5.5 and 5.6). In addition, locally produced sedans (i.e., Toyota Vios, Nissan Accent, Honda City) have the same range of dimensions with the imported JAC J4, Changan Alsvin, and Morris Garages MG 5. For LCV pick-up trucks, the Isuzu D-MAX has the same range of dimensions with the Toyota Hilux.<sup>14</sup>

**Table 5.5. Dimension/s and Weight/s of Locally Produced Motor Vehicles**

<b>Brand / Model</b>	<b>Dimensions (mm): Wheelbase x Track Width x Ground Clearance</b>	<b>GVW (kg)</b>
<b>Passenger Cars</b>		
Toyota Vios	4,425 x 1,730 x 1,475	1,020
Toyota Innova	4,735 x 1,830 x 1,795	2,430
Mitsubishi Mirage G4	4,305 x 1,670 x 1,515	1,305
Mitsubishi Mirage Hatchback	3,795 x 1,665 x 1,500	1,320
Mitsubishi Lancer (EX)	4,570 x 1,490 x 1,760	1,850
Mitsubishi Adventure	4,420 x 1,800 x 1,650	2,100
Nissan Almera	4,425 x 1,695 x 1,505	1,710
Hyundai Accent GL	4,440 x 1,729 x 1,460	1,540 – 1,570
Hyundai Accent CRDi	4,440 x 1,729 x 1,460	1,650 – 1,680
Honda City	4,553 x 1,748 x 1,467	1,566 – 1,592
Honda BR-V	4,453 x 1,735 x 1,666	1,790
Isuzu Crosswind	4,780 x 1,770 x 1,900	2,180
<b>Light Commercial Vehicles</b>		
Mitsubishi L300 (Cab and Chassis)	4,260 x 1,695 x 1,895	2,345
Isuzu D-MAX	5,265 x 1,870 x 1,785	2,800

*Source: Submissions of interested parties and TC research*

<sup>14</sup> Most of the models identified are among the Autodeals' top best-selling cars in the Philippines from 2018 to 2020.




**Table 5.6. Dimension/s and Weight/s of Imported Motor Vehicles**

Brand / Model	Dimensions (mm): Wheelbase x Track Width x Ground Clearance	GVW (kg)
<b>Passenger Cars</b>		
JAC J4	4,435 x 1,725 x 1,505	1,485
Changan Alsvin	4,390 x 1,725 x 1,490	1,455
Morris Garages MG 5	4,601 x 1,818 x 1,489	1,230
Morris Garages MG 6	4,695 x 1,848 x 1,462	2,040
Honda Brio	3,800 x 1,680 x 1,485	1,430
Nissan X-Trail	4,690 x 1,830 x 1,740	2,130
Chevrolet Trailblazer	4,887 x 2,132 x 1,840	2,750
Toyota Wigo	3,660 x 1,600 x 1,520	1,100
Toyota Avanza	4,120 x 1,630 x 1,630	1,680
Toyota Rush	4,435 x 1,695 x 1,705	1,870
Mitsubishi Xpander	4,475 x 1,750 x 1,695	1,790
<b>Light Commercial Vehicles</b>		
Toyota Hilux	5,330 x 1,865 x 1,815	3,210
Mitsubishi Strada	4,865 x 1,785 x 1,655	2,570
Isuzu Traviz	4,450 x 1,695 x 1,955	2,950
Kia K2500	4,825 x 1,740 x 2,105	2,980 / 2,112

Source: Submissions of interested parties and TC research

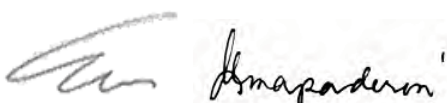
**Gross Vehicle Weight.** There are variations of GVW across the models shown in Tables 5.5 and 5.6. For example, the Toyota Vios is lighter than its imported counterparts (e.g., JAC J4, Changan Alsvin, and Morris Garages MG 5 and MG6). Since parts and components, interiors, and engines, among others, differ across models and brands, determining like or directly competitive product based on GVW analysis alone is not appropriate.

#### D. Engine

The engine of a motor vehicle is described using its main fuel source: gas, diesel, hybrid, electric, or alternative fuels (i.e., bioethanol, biodiesel or hydrogen fuels). Generally, hybrids use a combination of petroleum and electrical energy as a fuel source.

An internal combustion engine is described by the number of cylinders used for combustion (i.e., four-cylinder or six-cylinder). These may be further described by the volume of space used for combustion in the cylinders. Thus, a "304 V8" engine is an 8-cylinder engine with 304 cubic inches used for combustion in the cylinders.

An engine may also be described based on its size, also known as displacement. The term horsepower is used to describe the power available from the engine while torque is a description of how hard the engine can work at low speeds. Torque is therefore most often used to describe ability to pull a load and horsepower will define ultimate speed.




Engine displacement is the combined swept volume of the pistons inside the cylinders of an engine termed as cylinder capacity (cc). Engine displacement has a direct impact on how much fuel must be drawn into a cylinder to create power and maintain engine operation. The higher an engine's displacement, the more power it can create. On the other hand, the lower the displacement, the less fuel is consumed.

Motor vehicles with high engine cylinder capacity are more expensive, burn more fuel, produce more power, accelerate faster, and tow heavier loads compared to motor vehicles with lower engine cylinder capacity. Passenger cars with cylinder capacity exceeding 3000 cc are luxury or sports cars (e.g., Mercedes Benz G-Class, Mercedes-Benz AMG-GT).

### Findings

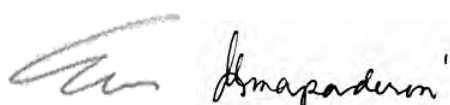
**Engine Displacement.** All locally produced and imported motor vehicles have engine displacements lower than 3000 cc. There are negligible differences of  $\pm 6$  cc because body designs and engines, among others, differ across models and brands.

**Fuel Source.** All locally produced and imported motor vehicles either uses gasoline or diesel as fuel source. Tables 5.7 and 5.8 indicates that the engine fuel source of the models of the locally produced Toyota Vios, Mitsubishi Mirage G4, and Hyundai Accent GL is the same as its imported counterparts (i.e., JAC J4, Changan Alsvin, and Morris Garages MG5 and MG6).

**Table 5.7. Engine Displacement and Fuel Source of Locally Produced Motor Vehicles**

Brand / Model	Engine Displacement (cc)	Fuel Source
<b>Passenger Cars</b>		
Toyota Vios	1496	Gasoline
Toyota Innova	1998	Gasoline
	2755 / 2494	Diesel
Mitsubishi Mirage G4	1193	Gasoline
Mitsubishi Mirage Hatchback	1193	Gasoline
Mitsubishi Lancer (EX)	1998	Gasoline
Mitsubishi Adventure	2477	Diesel
Nissan Almera	1198 / 1498	Gasoline
Hyundai Accent GL	1368	Gasoline
Hyundai Accent CRDi	1582	Diesel
Honda City	1497	Gasoline
Honda BR-V	1497	Gasoline
Isuzu Crosswind	2499	Diesel
<b>Light Commercial Vehicles</b>		
Mitsubishi L300 (Cab and Chassis)	2200	Diesel
Isuzu D-MAX	1898 / 2999	Diesel

Source: Submissions of interested parties and TC research




**Table 5.8. Engine Displacement and Fuel Source of Selected Imported Motor Vehicles**

Model	Engine Displacement (cc)	Fuel Source
<b>Passenger Cars</b>		
JAC J4	1499	Gasoline
Changan Alsvin	1400 – 1500	Gasoline
Morris Garages MG5	1490	Gasoline
Morris Garages MG6	1498	Gasoline
Honda Brio	1199	Gasoline
Nissan X-Trail	1997 / 2488	Gasoline
Chevrolet Trailblazer	2776	Diesel
Toyota Wigo	998	Gasoline
Toyota Avanza	1495	Gasoline
Toyota Rush	1496	Gasoline
Mitsubishi Xpander	1499	Gasoline
<b>Light Commercial Vehicles</b>		
Isuzu Traviz	2499	Diesel
Kia K2500	2497	Diesel
Toyota Hilux	2393	Diesel
Mitsubishi Strada	2498	Diesel

Source: Submissions of interested parties and TC research

### E. Transmission

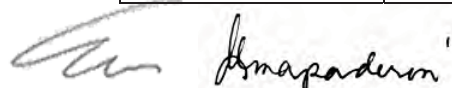
The basic types of transmission in motor vehicles are “Manual” or “Automatic”. In a manual transmission (MT), the driver uses the clutch to disengage the transmission and a lever to select the appropriate drive gear. For motor vehicles with automatic transmission (AT), the driver selects a setting such as “drive” and the transmission makes gear changes automatically based on throttle position and engine conditions.

### Findings

Similar to the imported motor vehicles listed in Table 5.9, most locally produced motor vehicles have both manual and automatic transmissions. Some local models, like the Toyota Innova with 2755 cc, comes also with an automatic transmission similar to imported brands such as the Chevrolet Trailblazer. For light commercial vehicles, the locally produced Mitsubishi L300 (Cab and Chassis) has a manual transmission same as the imported Isuzu Traviz.

**Table 5.9. Transmission of Locally Produced and Selected Imported Motor Vehicles**

Product	Brand / Model		
	Manual Transmission	Automatic Transmission	Manual and Automatic Transmission
Locally Produced Motor Vehicles	L300 (Cab and Chassis) <sup>2/</sup> , Mirage Hatchback <sup>1/</sup> , Almera <sup>1/</sup> , City <sup>1/</sup> , BR-V <sup>1/</sup> ,	Innova (2,755cc) <sup>1/</sup> , Lancer (EX) <sup>1/</sup>	Vios <sup>1/</sup> , Mirage G4 <sup>1/</sup> , Accent GL <sup>1/</sup> , Innova (1,998cc and 2,494cc)




Product	Brand / Model		
	Manual Transmission	Automatic Transmission	Manual and Automatic Transmission
	Accent CRDi <sup>1/</sup> , Adventure <sup>1/</sup> , Crosswind <sup>1/</sup>		<sup>1/</sup> , D-MAX <sup>2/</sup>
Imported Motor Vehicles	Trailblazer <sup>1/</sup> , Avanza <sup>1/</sup> , Strada <sup>2/</sup>	MG 6 <sup>1/</sup> , Rush <sup>1/</sup>	J4 <sup>1/</sup> , Alsvin <sup>1/</sup> , MG 5 <sup>1/</sup> , Brio <sup>1/</sup> , X Trail <sup>1/</sup> , Traviz <sup>2/</sup> , K 2500 <sup>2/</sup> , Wigo <sup>1/</sup> , Xpander <sup>1/</sup> , Hilux <sup>2/</sup>

Source: Submissions of interested parties and TC research

Notes:

<sup>1/</sup> Passenger Car

<sup>2/</sup> Light Commercial Vehicle

## F. Drivetrain

The drivetrain system is an essential component of a vehicle, and the transmission is an integral part of the drivetrain. The main function of the drivetrain is to convey power from the vehicle's engine, through the transmission, to the drive wheels on the vehicle to control the amount of torque, or the turning or twisting force. In general, there are two common types of drivetrains: four-wheel drive (4WD) and two-wheel drive (2WD).<sup>15</sup>

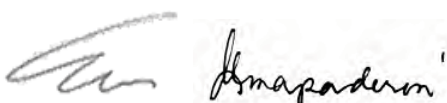
Typically, 4WD is optimized for rough, off-road conditions. It is a constantly variable power delivery system that improves traction during acceleration and in sloppy road conditions by adjusting the amount of power delivered to each wheel as needed. Four-wheel drives are often built into pickup trucks and other vehicles intended for off-road driving or low-traction conditions. In 4WD, the motor vehicle's power is split between all four wheels, giving the driver maximum traction and control over uneven terrain.<sup>16</sup>

Motor vehicles that are 4WD generally cost than 2WD models. 4WD motor vehicles accelerate from a standing start with greater traction than a 2WD vehicle. The former uses special wheels that are suitable for soft, stony, sloping grounds, run with slow speed when engaged, and are used specifically when the road is wet or slippery, on mountainous places or when on off-road travels, as the traction is distributed equally between all four wheels. Hence, 4WD models (such as the Mercedes G-Class, Land Rover), are preferred by engineers and road/quarry/building contractors, among others.

2WD means that the engine powers two of the motor vehicle's wheels and the other two are allowed to spin. With this setup, motor vehicles have a lighter overall weight. 2WD vehicles are either set up for front-wheel drive (wherein the

<sup>15</sup> What is a Drivetrain (Mister Transmission). Retrieved from: <https://www.mistertransmission.com/what-is-a-drivetrain/>

<sup>16</sup> Know the difference: two-wheel drive vs. four-wheel drive vs. all-wheel drive (Stephanie Fereiro). Retrieved from: <https://www.economical.com/en/blog/economical-blog/february-2017/two-wheel-four-wheel-all-wheel-drive-differences>




power is directed to the front wheels) or rear-wheel drive (power is directed to the back wheels).<sup>17</sup>

## Findings

All locally produced passenger cars have the same drivetrain (i.e., 2WD) as the imported counterparts (Table 5.10). There are also motor vehicles, such as Isuzu D-MAX, Nissan X-Trail, and Kia K2500, that are either 2WD or 4WD.

**Table 5.10. Drivetrain of Locally Produced and Imported Motor Vehicles**

Product	Brand / Model	
	Two-Wheel Drive	Four-Wheel Drive
Locally Produced Motor Vehicles	Vios <sup>1/</sup> , Mirage G4 <sup>1/</sup> , Accent GL <sup>1/</sup> , Mirage Hatchback <sup>1/</sup> , Innova <sup>1/</sup> , L300 (Cab and Chassis), Almera <sup>1/</sup> , City <sup>1/</sup> , BR-V <sup>1/</sup> , Lancer (EX) <sup>1/</sup> , Accent CRDi <sup>1/</sup> , Adventure <sup>1/</sup> , Crosswind <sup>1/</sup> , D-MAX <sup>2/</sup>	D-MAX <sup>2/</sup>
Imported Motor Vehicles	J4 <sup>1/</sup> , Alsvin <sup>1/</sup> , MG 6 <sup>1/</sup> , MG 5 <sup>1/</sup> , Brio <sup>1/</sup> , X Trail <sup>1/</sup> , Trailblazer <sup>1/</sup> , Traviz <sup>2/</sup> , K 2500 <sup>2/</sup> , Wigo <sup>1/</sup> , Avanza <sup>1/</sup> , Rush <sup>1/</sup> , Xpander <sup>1/</sup>	X Trail <sup>1/</sup> , K 2500 <sup>2/</sup> , Hilux <sup>2/</sup> , Strada <sup>2/</sup>

Source: Submissions of interested parties and TC research

Notes:

<sup>1/</sup> Passenger Car

<sup>2/</sup> Light Commercial Vehicle

## **G. Comfort and Safety**

Several subsystems designed for passenger comfort and convenience are also used to classify vehicles. Among these subsystems are: (i) power steering – which is a hydraulic assist for steering inputs; (ii) power windows – which are electrically actuated; (iii) central locks – which lock all the doors at the press of a button; (iv) infotainment systems such as radio, satellite interface, GPS and onboard navigation; (v) Anti-lock brakes (ABS) and Electronic Brake-force Distribution (EBD) systems – which use computer sensors to monitor brake forces and minimize skids; and (vi) other sensors - used to prevent collision, facilitate blind-spot detection, and permit adaptive cruise control systems to prevent accidents.

## Findings

Locally produced motor vehicles have built-in comfort and safety features same with imported motor vehicles, such as airbags, anti-lock braking systems, and infotainment systems. For example, the locally produced Toyota Vios and imported Toyota Alsvin are comparable because they both have Airbags, ABS, and EBD, among others.

<sup>17</sup> Know the difference: two-wheel drive vs. four-wheel drive vs. all-wheel drive (Stephanie Fereiro). Retrieved from: <https://www.economical.com/en/blog/economical-blog/february-2017/two-wheel-four-wheel-all-wheel-drive-differences>




Imported luxury cars, SUVs, and sports cars have way more advanced features on its comfort and safety aspects since these products are targeted for specific customer profiles.

#### 5.4.2. Production Process<sup>18</sup>

Production of a motor vehicle starts from design and ends with quality checking before introduction to the market (Figure 5.5). Continued technological innovations (e.g., use of robots) have allowed the industry to improve its efficiencies and develop models that satisfy changing consumer preferences/needs.

**Figure 5.5. Production Process of Motor Vehicles**

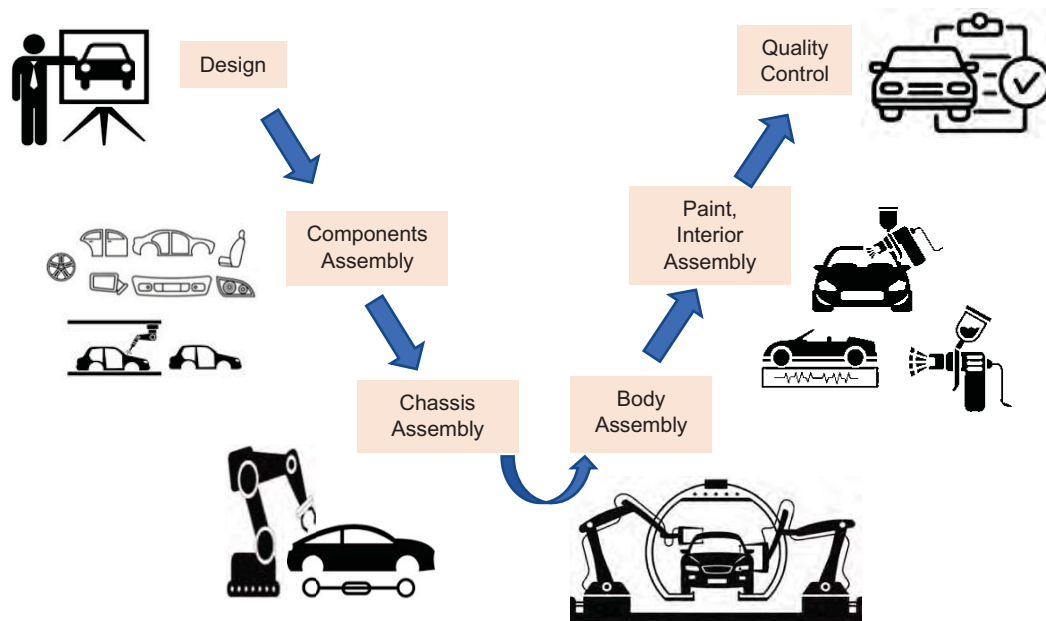


Image sources: veecteezy.com; shutterstock.com; flaticon.com; vectorstock.com; pngitem.com

#### A. Design

Developing new models to respond to unmet public needs and preferences generally takes three to five years, from inception to assembly. Using computer-aided design equipment, designers create basic concept drawings that show the new model's appearance. Clay models are then made that are carefully studied by styling experts familiar with what the public is likely to accept. Aerodynamic engineers review the models in terms of air-flow parameters and conduct crash studies/tests. Finally, tool designers build tools that will manufacture the component parts of the new model.

<sup>18</sup> Source: How Products are Made – Automobile. Retrieved from: <http://www.madehow.com/Volume1/Automobile.html>

*Amapadorn*

*Thair P. Kumbay*



## **B. Components**

Motor vehicle components (e.g., steel frame, engine, transmission system, front and rear axle, steering system, suspension system, wheels, tires and brakes), commonly supplied by outside suppliers and company-owned parts suppliers, are brought together for assembly

## **C. Chassis Assembly**

The typical passenger car or light commercial vehicle is constructed from the ground up (and out). The frame forms the base on which the body rests and is placed/clamped to the assembly line conveyor to prevent shifting. As it moves down the line to component assembly areas, complete front and rear suspensions, gas tanks, rear axles and drive shafts, gear boxes, steering box components, wheel drums, and braking systems are sequentially installed.

An off-line operation mates the vehicle's engine with its transmission. Workers use robotic arms to install these heavy components inside the engine compartment of the frame. After the engine and transmission are installed, a worker attaches the radiator, and another bolts it into place. Due to the nature of these heavy component parts, articulating robots perform all of the lift-and-carry operations while assemblers using pneumatic wrenches bolt component pieces in place.

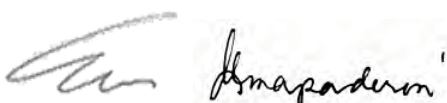
Much of the work on motor vehicle assembly lines is now done by robots. For example, in the first stages of manufacture, robots weld the floor pan pieces together and assist workers in placing components such as the suspension onto the chassis.

## **D. Body Assembly**

The floor pan is the largest body component to which a multitude of panels and braces will subsequently be either welded or bolted. As it moves down the assembly line, held in place by clamping fixtures, the shell of the vehicle is built.

First, the left and right quarter panels are robotically disengaged from pre-staged shipping containers and placed onto the floor pan, where they are stabilized with positioning fixtures and welded. The front and rear door pillars, roof, and body side panels are assembled in the same fashion.

The body is built up on a separate assembly line from the chassis. Robots once again perform most of the welding on the various panels, but workers bolt the parts together. During welding, component pieces are held securely in a jig. Once the body shell is complete, it is attached to an overhead conveyor for the painting process. The multi-step painting process entails inspection, cleaning, undercoat (electrostatically applied) dipping, drying, topcoat spraying, and baking.



As the body moves from the isolated weld area of the assembly line, subsequent body components, including fully assembled doors, deck lids, hood panel, fenders, trunk lid, and bumper reinforcements, are installed. While robots help workers place these components onto the body shell, workers provide the proper fit for most of the bolt-on functional parts using pneumatically assisted tools.

## **E. Paint**

Prior to painting, the body must pass through a rigorous “body in white” inspection process. The shell of the vehicle passes through a brightly lit white room where it is fully wiped down by visual inspectors using cloths soaked in hi-light oil. Under the lights, this oil allows inspectors to see any defects in the sheet metal body panels. Any defects are repaired right on the line. After the shell has been fully inspected and repaired, the assembly conveyor carries it through a cleaning station where it is immersed and cleaned of all residual oil, dirt, and contaminants.

As the shell exits the cleaning station, it goes through a drying booth and then through an undercoat dip - an electrostatically charged bath of undercoat paint, called the E-coat, that covers the entire body shell, both inside and out, with primer. This coat acts as a substrate surface to which the topcoat of colored paint adheres.

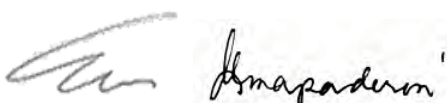
After the E-coat bath, the shell is again dried in a booth before it proceeds to the final paint operation. In most motor vehicle assembly plants today, vehicle bodies are spray-painted by robots that have been programmed to apply the exact amounts of paint to just the right areas for just the right length of time.

Once the shell has been fully covered with a base coat of color paint and a clear topcoat, the conveyor transfers the bodies through baking ovens where the paint is cured at temperatures exceeding 135°C. The body and chassis assemblies are mated near the end of the production process. Robotic arms lift the body shell onto the chassis frame, where workers then bolt the two together. After final components are installed, the motor vehicle is driven off the assembly line to a quality checkpoint.

## **F. Interior Assembly**

The painted shell proceeds through the interior assembly area where workers assemble all of the instrumentation and wiring systems, dash panels, interior lights, seats, door and trim panels, headliners, radios, speakers, all glass except the windshield, steering column and wheel, body weatherstrips, vinyl tops, brake and gas pedals, carpeting, and front and rear bumper fascia.

Robots equipped with suction cups remove the windshield from a shipping container, apply a bead of urethane sealer to the perimeter of the glass, and then place it into the body windshield frame. Robots also pick seats and trim panels and transport them to the vehicle. The shell is then given a water test to ensure the proper fit of door panels, glass, and weatherstripping. It is now ready to mate with the chassis.



## **G. Mating**

The chassis assembly conveyor and the body shell conveyor meet at this stage of production. As the chassis passes the body conveyor, the shell is robotically lifted from its conveyor fixtures and placed onto the car frame. Assembly workers bolt the car body to the frame. Once mating is completed, the vehicle proceeds down the line to receive final trim components, battery, tires, anti-freeze, and gasoline.

The vehicle can now be started. From here it is driven to a checkpoint, off the line, where its engine is audited, its lights and horn checked, its tires balanced, and its charging system examined. Any defects discovered at this stage require that the car be taken to a central repair area, usually located near the end of the line, where workers analyze and repair all problems. Upon passing final audit, the vehicle is given a price label and then driven to a staging lot to await shipment to its destination.

## **H. Quality Control**

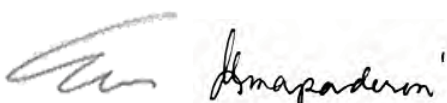
All the components that go into a motor vehicle are produced at other sites. This means that the thousands of component pieces that comprise a motor vehicle must be manufactured, tested, packaged, and shipped to the assembly plants, often on the same day that they will be used. Thus, automobile manufacturers require parts vendors to subject their component parts to rigorous testing and inspection audits similar to those used by the assembly plants. In this way the assembly plants can anticipate that the products arriving at their receiving docks are Statistical Process Control (SPC) approved and free from defects.

Once component parts undergo assembly, production control specialists monitor the progress of each embryonic automobile through a Vehicle Identification Number (VIN) assigned at the start of the production line. In advanced assembly plants, a small radio frequency transponder, attached to the chassis and floor pan, carries the VIN information and monitors progress throughout the assembly operation. Knowing which operations the vehicle has been through, where it is going, and when it should arrive at the next assembly station gives production management personnel the ability to electronically control the manufacturing sequence. Throughout the assembly process, quality audit stations keep track of information on the integrity of various functional components of the vehicle.

A validation process is undertaken at the end of the assembly line to verify quality audits from the various inspection points in the assembly process. This final audit tests for properly fitting panels; dynamics; squeaks and rattles; functioning electrical components; and engine, chassis, and wheel alignment. Vehicles are also periodically pulled from the audit line and given full functional tests.

## **Findings**

Whether locally produced or imported, motor vehicles are manufactured following the same general process.



### 5.4.3. General Use and Customer Profile

#### A. Passenger Cars under HS Heading 87.03

Passenger cars under heading 87.03 are motor cars (e.g., sedans) and other motor vehicles (e.g., vans) principally designed for the transport of not more than nine persons, including the driver. The design characteristics, specifically the size and usage-based category, determine the specific use of a car, e.g., for family use, for off-road use, for multi-purpose use (has provision for carrying loads).

Passenger cars provide on-demand transportation, mobility, independence, and convenience. The societal benefits include transportation provision, well-being from leisure and travel opportunities, and ability to move flexibly from place to place.

#### B. Light Commercial Vehicles under AHTN 2017 Subheading 8704.21.29

Commercial motor vehicles are those principally designed for the transport of goods with provisions for carrying passengers. An example is a compact pick-up truck and utility vehicle that is optimized to be tough-built, have low operating costs, and have a powerful yet fuel-efficient engine for use in intra-city commercial operations such as the delivery of goods.

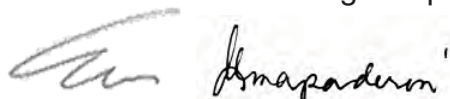
#### Findings

During data verification, the automotive industry was observed to segment their target market based on customer profile. Based on submissions and TC research, the Toyota Vios, Mitsubishi Mirage G4, Hyundai Accent GL, JAC J4, Changan Alsvin, Morris Garage MG 6 and MG5, with prices ranging from PHP 539,000 to PHP 1.2 million, are generally bought by a business owner who is in his late 30s. Other examples are the Mitsubishi Mirage Hatchback and Honda Brio, with a price range of PHP 600,000 to PHP 760,000, which are preferred by an employee in his mid-30s. The more expensive Toyota Innova and Nissan X-Trail, whose prices range from PHP 1.2 million to PHP 2 million, were generally purchased by businessmen and professionals.

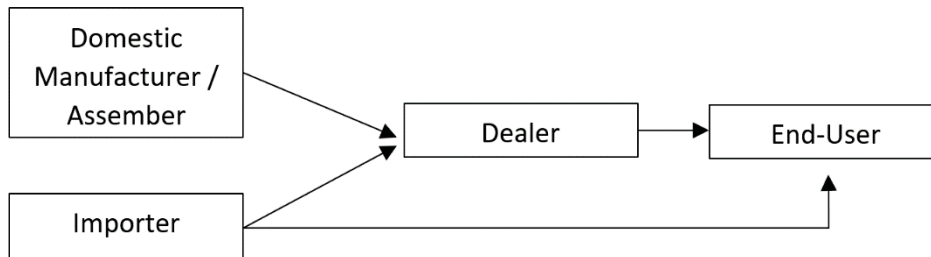
Moreover, based on submissions and TC research, motor vehicles under AHTN 2017 Code 8704.21.29, such as the Mitsubishi L300, Isuzu Travid and Kia K2500, are generally bought by contractors or business owners. The prices of said motor vehicles range from PHP 800,000 to 1.2 million.

### 5.4.4. Distribution Channels

Distribution channels refer to a network of businesses or intermediaries through which a good or service passes from the manufacturer to the end-consumer. The Commission has determined that the distribution network for the domestic motor vehicles industry is generally characterized by the dealership model, with many dealerships in the Philippines operating independently from the manufacturing companies (Figure 5.6).



**Figure 5.6. Distribution of Motor Vehicles**



The domestic industry supplies motor vehicles to authorized dealers who then sell to consumers. Domestic manufacturers also act as local distributors of their international affiliates. For example, Toyota acts as local distributor (e.g., Avanza) for PT Toyota Astra Daihatsu Motor. Units imported by the domestic industry must also pass through dealers before reaching consumers.

Similarly, importers also use dealers to supply the market requirement. Importers have distribution and service agreements with international manufacturers of motor vehicles to secure the rights to solely distribute certain models or brands to the local market. Unlike the domestic industry, however, they can sell directly to consumers.

### **Findings**

Since both are generally characterized by the dealership model, the distribution networks of both imported and local motor vehicles are similar.

#### **5.4.5. Tariff Classification**

##### **A. Imported Products Under Consideration**

Based on the DTI submission to the Commission, the scope of the imported products under investigation covers 193 tariff lines (TLs) referring to new CBU passenger cars and new CBU light commercial vehicles.

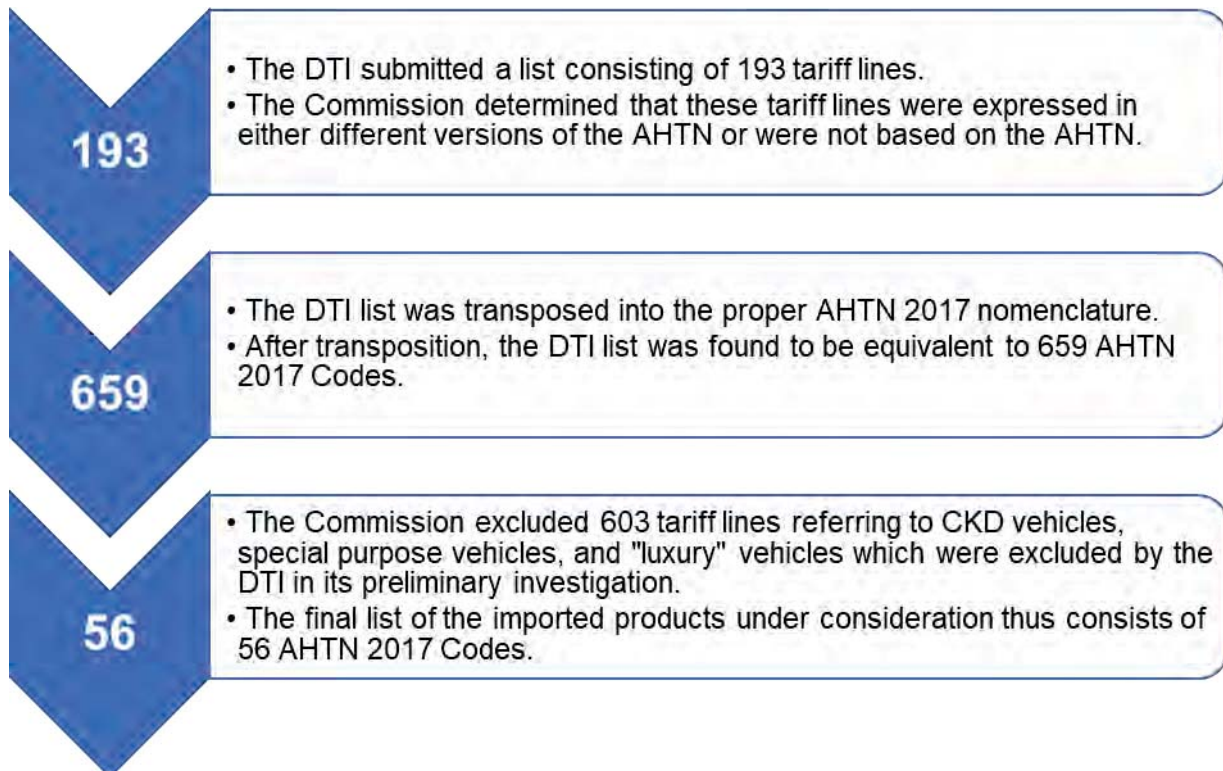
In its evaluation of said TLs, the Commission determined the following: (i) not all TLs are in AHTN 2017 (some are in AHTN 2007 or AHTN 2012); (ii) there are TLs that cannot be identified (they are in neither of the three versions of the AHTN); and (iii) there are “questionable” TLs (i.e., TLs that have already been split/subdivided in later versions of the nomenclature).

For purposes of the investigation, the latest tariff nomenclature (AHTN 2017) should be used. Thus, the Commission transposed the 193 TLs submitted by the DTI to AHTN 2017. Upon transposition, the 193 TLs in the DTI submission were equivalent to **659 AHTN 2017 Codes** (see *Annex H*).

Of these 659 AHTN 2017 Codes, the Commission excluded **603 TLs** which refer to CKD vehicles, special purpose vehicles and “luxury” vehicles that were specifically excluded by the DTI in its preliminary investigation (refer back to Table 5.1).

The final list of imported products for consideration thus consist of **56 AHTN 2017 Codes**, with 54 tariff lines referring to CBU passenger cars and two tariff lines referring to CBU light commercial vehicles (Figure 5.7 and *Annex I*).

**Figure 5.7. Determination of Imported Products Under Consideration**



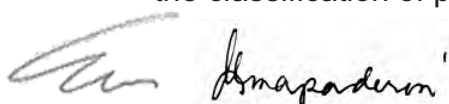
## **B. The Domestic Products**

The motor vehicles currently manufactured by the domestic industry are classified under **five AHTN 2017 Codes**. Four tariff lines refer to passenger cars and one tariff line refers to light commercial vehicles. These five tariff lines are included in the 56 AHTN 2017 Codes that refer to the imported products under consideration (refer back to Figure 5.7).

### **Passenger Cars under HS Heading 87.03**

Heading 87.03 of the Harmonized Commodity Description and Coding System (HS) covers motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02 which covers motor vehicles for the transport of ten or more persons, including the driver).

In the AHTN 2017, eight-digit subheadings under heading 87.03 provide for the classification of passenger cars based on the following parameters:





- i. use – for example, golf cars or vehicles specially designed for travelling on snow
- ii. kind of engine – for example, gasoline, diesel, hybrid (gasoline/diesel and electric), electric
- iii. cylinder capacity – for example, with capacity of not exceeding 1000cc; exceeding 1000 cc but not exceeding 1500 cc
- iv. whether CKD or not
- v. kind of vehicle – for example, special purpose vehicles such as Go-karts, ATVs, ambulances
- vi. whether four-wheel-drive or not

At present, there is no longer any local production of eight passenger car models, namely, the Mitsubishi Lancer; Mitsubishi Adventure; Isuzu Crosswind; Nissan Almera; Toyota Innova (2494 cc, diesel, 1998 cc, gasoline); Honda City; and Honda BR-V (refer back to Table 5.3).

In view of the foregoing, the passenger cars produced by the local industry (Toyota, Mitsubishi, and Hyundai) are classified under **four AHTN 2017 Codes** (Table 5.11).

**Table 5.11. Tariff Classification of Locally Produced Passenger Cars, By AHTN 2017 Code: As of July 2021**

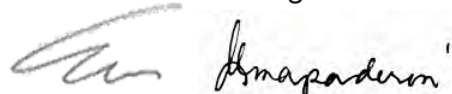
No.	AHTN 2017 Code	Description	Locally Produced Passenger Cars	2021 MFN Tariff Rate (%)
1	8703.22.47	CBU sedan for the transport of not more than 9 persons, cylinder capacity (cc) of exceeding 1000 cc but not exceeding 1500 cc, gasoline engine	Toyota Vios, Mitsubishi Mirage G4, Hyundai Accent GL	30
2	8703.22.59	CBU other motor cars, 4x2, for the transport of not more than 9 persons, >1000 to 1500 cc, gasoline engine	Mitsubishi Mirage Hatchback	30
3	8703.32.61	CBU sedan for the transport of not more than 9 persons, >1500 to 1800 cc, diesel engine	Hyundai Accent CRDi	30
4	8703.33.80	CBU other motor cars, 4x2, for the transport of not more than 9 persons, >2500 cc, diesel engine	Toyota Innova (2755 cc, diesel)	30

Source: TC research; submissions of interested parties

Different motor vehicle models can be classified in one tariff line. For example, the Toyota Vios, Mitsubishi Mirage G4, Hyundai Accent GL as well as imported models Changan Alsvin, Morris Garage MG 6 and Morris Garage MG 5 all fall under AHTN 2017 subheading 8703.22.47.

#### **Light Commercial Vehicles under AHTN 2017 Subheading 8704.21.29**

HS Heading 87.04 covers motor cars and other motor vehicles principally designed for the transport of goods. Hence, subheading 8704.21.29 includes CBU diesel-engine vehicles, with a GVW of not exceeding 5 tonnes, other than




refrigerated lorries, refuse/garbage collection vehicles having a refuse compressing device, tanker vehicles, bulk-cement lorries (trucks), armored cargo vehicles for transporting valuables, and hook lift lorries (trucks).

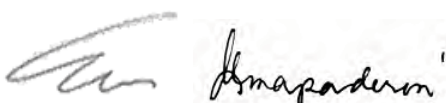
The pertinent HS Explanatory Notes state that classification of certain motor vehicles in this heading is determined by certain features which indicate that the vehicles are designed for the transport of goods rather than for the transport of persons (heading 87.03). These features are especially helpful in determining the classification of motor vehicles which are, generally, vehicles having a GVW rating of less than 5 tonnes, which have either a separate closed rear area or an open rear platform normally used for the transport of goods, but may have rear bench-type seats that are without safety seat belts, anchor points or passenger amenities and that fold flat against the sides to permit full use of the rear platform for the transport of goods. Included in this category of motor vehicles are those commonly known as "multipurpose" vehicles (e.g., van-type vehicles, pick-up type vehicles and certain sports utility vehicles).

The following features are indicative of the design characteristics generally applicable to the vehicles which fall in this heading:

- i. presence of bench-type seats without safety equipment (e.g., safety seat belts or anchor points and fittings for installing safety seat belts) or passenger amenities in the rear area behind the area for the driver and front passengers; such seats are normally fold-away or collapsible to allow full use of the rear floor (van-type vehicles) or a separate platform (pick-up vehicles) for the transport of goods;
- ii. presence of a separate cabin for the driver and passengers and a separate open platform with side panels and a drop-down tailgate (pick-up vehicles);
- iii. absence of rear windows along the two side panels; presence of sliding, swing-out or lift-up door or doors, without windows, on the side panels or in the rear for loading and unloading goods (van-type vehicles);
- iv. presence of a permanent panel or barrier between the area for the driver and front passengers and the rear area; and
- v. absence of comfort features and interior finish and fittings in the cargo bed area which are associated with the passenger areas of vehicles (e.g., floor carpeting, ventilation, interior lighting, ashtrays).

The local industry no longer manufactures one model - the Isuzu D-MAX (refer back to Table 5.3).

In view of the foregoing, locally produced light commercial vehicles (produced solely by Mitsubishi) are classified under a **single tariff line** - AHTN 2017 subheading 8704.21.29 (Table 5.12).





**Table 5.12. Tariff Classification of Locally Produced Light Commercial Vehicles, By AHTN 2017 Code: As of July 2021**

No.	AHTN 2017 Code	Description	Locally Produced Light Commercial Vehicles	2021 MFN Tariff Rate (%)
1	8704.21.29	CBU vehicle for the transport of goods with gross vehicle weight <5 t, diesel engine	Mitsubishi L300 Cab and Chassis	30

Source: TC research; submissions of interested parties

Different models or variants of light commercial vehicles can be classified under AHTN 2017 subheading 8704.21.29. For example, Mitsubishi L300 cab and chassis as well as the imported Isuzu Traviz and Kia K2500, pick-up trucks, and the Hyundai H-1000 fall in this subheading.

### 5.5. Findings on Product Comparability

In its determination of like or directly competitive product, the Commission put more weight on the following objective parameters: (i) design specifications (e.g., seating capacity, engine, dimensions, usage, transmission, drivetrain, comfort and safety); (ii) production process; (iii) distribution network; and (iv) tariff classification.

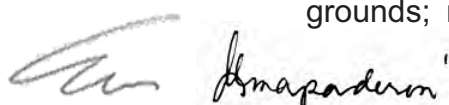
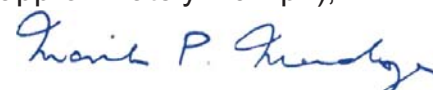
Consumer preference is deemed subjective, i.e., it depends on each consumer's individual tastes, lifestyle, personality, family background, economic status, educational attainment, and motivations, among others, and because no two people are exactly alike, it is very difficult to predict final purchasing decisions. Similarly, price is deemed subjective since it is influenced by, for example, marketing schemes.

In view of the foregoing, the Commission's findings are as follows:

1. From the list of 56 AHTN 2017 Codes that comprise the imported products under consideration based on the DTI list (refer back to Figure 5.7), **22 AHTN 2017 Codes** which refer to: (a) motor vehicles with high engine cylinder capacity (cc), i.e., exceeding 3,000 cc, (b) motor vehicles that are four-wheel-drive, and/or (c) motor vehicles with engine fuel type other than gasoline, diesel, hybrid, and electric were excluded.

The reasons for the exclusion are as follows:

- a. Since both locally produced and imported motor vehicles have engine displacements lower than 3000 cc (refer back to Tables 5.7 and 5.8), tariff lines that refer to vehicles with higher engine cylinder capacity need to be removed.
- b. Locally produced two-wheel-drive vehicles under heading 87.03 are not considered like or directly competitive products to imported four-wheel-drive vehicles (refer back to Table 5.10 of this Report). Four-wheel drive vehicles use special wheels that are suitable for soft, stony, sloping grounds; run with slow speed when engaged (approximately 20 kph);

and are used specifically when the road is wet or slippery, on mountainous places or when on off-road travels, as the traction is distributed equally between all four wheels. In addition, four-wheel drive models generally cost significantly more than two-wheel drive vehicles.

- c. There are no known motor vehicles in the current market with engines that use fuel types aside from gasoline, diesel, hybrid or electric.

After excluding the aforesaid tariff lines, the Commission identified **34 AHTN 2017 Codes** (33 tariff lines referring to passenger cars and one tariff line referring to light commercial vehicles) to be subjected to further analysis on like or directly competitive product (Table 5.13).

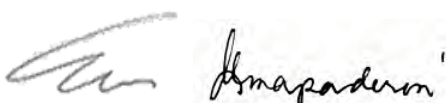
**Table 5.13. Products For Further Consideration: 34 AHTN 2017 Codes**

No.	AHTN 2017 Code (Imported Products)	No.	AHTN 2017 Code (Imported Products)
1	8703.21.45	18	8703.23.74
2	8703.21.59	19	8703.31.47
3	8703.21.90	20	8703.31.59
4	<b>8703.22.47*</b>	21	8703.31.90
5	<b>8703.22.59*</b>	22	<b>8703.32.61*</b>
6	8703.22.90	23	8703.32.62
7	8703.23.55	24	8703.32.63
8	8703.23.56	25	8703.32.74
9	8703.23.57	26	8703.32.75
10	8703.23.58	27	8703.32.76
11	8703.23.65	28	8703.32.81
12	8703.23.66	29	8703.32.82
13	8703.23.67	30	8703.32.83
14	8703.23.68	31	8703.33.61
15	8703.23.71	32	<b>8703.33.80*</b>
16	8703.23.72	33	8703.33.90
17	8703.23.73	34	<b>8704.21.29**</b>

\*Tariff line wherein locally produced passenger cars are classified (refer back to Table 5.11)

\*\*Tariff line wherein locally produced light commercial vehicles are classified (refer back to Table 5.12)

2. Locally produced passenger cars are considered “**directly competitive**” to the imported passenger cars, which fall under the 33 AHTN 2017 Codes enumerated in Table 5.13, because they can be considered as substitutable products to the latter. The local passenger cars undergo the same general manufacturing process; are distributed using the same marketing channels; are designed and used primarily for the transport of persons (not more than nine persons including the driver); bear similar/comparable technical design specifications and physical properties (i.e., dimensions, engine, body design and type, weight, transmission and drivetrain, comfort and safety features); and have similar tariff classification (i.e., they are classifiable in any of the 33 AHTN 2017 Codes in Table 5.13) as the imported passenger cars.




3. Similarly, the locally produced light commercial vehicles classified under AHTN 2017 subheading 8704.21.29 are considered “**directly competitive**” to imported light commercial vehicles (e.g., pick-up trucks, light trucks) classified under the same tariff line because they are determined to be substitutable products. Aside from having similar tariff classification, local light commercial vehicles are marketed using comparable distribution channels; are manufactured using the same general process; are also primarily used for the transport of goods; and have comparable technical characteristics (i.e., body shape/design, body style/type, dimension, weight, engine, transmission, drivetrain, and comfort and safety features) as the imported light commercial vehicles.

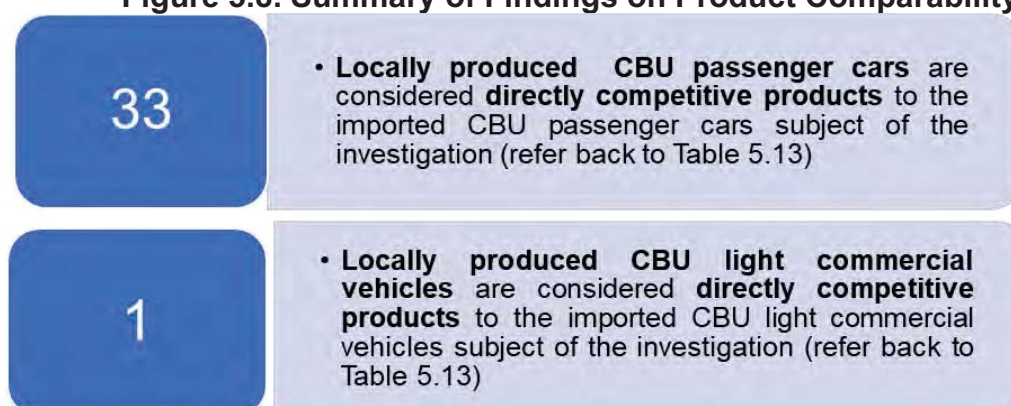
To illustrate:

**Table 5.14. Directly Competitive Products:  
Locally Manufactured and Imported Motor Vehicles**

No.	Local Product (AHTN 2017 Code)	Illustrative Examples: Imported Product (AHTN 2017 Code)
1	Toyota Vios, Mitsubishi Mirage G4, Hyundai Accent GL (8703.22.47)	<ul style="list-style-type: none"> <li>JAC J4, Changan Alsvin, Morris Garage MG 6 and MG 5 (8703.22.47)</li> <li>Toyota Wigo (8703.21.59)</li> <li>Toyota Rush, Mitsubishi Expander, Honda Brio (8703.22.59)</li> </ul>
2	Mirage Hatchback (8703.22.59)	<ul style="list-style-type: none"> <li>Mitsubishi Lancer (8703.23.56)</li> <li>Mitsubishi Adventure, Isuzu Crosswind (8703.32.76)</li> </ul>
3	Toyota Innova (8703.33.80)	<ul style="list-style-type: none"> <li>Honda Brio (8703.22.59)</li> <li>Chevrolet Trailblazer (8703.33.80)</li> </ul>
4	Hyundai Accent CRDi (8703.32.61)	<ul style="list-style-type: none"> <li>Isuzu Traviz, Kia K2500 (8704.21.29)</li> </ul>
5	Mitsubishi L300 cab and chassis (8704.21.29)	

The Commission’s findings are summarized below:

**Figure 5.8. Summary of Findings on Product Comparability**



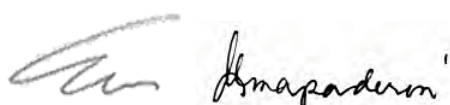
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## 5.6. Conclusions

In view of the foregoing and in accordance with RA No. 8800, the Commission finds the following:

1. The imported products under consideration fall under 56 AHTN 2017 Codes which refer to new CBU passenger cars (54 tariff lines) and new CBU light commercial vehicles (two tariff lines). CKD units, semi knocked-down (SKD) units, special-purpose vehicles, and “luxury” vehicles are excluded from the investigation.
2. Of the 56 AHTN 2017 Codes that were identified, 22 tariff lines referring to the following vehicles were excluded:
  - a. motor vehicles with engine displacements exceeding 3000 cc - since both locally produced and imported motor vehicles have engine displacements below 3000 cc;
  - b. vehicles with four-wheel drive - since locally produced two-wheel drive motor vehicles are not considered “like” or “directly competitive” products to imported four-wheel drive motor vehicles; and
  - c. vehicles with engine fuel type other than gasoline, diesel, hybrid, and electric - since there are no known motor vehicles in the current market with engines that use fuels other than gasoline, diesel, hybrid, and electric.
3. Of the remaining 34 AHTN 2017 Codes that were subjected to further analysis, the Commission finds that:
  - a. Locally produced passenger cars are considered “**directly competitive**” to imported passenger cars because they are substitutable to the latter in the marketplace by offering alternative products for satisfying customer needs and preferences. Local passenger cars undergo the same general manufacturing process; bear similar technical design specifications and physical properties; are designed and used primarily for the transport of persons (not more than nine persons including the driver); are marketed using the same channels; and have similar tariff classification as the imported passenger cars.
  - b. Locally produced light commercial vehicles are considered “**directly competitive**” to imported light commercial vehicles in the market because they are substitutable to the latter by providing consumers with an alternative for satisfying their needs and tastes for said product. In addition to having similar tariff classification, the local light commercial vehicles are distributed using comparable marketing channels; are built using the same general production process; are mainly used for the transport of goods; and possess comparable technical and physical characteristics as the imported light commercial vehicles.



## 6. LEGAL STANDING OF PETITIONER AND COMPLIANCE WITH DOMESTIC INDUSTRY REQUIREMENT

### 6.1. Legal Standing of Petitioner

In its Preliminary Determination Report, DTI quoted Section 6 of the Safeguard Measures Act and Rule 6.4.d of its IRRs to determine who may file for a safeguard measure.

Section 6 of said law reads:

*“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.”*

XXXX

*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.”* (Underscoring supplied).

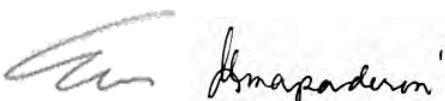
On the other hand, Section 6.4 of the IRRs states:

*“Rule 6.4. Requirements for Initiation of Preliminary Determination*

*Rule 6.4.a. 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.*

*Rule 6.4.b. The Secretary may also initiate action upon the request of the President or a resolution of the House or Senate Committee on Agriculture, or House or Senate Committee on Trade and Commerce.*

*Rule 6.4.c. The Secretary may also motu proprio, initiate a preliminary safeguard investigation without having received a verified petition by or on behalf of a domestic industry if there is evidence that increased*



*imports are a substantial cause of, or threatens to substantially cause, serious injury to the domestic industry.*

*Rule 6.4.d. All persons who have a right to relief or who will be adversely affected by such relief with respect to the alleged import surges claimed to exist may, upon the discretion of the Secretary or the Commission, join as petitioners or be joined as respondents in one (1) petition, where any question of law or fact common to all such respondents may arise in such action.”*

The DTI found that “*PMA is a juridical person belonging to the motor vehicle industry. It is registered with the Department of Labor and Employment (DOLE), as a national union of automotive, iron and steel, electronics, and electrical sectors, including affiliates in key automotive industry players*”.<sup>19</sup>

## **6.2. Domestic Industry Requirement**

Under Rule 3.1 of the IRRs of RA No. 8800, a general safeguard measure 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(f) of RA No. 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 domestic production of those products.*”


Rule 4.1 of the IRRs 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.*”

Having determined the like product or directly competitive product in Chapter 5 of this Report, the Commission finds the domestic industry to consist of the domestic firms producing the subject motor vehicles. The Commission identified six domestic producers/assemblers of passenger cars and light commercial vehicles, namely, Honda, Isuzu, Mitsubishi, Nissan, Toyota, and Hyundai.

In 2019, the collective production output of passenger cars and light commercial vehicles amounted to more than 96,000 units as shown in Table 6.1:

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<sup>19</sup> Report on the Affirmative Preliminary Determination on the Application of Philippine Metalworkers' Alliance (PMA) on the Importation of Motor Vehicle from Various Countries (SG Case No. SG01-2020), 29 December 2020, DTI.



**Table 6.1. Production of Motor Vehicles (Units): 2019**

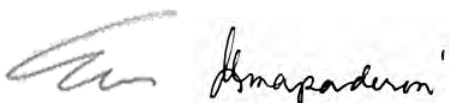
<b>Name of Car Manufacturer</b>	<b>Volume</b>
Toyota Motors Philippines Corporation (Toyota)	54,029
Mitsubishi Motors Philippines Corporation (Mitsubishi)	22,516
Honda Cars Philippines, Inc. (Honda)	6,998
Nissan Philippines, Inc. (Nissan)	5,109
Isuzu Philippines Corporation (Isuzu)	554
Hyundai Asia Resources Inc. (Hyundai)	7,242
Total	96,448

Sources: AVID (on behalf of Hyundai), CAMPI, Isuzu, Mitsubishi and Toyota

All domestic automotive producers/assemblers, except for Hyundai, are members of the CAMPI<sup>20</sup> and all are notably opposed to the petition of the PMA based on their submissions to the Commission.

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<sup>20</sup> CAMPI is an association of domestic automotive companies engaged in both the production and importation of motor vehicles for local distribution. CAMPI registered with the Securities and Exchange Commission (SEC) as a non-stock, non-profit corporation in May 1995.



## 7. OVERVIEW OF THE DOMESTIC INDUSTRY

### 7.1 Brief History of the Domestic Motor Vehicles Industry

#### 7.1.1 Establishment and Protectionist Phase (1950's to 1980's)

In the period immediately following the Second World War, the motor vehicle manufacturing and assembly industry was virtually non-existent, with almost all motor vehicles being imported.<sup>21</sup>

The domestic car assembly industry had its roots in the early 1950's. This period was marked by the adoption of the Import Control Law of 1950 which mandated an import substitution industrial policy to protect infant industries and disincentivized the importation of finished industrial products through import controls, high tariff barriers, and strict exchange rate controls.<sup>22</sup> Controls for Completely Built Up (CBU) units were more stringent: importation of CBU units on a commercial scale were completely prohibited. Further, foreign exchange allocation was granted to manufacturers only for the importation of Completely Knocked Down (CKD) components for assembly.<sup>23</sup>

The costs of the protective regime were massive compared to its benefits. A 1992 study estimated economic losses amounting to USD 215 million per year, while transferring only USD 123 million to domestic assembly operators and manufacturers.<sup>24</sup> Additionally, although this system of protection allowed for the growth of the auto-assembly industry, the nascent industry was unable to develop the backward linkages necessary to sustain long-term growth, remaining dependent on imports of CKD units.

To address these shortcomings, the Progressive Car Manufacturing Program (PCMP) was initiated in the 1970's and provided fiscal incentives to its participants. In exchange its participants were to comply with progressively increasing local content input targets. Additionally, participants were required to produce exports of locally manufactured car parts to offset the foreign exchange outflow caused by importation of CKD units.

At its height, five assemblers were registered with the PCMP, namely General Motors, Ford, Canlubang Automotive Resources, Delta Motors, and DMG Inc.<sup>25</sup> Although the program registered increases in local content for domestically assembled cars from an average of 15% at the start to 30% by the early 1980's, these gains were unsustainable in the long-term. Exports of car parts were unable

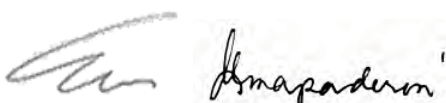
<sup>21</sup> Mercado-Aldaba, R. A. (1997). *Micro Studies: Philippine Car Assembly Sector*. Makati: Philippine Institute for Development Studies.

<sup>22</sup> Ofreño, R. E. (2015). *Auto and Car Parts Production: Can the Philippines Catch Up with Asia*. ERIA.

<sup>23</sup> Mercado-Aldaba, R. A. (1997). *Micro Studies: Philippine Car Assembly Sector*. Makati: Philippine Institute for Development Studies.

<sup>24</sup> Takacs, W. E. (1992). *How Import Protection Affects the Philippines' Motor Vehicle Industry*. Washington, DC: The World Bank.

<sup>25</sup> Ofreño, R. E. (2015). *Auto and Car Parts Production: Can the Philippines Catch Up with Asia*. ERIA





to offset the foreign currency outflows caused by importation of CKD units, contributing to losses in foreign reserves. In exchange for the World Bank's aid in addressing the country's ballooning debt and dwindling foreign reserves, the Structural Adjustment Program was enacted. It mandated, in part, the removal of import quotas and reduction of tariffs on major industrial imports, including on CBU units. Being used to protective measures, constrained by the requirement of the PCMP to source parts from less efficient domestic manufacturers, and increasingly strained by the prolonged economic depression of the 1980's, the domestic assembly industry was unable to cope with the new market environment. When the PCMP was discontinued in 1987, only Nissan and Canlubang Automotive Resources (which by then had been renamed Philippine Automobile Manufacturing Corporation or PAMCOR) remained.<sup>26</sup>

### 7.1.2 Increasing Global Competition

The reform and subsequent revitalization of the economy following the end of martial rule in the late 1980's and early 1990's proved beneficial for the automotive industry. Between 1991 and the beginning of the Asian Financial Crisis in 1997, annual domestic sales of automobiles increased from 47,000 units to 144,000 units. In 1996, sales peaked to over 162,000 units. These increasing volumes were fueled, in part, by the growing competition from countries such as Japan and South Korea: thus, the composition of CBU imports to total sales rose from 2% in 1991 to 17% in 1997.

In light of increasing foreign competition, domestic assemblers managed to keep up during this early period, with its sales of locally assembled cars increasing from 47,000 in 1991 to 128,000 in 1997, thus allowing the industry to retain a dominant position in the domestic market. Such performance was, in part, aided by the Car Development Program and its successor, the People's Car Program, which liberalized imports of low-cost inputs to aid in industry development. On the other hand, the Luxury Car Program was enacted in 1992 to allow the entry of luxury car assemblers and enable low-cost importation of inputs for luxury vehicles.<sup>27</sup>

### 7.1.3 Collapse and Rebuilding Efforts

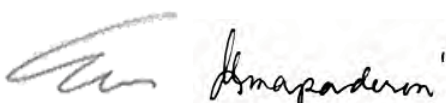
The Asian Financial Crisis in 1997 severely affected the Philippine automotive industry as domestic demand dried up in its wake. Total unit sales in 1998 collapsed to pre-1993 levels at just over 80,000 vehicles sold. Vehicle sales would not recover its 1996 peak volume until the year 2010 when vehicle sales surpassed 168,000 units. However, domestic assemblers were no longer the dominant players in the domestic market: in 2010, locally assembled vehicles accounted for only 45% of total sales (from 84% in 1996).<sup>28</sup>

To revitalize the motor vehicle industry, Executive Order (EO) No. 156, s. 2002 banned the importation of used motor vehicles and used motor vehicle parts and components on a commercial scale. The EO also restructured the Most

<sup>26</sup> Ofreneo, R. E. (2015). *Auto and Car Parts Production: Can the Philippines Catch Up with Asia*. ERIA

<sup>27</sup> Ibid

<sup>28</sup> Ibid



Favored Nation (MFN) tariff rates of raw materials used in auto assembly and the excise taxes for automotive parts and products to encourage the development of the motor vehicle industry.<sup>29</sup>

In 2015, EO No. 182, also known as the Comprehensive Automotive Resurgence Strategy (CARS), was issued to provide fiscal support to automotive assemblers and automotive parts makers and boost domestic production. In 2017, the Board of Investments (BOI) recorded five passenger car assemblers in the Philippines, namely: Toyota Motor Philippines Corporation (Toyota), Nissan Motor Philippines, Inc. (Nissan), Isuzu Philippines Corporation (Isuzu), Honda Cars Philippines, Inc. (Honda), and Mitsubishi Motor Philippines Corporation (Mitsubishi). BOI also estimated that there are 8,000 workers directly employed in vehicle assembly, 68,000 in the allied auto-parts manufacturing sector, and 340,000 in other supporting industries.

As of 2020, Honda terminated its passenger vehicle assembly operations in the country, and Isuzu halted domestic assembly of its light trucks range.

## 7.2 Government Policies/Programs on Motor Vehicles

### 7.2.1 Comprehensive Automotive Resurgence Strategy (CARS) Program

The CARS Program was enacted by virtue of EO No. 182, s. 2015 in order to revitalize the Philippine automotive industry. It is meant to complement, augment, and enhance other policy measures for motor vehicle development with the goal of fostering innovation, technology transfer, environmental protection, Small and Medium Enterprises (SME) development, and enabling the local automotive industry to seize market opportunities within ASEAN.<sup>30</sup>

The BOI serves as the lead implementing and coordinating agency of the CARS Program. An interagency committee, chaired by BOI, is in charge of evaluating applications for enrollment in the CARS Program, determining eligibility for fiscal support, and monitoring the performance of participating manufacturers.


EO No. 182, s. 2015 allows for fiscal incentives for participating companies and registered models. Said incentives are limited to three models per participating manufacturer. Section 2 provides that the following allied activities would also be covered under the EO:

1. production of enrolled models;
2. manufacture of body shell assembly and large plastic assemblies of enrolled models;

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<sup>29</sup> Llanto, G. M., & Ortiz, M. P. (2015). *Industrial policies and implementation: Philippine automotive manufacturing as a lens*. Makati City: Philippine Institute of Development Studies (PIDS).

<sup>30</sup> Department of Trade and Industry. "Comprehensive Automotive Resurgence Strategy (CARS) Program". Retrieved from <http://industry.gov.ph/cars-program/>



3. manufacture of common parts and strategic parts not produced in the country at Original Equipment Manufacturer (OEM) standards of the model/s; and
4. shared testing facility for vehicles and/or parts.

Section 11 lays down the fiscal incentives which may be availed of by local assemblers, with the fixed investment support not exceeding 40% of capital expenditures and production volume incentives not exceeding 60% of total expenditures and each enrolled model being qualified to receive up to a maximum of PHP 9 billion in fiscal incentives. There is a budgetary allotment of PHP 27 billion for the program starting in 2016.

As of 2021, Toyota (for the assembly of Vios) and Mitsubishi (for the assembly of Mirage/Mirage G4) are CARS Program participants.

### 7.2.2 Emissions Standards

The setting of emissions standards for all motor vehicles in the Philippines was mandated by RA No. 8749, also known as the “Philippine Clean Air Act of 1999”. Section 22 provides that imported or locally assembled motor vehicles must be compliant with emissions standards before they can be registered. The relevant portion reads as follows:

*“Section 22. Registration of All Motor Vehicles and Engines – Any imported new or locally-assembled new motor vehicle shall not be registered unless it complies with the emission standards set pursuant to this Act, as evidenced by a Certificate of Conformity (COC) issued by the Department.*

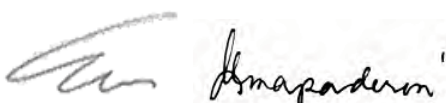
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*No motor vehicle registration (MVR) shall be issued unless such motor vehicle passes the emission testing requirement promulgated in accordance with this Act. Such testing shall be conducted by the DOTC or its authorized inspection centers within sixty (60) days prior to date of registration.”*

On 24 March 2015, the Department of the Environment and Natural Resources (DENR) issued DENR Administrative Order (AO) 2015-04 mandating that on January 2016 new vehicles imported to or produced in the Philippines should be equipped with Euro 4/IV engines:

*“Par. 2. All new vehicles to be used or introduced into the Philippine market by January 2016 shall be equipped with Euro 4/IV engine and compliant with Euro 4/IV limits/emission standards. By then, the EMB shall issue Certificates of Conformity (COC) for such vehicles only.”*

The domestic industry raised its concerns about the aforementioned DENR-DAO and cited issues on “long-term production planning” and the need to have a “significant vehicle technology shift within the model life” before a motor vehicle can be shifted from Euro 2 engine to Euro 4. In response, the DENR allowed for a



period of two years for the domestic industry to phase out its existing Euro 2 models, or until the end of 2017.<sup>31</sup> For its part, the Land Transportation Office (LTO) issued Memorandum Circular (MC) No. 2017-2078 on 21 June 2017 which allowed for initial registration of Euro 2 compliant vehicles provided that these vehicles were issued with their respective Certificate of Stock Reported (CSR) on or before 31 December 2017<sup>32</sup>:

*“The Euro 4 emission standards shall be implemented starting 2 January 2018 for new vehicles introduced in the Philippines. Euro 2-compliant vehicles issued their respective Certificate of Stock Report (CSR) until 31 December 2017 but not yet sold in the market, shall still be accepted for initial registration.”*

### 7.2.3 Revised Excise Taxes on Automobiles

RA No. 10963, or the “Tax Reform for Acceleration and Inclusion (TRAIN)” Act, is a key tax reform policy of the Philippine Government with the goal of creating a more equitable tax scheme. While it targets personal income taxes, value-added taxes, and estate taxes, among others, most relevant for the automotive industry are the provisions on vehicle excise taxes, laid out in Section 45 of the TRAIN Law, amending Section 149, chapter 6 of Title VI of the National Internal Revenue Code, the relevant portions of which are quoted below:

*“There shall be levied, assessed and collected an ad valorem tax on automobiles based on the manufacturer’s or importer’s selling price, net of excise and value-added tax, in accordance with the following schedule:*

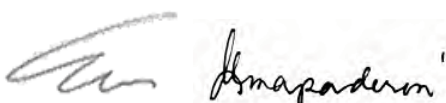
*Effective January 1, 2018*

<i>Net manufacturer’s price/ importer’s selling price</i>	<i>Rate</i>
<i>Up to six hundred thousand pesos (P600,000)</i>	<i>Four percent (4%)</i>
<i>Over six hundred thousand pesos to one million pesos (P1,000,000)</i>	<i>Ten percent (10%)</i>
<i>Over one million (P1,000,000) pesos to four million (P4,000,000) pesos</i>	<i>Twenty percent (20%)</i>
<i>Over four million pesos (P4,000,000)</i>	<i>Fifty percent (50%)</i>

*Provided, that hybrid vehicles shall be subject to 50% of the applicable excise tax rates on automobiles under this Section; Provided, further, that purely electric vehicles and pick-ups shall be exempt from automobiles”*

<sup>31</sup> DENR Reminds Car Buyers: Only Euro 4 Vehicles Allowed to be Registered by 2018 (24 June 2017). Retrieved from: <https://www.carguide.ph/2017/06/denr-reminds-car-buyers-only-euro-4.html>

<sup>32</sup> Non-Euro 4 Vehicles Get New Registration Reprieve (28 July 2017). Retrieved from <https://www.carguide.ph/2017/07/non-euro-4-vehicles-get-new.html>



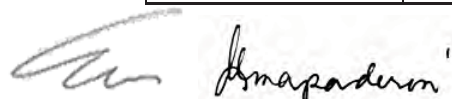

## 7.2.4 Tariff Rates

### MFN Tariffs

CBU passenger cars and CBU light commercial vehicles are considered as finished products (Table 7.1). These motor vehicles are classified under 34 AHTN 2017 Codes and based on the Commission's verification, there is current local production of motor vehicles classified under five AHTN 2017 Codes, namely: 8703.22.47; 8703.22.59; 8703.32.61; 8703.33.80, and 8704.21.29 (refer back to Table 5.13). CBU passenger cars and CBU light commercial vehicles are not subject to any Philippine obligations or tariff concessions under the WTO. The current MFN tariffs on the subject automotive products are 30% *ad valorem*.

**Table 7.1. MFN and Bound Tariffs on Passenger Cars and Light Commercial Vehicles Produced in the Philippines: 2014-2020**

AHTN 2017 Code	Degree of Processing	Local Availability*	WTO Bound Rate	MFN Rates of Duty (%): 2014-2020
8703.21.45	F	LP	U	30
8703.21.59	F	LP	U	30
8703.21.90	F	LP; NLP	U	30
8703.22.47	F	LP	U	30
8703.22.59	F	LP	U	30
8703.22.90	F	LP; NLP	U	30
8703.23.55	F	LP	U	30
8703.23.56	F	LP	U	30
8703.23.57	F	NLP	U	30
8703.23.58	F	NLP	U	30
8703.23.65	F	LP	U	30
8703.23.66	F	LP	U	30
8703.23.67	F	NLP	U	30
8703.23.68	F	NLP	U	30
8703.23.71	F	NLP	U	30
8703.23.72	F	NLP	U	30
8703.23.73	F	NLP	U	30
8703.23.74	F	NLP	U	30
8703.31.47	F	LP	U	30
8703.31.59	F	LP	U	30
8703.31.90	F	LP; NLP	U	30
8703.32.61	F	LP	U	30
8703.32.62	F	LP	U	30
8703.32.63	F	NLP	U	30
8703.32.74	F	LP	U	30
8703.32.75	F	LP	U	30
8703.32.76	F	NLP	U	30
8703.32.81	F	LP; NLP	U	30
8703.32.82	F	LP; NLP	U	30
8703.32.83	F	LP; NLP	U	30
8703.33.61	F	LP	U	30
8703.33.80	F	LP	U	30
8703.33.90	F	LP; NLP	U	30
8704.21.29	F	LP	U	30




AHTN 2017 Code	Degree of Processing	Local Availability*	WTO Bound Rate	MFN Rates of Duty (%): 2014-2020
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Note: F = Finished good/product; LP = Locally produced; NLP = Not Locally produced; U = Unbound  
 \*Based on BOI database (as of July 2020)

### Preferential Tariffs

Subject motor vehicles articles may be imported duty-free into the Philippines under the ASEAN Trade in Goods Agreement (ATIGA) and the ASEAN-Australia-New Zealand FTA (AANZFTA), subject to compliance with rules of origin requirements (Tables 7.2 and 7.3). Under other FTAs that the Philippines is a party to, varying levels of tariff concessions/treatment were committed by the Philippines.

**Table 7.2. Preferential Tariffs on Passenger Cars and Light Commercial Vehicles Produced in the Philippines: 2014-2020**

AHTN 2017 Code	Preferential Tariffs		
	ATIGA	ACFTA	AKFTA
8703.21.45	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.21.59	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.21.90	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020); Except hearses and prison vans
8703.22.47	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.22.59	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.22.90	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020) Except hearses and prison vans
8703.23.55	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.56	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.57	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.58	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.65	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.66	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.67	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.68	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.71	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.72	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.23.73	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014)	20 (2012:2015)

AHTN 2017 Code	Preferential Tariffs		
	ATIGA	ACFTA	AKFTA
	Vietnam; 2018 – All)	30 (2014:2020)	5 (2015:2020)
8703.23.74	0 (2012:2017 – Except Vietnam; 2018 – All)	HSL (2012:2014) 30 (2014:2020)	20 (2012:2015) 5 (2015:2020)
8703.31.47	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.31.59	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.31.90	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020) Except hearses and prison vans
8703.32.61	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.32.62	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.32.63	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.32.74	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.32.75	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.32.76	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.32.81	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.32.82	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.32.83	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.33.61	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.33.62	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.33.80	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8703.33.90	0 (2012:2017 – Except Vietnam; 2018 – All)	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)
8704.21.29	0	20 (2012:2017); 5 (2018:2020)	20 (2012:2015) 5 (2015:2020)


Note: ATIGA = ASEAN Trade in Goods Agreement; ACFTA = ASEAN-China FTA; AKFTA = ASEAN-Korea FTA; HSL = Highly Sensitive List

**Table 7.3. Preferential Tariffs on Passenger Cars and Light Commercial Vehicles Produced in the Philippines: 2014-2020**

AHTN 2017 Code	Preferential Tariffs				
	AANZFTA	AIFTA	AJCEPA	PJEPA	PH-EFTA FTA
8703.21.45	0	EL	X	S <sup>a/c</sup>	30
8703.21.59	0	EL	X	S <sup>a/c</sup>	30
8703.21.90	0	EL	20	S	30
8703.22.47	0	EL	20	S <sup>a/c</sup>	30
8703.22.59	0	EL	20	S <sup>a/c</sup>	30
8703.22.90	0	EL	20	S	30

AHTN 2017 Code	Preferential Tariffs				
	AANZFTA	AIFTA	AJCEPA	PJEPA	PH-EFTA FTA
8703.23.55	0	EL	20	S <sup>a/c</sup>	30
8703.23.56	0	EL	20	S <sup>a/c</sup>	30
8703.23.57	0	EL	20	S <sup>a/c</sup>	30
8703.23.58	0	EL	20	S <sup>a/c</sup>	30 (2018); 20 (2019); 15 (2020)
8703.23.65	0	EL	20	S <sup>a/c</sup>	30
8703.23.66	0	EL	20	S <sup>a/c</sup>	30
8703.23.67	0	EL	20	S <sup>a/c</sup>	30
8703.23.68	0	EL	20	S <sup>a/c</sup>	30 (2018); 20 (2019); 15 (2020)
8703.23.71	0	EL	20	S <sup>a/c</sup>	30
8703.23.72	0	EL	20	S <sup>a/c</sup>	30
8703.23.73	0	EL	20	S <sup>a/c</sup>	30
8703.23.74	0	EL	20	S <sup>a/c</sup>	30 (2018); 20 (2019); 15 (2020)
8703.31.47	0	EL	X	S <sup>a/c</sup>	30
8703.31.59	0	EL	X	S <sup>a/c</sup>	30
8703.31.90	0	EL	X	S <sup>a/c</sup>	30
8703.32.61	0	EL	X	S <sup>a/c</sup>	30
8703.32.62	0	EL	X	S <sup>a/c</sup>	30
8703.32.63	0	EL	X	S <sup>a/c</sup>	30
8703.32.74	0	EL	X	S <sup>a/c</sup>	30
8703.32.75	0	EL	X	S <sup>a/c</sup>	30
8703.32.76	0	EL	X	S <sup>a/c</sup>	30
8703.32.81	0	EL	X	S <sup>a/c</sup>	30
8703.32.82	0	EL	X	S <sup>a/c</sup>	30
8703.32.83	0	EL	X	S <sup>a/c</sup>	30
8703.33.61	0	EL	30	S <sup>a/c</sup>	30
8703.33.80	0	EL	30	S <sup>a/c/ex1</sup> ; 0 <sup>c/ex2</sup>	30
8703.33.90	0	EL	X <sup>/ex1</sup> ; 30 <sup>/ex2</sup>	S <sup>a/c/ex1</sup> ; 0 <sup>c/ex2</sup>	30
8704.21.29	0	EL	30	0 <sup>a/d</sup>	30

Note: AANZFTA = ASEAN-Australia-New Zealand FTA; AIFTA = ASEAN-India FTA; AJCEPA = ASEAN-Japan Common Effective Partnership Agreement; PJEPA = Philippines-Japan Economic Partnership Agreement; PH-EFTA FTA = Philippines-European Free Trade Association FTA; EL = excluded line; X = excluded from any tariff commitments; /ex1 = of a cylinder capacity exceeding 2,500 cc but not exceeding 3,000 cc; /ex2 = of a cylinder capacity exceeding 3,000 cc; S = special tariff treatment; a = Starting 01 January; c = Importation is prohibited under EO 156. Subject to negotiation under Article 7 of the Agreement; d = Importation requires prior authorization from the Department of Trade and Industry's Bureau of Import Services






## 7.2.5 Non-Tariff Measures

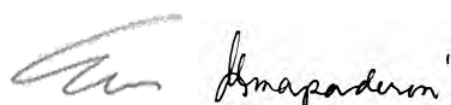
Non-tariff measures are defined by the United Nations Conference on Trade and Development (UNCTAD) as “policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices, or both”.<sup>33</sup>

According to the UNCTAD Trade Analysis Information System (TRAINS), the Philippines imposed 43 NTMs on motor vehicles as of May 2021 (Table 7.4). There are 13 technical measures and 30 non-technical measures. The Philippines does not impose export measures on motor vehicles.

**Table 7.4. Non-Tariff Measures on Passenger Cars and Light Commercial Vehicles: As of May 2021**

Category	Classification	Description	Count
Technical Barriers to Trade (TBT)	B31	Labelling requirements	1
	B32	Marking requirements	1
	B7	Product quality, safety or performance requirements	1
	B82	Testing requirements	1
	B83	Certification requirements	3
	B84	Inspection requirements	3
	B85	Traceability requirements	1
	B853	Distribution and location of products after delivery	1
Pre-Shipment Inspection and Other Formalities	C9	Other formalities not elsewhere specified	1
<b>Subtotal (Technical Measures)</b>			<b>13</b>
Safeguard measures	D31	General (multilateral) safeguards	2
Non-Automatic Import Licensing, Quotas, Prohibitions, Quantity-Control Measures, and other restrictions not including sanitary and phytosanitary measures (SPS) and TBT	E1	Non-automatic import-licensing procedures other than authorizations covered under the chapters on SPS and TBT	7
	E111	Licensing procedures with no ex-ante criteria	1
	E112	Licensing for specified use	2
	E119	Licensing for economic reasons not elsewhere specified	2
	E311	Full prohibition (import ban)	1
	E316	Prohibition of used, repaired, or remanufactured goods	1
Price-control Measures, Including Additional Taxes and Charges	F12	Reference prices	1
	F61	Custom inspection, processing, and servicing fees	2
	F62	Merchandise-handling or storing fees	2
	F64	Stamp taxes	1
	F65	Import license fees	1
	F69	Additional charges not elsewhere	1

<sup>33</sup> United Nations and World Trade Organization (2010) Non-Tariff Measures: Evidence from Selected Developing Countries and Future Research Agenda. New York and Geneva: United Nations.




Category	Classification	Description	Count
		specified	
	F72	Excise taxes	1
Finance Measures	G13	Advance payment of customs duties	1
	G19	Advance payment requirement not elsewhere specified	1
Measures affecting competition	H		1
Export-Related Measures	P6	Export-support measures	2
<b>Subtotal (Non-Technical Measures)</b>			<b>30</b>
<b>Total</b>			<b>43</b>

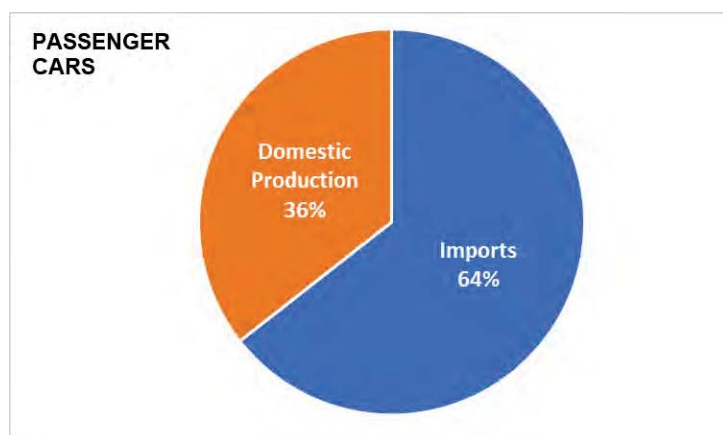
Source: UNCTAD TRAINS Database

### 7.3 The Domestic Market for Motor Vehicles

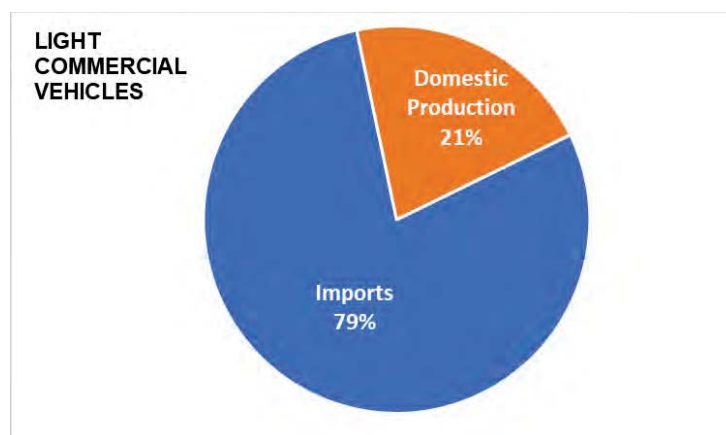
#### 7.3.1 Supply

The supply of passenger cars and light commercial vehicles in the Philippine market is composed of both locally produced and imported units. Limiting the analysis to the motor vehicles subject of this investigation, majority (64%) of the passenger cars requirement was imported and the remaining 36% was locally produced from 2014 to 2020 (Figure 7.1). As for light commercial vehicles, again a majority (79%) was imported and 21% were locally produced units.

**Figure 7.1. Supply of Motor Vehicles: 2014-2020**



Sources of basic data:  
Imports - BOC-EIEDs  
Domestic Production - Submissions of AVID, CAMPI, Isuzu, Mitsubishi and Toyota  
Note: Import data refers to importations of both the domestic industry and traders



Sources of basic data:  
Import data - BOC-EIEDs  
Domestic Production - Submissions of CAMPI, Isuzu, Mitsubishi and Toyota  
Note: Import data refers to importations of both the domestic industry and traders

### 7.3.2 Demand

Demand for motor vehicles is driven primarily by direct purchases by consumers at the retail level. Despite this retail-centric outlook, manufacturers and importers generally do not directly transact with retail customers. Instead, these firms deal with wholesale distributors who maintain unit and parts inventories. Distributors, in turn, transact with a system of dealerships which are granted the exclusive rights to carry certain brands and models for sale and for servicing.

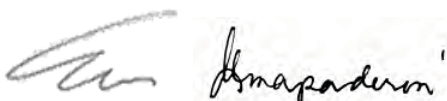
A projection by Fitch Solutions Country Risk and Industry Research showed that industry growth may be as high as 21.5% in 2021.<sup>34</sup> However, latest data from CAMPI shows that demand for motor vehicles dropped: sales shrank by 13.8% (17,843 vehicles) in April 2021 from the March 2021 level (20,702 vehicles).<sup>35</sup> This was the second month-on-month decline for motor vehicle sales following the decrease by 21.1% (20,702 vehicles) in March 2021 from the February 2021 volume (26,230 vehicles). CAMPI noted that the March 2021 figure is also lower than the level in January 2021 (23,380 vehicles).<sup>36</sup> The decline in demand for motor vehicles is likely to continue since consumers view motor vehicles as “non-essential” given the ongoing restrictions on travelling as a consequence of the 2020 pandemic.

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<sup>34</sup> Auto sales growth could top 21% in 2021 – Fitch (10 December 2020). Business World. Retrieved from <https://www.bworldonline.com/auto-sales-growth-could-top-21-in-2021-fitch/>

<sup>35</sup> Philippine Auto industry posts 13.8% month-on-month sales decline in April (11 May 2021). Retrieved from: <https://www.topgear.com.ph/news/industry-news/campi-april-2021-sales-report-a4354-20210511>

<sup>36</sup> CAMPI report shows PH auto industry sales dipped in March by Top Gear Philippines (13 April 2021). Retrieved from: <https://www.topgear.com.ph/news/industry-news/campi-march-2021-sales-report-a4354-20210413>



## 8. DETERMINATION OF INCREASED IMPORTS

Rule 9.4.b of the IRRs of RA No. 8800 provides that the Commission shall determine *“if the product (under consideration) is being imported into the Philippines in increased quantities whether absolute or relative to domestic production.”*

### 8.1. Period of Investigation

As mentioned in Section 2.1 of this Report, the POI is 2014-2020. This is in accordance with the requirement by the WTO Appellate Body in its Reports on "Argentina - Safeguard Measures on Imports of Footwear"<sup>37</sup> and "Korea - Definitive Safeguard Measure on Imports of Certain Dairy Products"<sup>38</sup> that it is necessary for investigating authorities to examine recent imports, and not simply trends in imports during the past five years.

In its Report on "United States - Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tyres from China"<sup>39</sup>, the Appellate Body emphasized the importance of examining “recent” imports and noted that *“the period of investigation selected by the investigating authority must be sufficiently recent to provide a reasonable indication of current trends in imports”*. The Report also acknowledged the Appellate Body’s decision in "Argentina - Safeguard Measures on Imports of Footwear", to wit: *“the use of the present continuous tense in the phrase “is being imported” requires investigating authorities to examine ‘recent’ import trends. For this reason, **investigating authorities must select a period of investigation that is sufficiently recent to provide a reasonable indication of current trends in imports.** Or, as the Appellate Body put it, ‘the investigation period should be the recent past’. However, once the period of investigation is selected, and is sufficiently recent to provide a reasonable indication of current trends in imports, nothing in the use of the present continuous tense ‘are increasing’ in Paragraph 16.4 and ‘are being imported’ in Paragraph 16.1 implies that the analysis must be limited to import data relating to the very end of the period of investigation.”* (Emphasis supplied).

The Appellate Body Report on "United States - Safeguard Measure on Imports of Fresh, Chilled or Frozen Lamb from New Zealand"<sup>40</sup> also stressed the importance of data relating to the most recent past: *“... we note that the Agreement on Safeguards provides no particular methodology to be followed in making determinations of serious injury or threat thereof. However, whatever methodology is chosen, we believe that data relating to the most recent past will provide competent authorities with an essential, and, usually, the most reliable, basis for a determination of a threat of serious injury. The **likely state of the domestic industry in the very near future can best be gauged from data from the most recent past.** ...”* (emphasis supplied).

<sup>37</sup> WTO Document: WT/DS121/9

<sup>38</sup> WTO Document: WT/DS98/12

<sup>39</sup> WTO Document: WT/DS399/AB/R

<sup>40</sup> WTO Document: WT/DS177/AB/R; WT/DS178/AB/R



## 8.2 WTO Requirement

In its Report on "Argentina - Safeguard Measures on Imports of Footwear"<sup>41</sup>, the WTO Appellate Body provided guidance in interpreting increase in imports, to wit:

*"[T]he determination of whether the requirement of imports 'in such increased quantities' is met is not a merely mathematical or technical determination. In other words, it is not enough for an investigation to show simply that imports of the product this year were more than last year – or five years ago. Again, and it bears repeating, not just any increased quantities of imports will suffice. There must be 'such increased quantities' as to cause or threaten to cause serious injury to the domestic industry in order to fulfil this requirement for applying a safeguard measure. And this language in both Article 2.1 of the Agreement on Safeguards and Article XIX:1(a) of the GATT 1994, we believe, requires that the increase in imports must have been recent enough, sudden enough, sharp enough, and significant enough, both quantitatively and qualitatively, to cause or threaten to cause 'serious injury'."*

Moreover, in its Report on "United States - Definitive Safeguard Measures on Imports of Certain Steel Products"<sup>42</sup>, the Appellate Body expounded on the interpretation of the phrase "is being imported in such increased quantities", as follows:

*"... Article 2.1 does not require that imports need to be increasing at the time of the determination. Rather, the plain meaning of the phrase "is being imported in such increased quantities" **suggests merely that imports must have increased, and that the relevant products continue "being imported" in (such) increased quantities...**".*  
(Emphasis supplied)

## 8.3. Source of Import Data

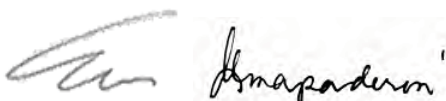
To determine the volume of imports of subject articles (new CBU passenger cars and new CBU light commercial vehicles) over the POI (2014 to 2020), the Commission made use of the Electronic Import Entry Declarations (EIEDs) of the BOC. In particular:

- a. For CBU passenger cars, importations recorded for the 33 AHTN 2017 subheadings listed in Table 8.1 below were included.

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<sup>41</sup> WTO Document: WT/DS121/9

<sup>42</sup> WTO Document: WT/DS252/AB/R



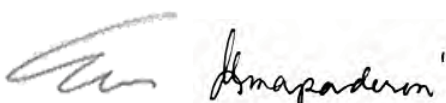
**Table 8.1. Tariff Lines for Imported CBU Passenger Cars**

No.	AHTN 2017 Code	No.	AHTN 2017 Code
1	8703.21.45	18	8703.23.74
2	8703.21.59	19	8703.31.47
3	8703.21.90	20	8703.31.59
4	8703.22.47	21	8703.31.90
5	8703.22.59	22	8703.32.61
6	8703.22.90	23	8703.32.62
7	8703.23.55	24	8703.32.63
8	8703.23.56	25	8703.32.74
9	8703.23.57	26	8703.32.75
10	8703.23.58	27	8703.32.76
11	8703.23.65	28	8703.32.81
12	8703.23.66	29	8703.32.82
13	8703.23.67	30	8703.32.83
14	8703.23.68	31	8703.33.61
15	8703.23.71	32	8703.33.80
16	8703.23.72	33	8703.33.90
17	8703.23.73		

The Commission examined each transaction and then excluded those bearing the following information:

- with descriptions of “used”, “parts”, “knocked-down”, “electric”, “KD”, “CKD” or “hybrid”, indicating that these importations do not refer to the CBU cars subject of the investigation
  - with packing type described as “CR” - crate, “CS” - case, “CT” - carton, “PE” - pallet, or “PK” - package, indicating that these are CKD which are excluded from the investigation
  - with brand names of “BMW”, “Mercedes-Benz”, “Lexus”, “Porsche”, “Audi”, “Aston Martin”, “Ferrari”, “Jaguar”, “Land Rover”, “Rolls-Royce”, “Maserati”,<sup>43</sup> “Alpha Romeo”, “Bentley”, or “Lamborghini”, indicating that these are “luxury” vehicles which are excluded from the investigation
  - with free-on-board (FOB) value exceeding USD 25,000 per unit, indicating that these are “luxury” vehicles which are excluded from the investigation
- b. For CBU light commercial vehicles, importations recorded under AHTN 2017 subheading 8704.21.29 were included. Following scrutiny of each import transaction, the following were then excluded:
- described as “used”, “parts”, “knocked-down”, “electric”, “KD”, “CKD” and “hybrid”, indicating that these importations do not refer to the CBU light commercial vehicles subject of the investigation

<sup>43</sup> Brands identified are listed in the Euromonitor Report “Premium and Luxury Cars in the Philippines” (January 2021)




- with packing type described as “CR” - crate, “CS” - case, “CT” - carton, “PE” - pallet, and “PK” - package, indicating that these are CKD which are excluded from the investigation
- with brand name “Land Rover”<sup>44</sup>, indicating that same is a ‘luxury’ vehicle which is excluded from the investigation
- imports with FOB value exceeding USD 28,000 per unit, indicating that same is a “luxury” vehicle which is excluded from the investigation.

The Commission considered all submissions by parties.

#### 8.4. Imports of Motor Vehicles

While total imports of CBU motor vehicles followed an increasing trend from 2014 until 2016, it was not sustained from 2017 to 2020 (Table 8.2). Total imports of CBU motor vehicles peaked in 2016 with 232,471 units, wherein 78% was imported by the domestic industry (182,047 units) while 22% was imported by traders (50,424 units). The domestic producers of subject articles during the POI were Toyota, Mitsubishi, Nissan, Hyundai, Honda, and Isuzu.

**Table 8.2. Total Imports of CBU Passenger Cars<sup>1/</sup> and Light Commercial Vehicles<sup>2/</sup>: 2014-2020**

Year	Import Volume (Number of Units)						% Shares	
	Domestic Industry	Growth Rate (%)	Traders	Growth Rate (%)	Total Imports	Growth Rate (%)	Domestic Industry	Traders
2014	76,394		27,513		103,907		74	26
2015	96,595	26	42,540	55	139,135	34	69	31
2016	182,047	88	50,424	19	232,471	67	78	22
2017	166,850	(8)	47,716	(5)	214,566	(8)	78	22
2018	172,785	4	53,378	12	226,163	5	76	24
2019	170,232	(1)	51,514	(3)	221,746	(2)	77	23
2020	83,946	(51)	31,727	(38)	115,673	(48)	73	27
<b>TOTAL</b>	<b>948,849</b>		<b>304,812</b>		<b>1,253,661</b>		<b>76</b>	<b>24</b>


Source of basic data: BOC-EIEDs

<sup>1/</sup>Under 33 AHTN 2017 subheadings (excluding imports of CKD, SKD, special-purpose and luxury vehicles)

<sup>2/</sup>Under AHTN 2017 subheading 8704.21.29 (excluding imports of CKD, SKD, special-purpose and luxury vehicles)

The large increase in imports of CBU motor vehicles in 2016 can be attributed to the issuance of DENR AO No. 2015-04 which provided for more stringent emission standards (on carbon monoxide, hydrocarbon, oxides of nitrogen, and particulate matter) for new passenger, and light- and heavy-duty, vehicles. Said AO also prescribed that all new vehicles to be used or introduced into the Philippine market by January 2016 shall be equipped with Euro 4 engines and shall be compliant with Euro 4 emission standards. A Certificate of Conformity

<sup>44</sup> Brands identified are listed in the Euromonitor Report “Premium and Luxury Cars in the Philippines” (January 2021)



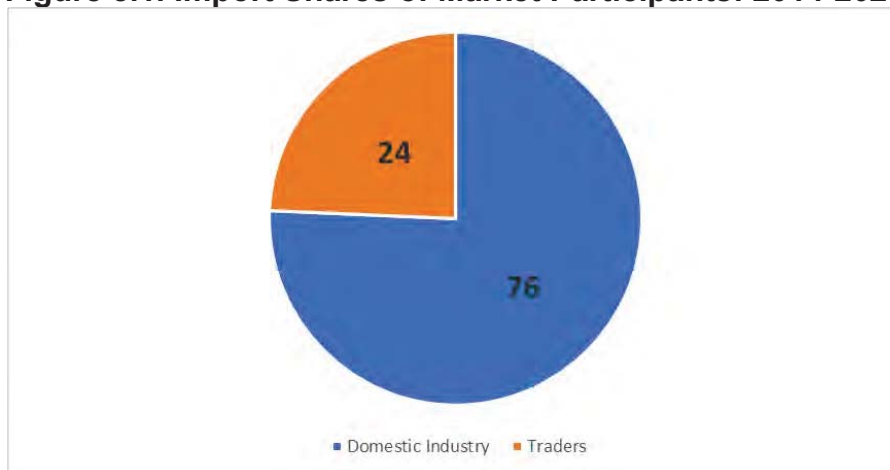

(COC) shall be issued only to new Euro 4/IV vehicles starting January 2016, which is a requirement for initial registration of vehicles with the LTO.<sup>45 46</sup>

The domestic industry contended that existing running models, which utilize Euro 2 engines, cannot be easily changed as long-term production planning and significant vehicle technology shift are required. Thus, the DENR extended the phasing out of existing Euro 2 motor vehicle models until end of 2017. The government became strict in implementing Euro 4 emission standards beginning 2 January 2018.<sup>47</sup>

From a high base in 2016, total imports of CBU motor vehicles declined by 8% in 2017. While there was a slight recovery in 2018 (226,163 units), it shrank again in 2019 (221,746 units) and fell further in 2020 (115,673 units) due to the adverse economic effects of the COVID-19 pandemic. Peak import levels in 2016 have not been reached since.

During the POI, the domestic industry accounted for the bulk of importations with an import share of 76% (Figure 8.1). Necessarily, the remaining 24% was for the account of traders.

**Figure 8.1. Import Shares of Market Participants: 2014-2020**



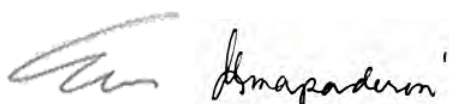
Source of basic data: BOC-EIEDs

In terms of type, majority of importations by both the domestic industry and traders were of passenger cars (Figure 8.2).

<sup>45</sup> New DENR Euro 4 rule worries vehicle makers (24 July 2015) – Philippine Daily Inquirer. Retrieved from: <https://business.inquirer.net/195809/new-denr-euro-4-rule-worries-vehicle-makers>

<sup>46</sup> DENR Requires Cleaner Fuel, sets new emission standards. Retrieved from: <https://air.emb.gov.ph/denr-requires-cleaner-fuel-sets-new-emissions-standards/>

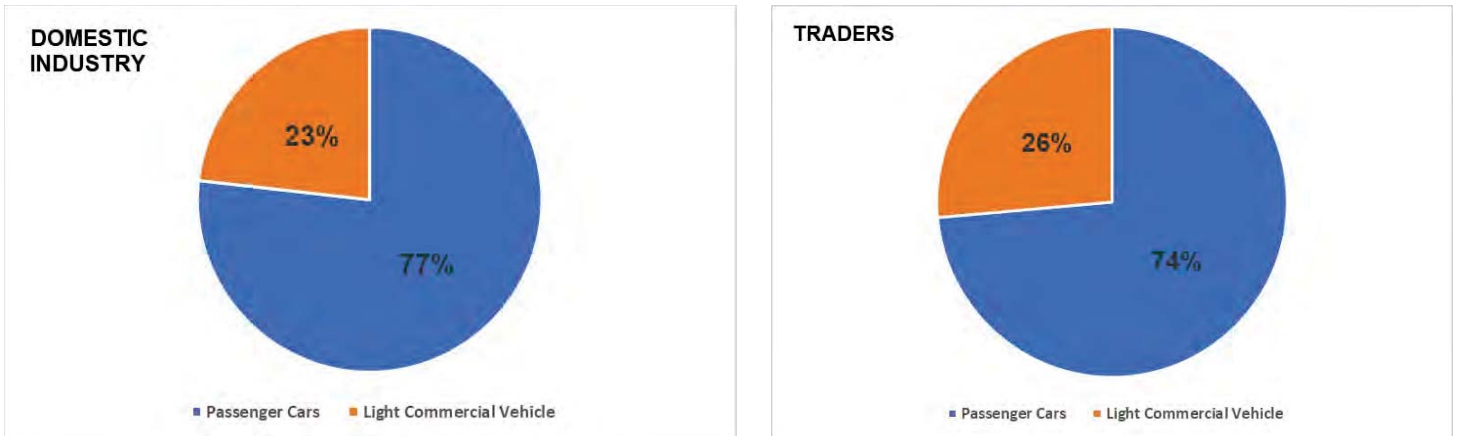
<sup>47</sup> Land Transportation Office Memorandum Circular No. 2017-2078 provides that “the Euro 4/IV emission standards shall be implemented starting 02 January 2018 for new vehicles introduced in the Philippines.” This implies that new vehicles that are not yet registered and do not meet the Euro 4 emissions standards cannot be registered in LTO.







**Figure 8.2. Import Shares of Market Participants, By Type of Motor Vehicle: 2014-2020**



Source of basic data: BOC-EIEDs

#### 8.4.1. Imports of CBU Passenger Cars

**Total Imports.** In anticipation of the implementation of Euro 4 emission standards, imports of CBU passenger cars peaked in 2016 at 200,445 units (Table 8.3). A downtrend subsequently occurred with imports first declining by 11% (to 178,248 units) in 2017. Volumes continued to decline in 2018 (to 164,968 units) and 2019 (155,724 units) as demand for motor vehicles abated due to the additional excise tax on motor vehicles effective 01 January 2018 under the TRAIN Law. Following the pandemic, imports were halved in 2020 (75,555 units).

**Table 8.3. Imports of CBU Passenger Cars<sup>1/</sup>: 2014-2020**

Year	Import Volume (Number of Units)						% Shares	
	Domestic Industry	Growth Rate (%)	Traders	Growth Rate (%)	Total Imports	Growth Rate (%)	Domestic Industry	Traders
2014	47,853		19,536		67,389		71	29
2015	78,030	63	32,454	66	110,484	64	71	29
2016	161,314	107	39,131	21	200,445	81	80	20
2017	142,533	(12)	35,715	(9)	178,248	(11)	80	20
2018	127,666	(10)	37,302	4	164,968	(7)	77	23
2019	118,561	(7)	37,163	(0.4)	155,724	(6)	76	24
2020	52,552	(56)	23,003	(38)	75,555	(51)	70	30
<b>TOTAL</b>	<b>728,509</b>		<b>224,304</b>		<b>952,813</b>		<b>76</b>	<b>24</b>

Source of basic data: BOC-EIEDs

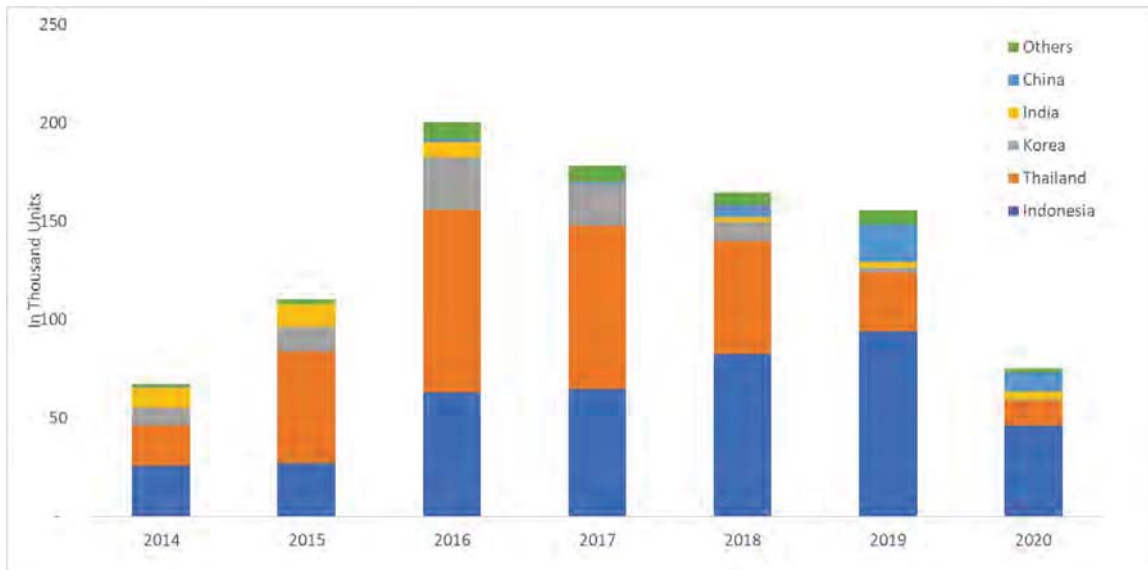
<sup>1/</sup>Under 33 AHTN 2017 subheadings (excluding imports of CKD, SKD, special-purpose and luxury vehicles)

During the POI, majority of Philippine imports of CBU passenger cars were sourced from Indonesia (42%), Thailand (37%), Republic of Korea (9%), India (4%), and China (4%) (Figure 8.3). Domestic car manufacturers like Toyota, Mitsubishi, and Isuzu have supply arrangements with their ASEAN affiliates which improve economies of scale and encourage intra-ASEAN trade. On top of these supply arrangements, motor vehicles imported from ASEAN Member States enjoy zero duties under the ATIGA (refer back to Table 7.2).

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**Figure 8.3. Country Suppliers of Imported CBU Passenger Cars, In Thousand Units: 2014-2020**



Source of basic data: BOC-EIEDs

Note: Excludes imports of CKD, SKD, special-purpose and luxury vehicles

**Imports by the Domestic Industry.** From 47,853 units in 2014, the domestic industry increased its imports by 63% in 2015 and by another 107% in 2016, attributable to the DENR policy of requiring Euro 4 engines on all motor vehicles in the Philippines starting January 2016. Given its limitations in the production of Euro 4 compliant passenger cars then, the domestic industry opted to import Euro 4 compliant passenger cars instead. The domestic industry subsequently was given until end 2017 to phase out their existing Euro 2 engine models and to fully comply with the said requirement thereafter.<sup>48</sup>

In 2017, the trend was reversed as imports declined by 12%. This downtrend continued until 2020 due to the demand-dampening impact of the additional excise tax on motor vehicles from the TRAIN Law and the economic disruptions from the 2020 pandemic. In the final year of the POI, imports dove to 52,552 units.

**Imports by Traders.** Imports of passenger cars by traders were increasing from 2014 to 2016, also due to the implementation of Euro 4 emission standards in the Philippines wherein the domestic industry did not yet have the capability to meet such requirement.

Subsequently, volumes shrank by 9% in 2017 (35,715 units). Imports picked up by 4% in 2018 (37,302 units) but hardly moved in 2019 (37,163 units) and dwindled by 38% to 23,003 units in 2020 (Figure 8.4).

<sup>48</sup> DENR Reminds Car Buyers: Only Euro 4 Vehicles Allowed to be Registered by 2018. Retrieved from <https://www.carguide.ph/2017/06/denr-reminds-car-buyers-only-euro-4.html>. Accessed on 13 April 2021.

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**Figure 8.4. Imports of CBU Passenger Cars by Importer-Traders, In Thousand Units: 2014-2020**



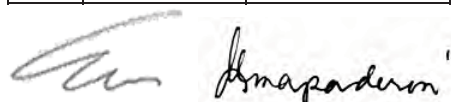
Source of basic data: BOC-EIEDs

Note: Excludes imports of the domestic industry as well as imports of CKD, SKD, special-purpose and luxury vehicles

During the POI, the Commission identified 64 importers of CBU passenger cars, aside from the domestic car manufacturers, in the BOC-EIEDs. The top 10 importers accumulated an import volume of 218,707 units and accounted for 98% of total imports (Table 8.4.). These top traders purchased their passenger cars from many countries but mainly from Thailand, China, Korea, India, Japan, Mexico, Germany, Hong Kong, Taiwan, United States, Belgium, Indonesia, Spain, Malaysia, and Poland.

**Table 8.4. Top Ten Importer-Traders of CBU Passenger Cars: 2014-2020**

No.	Importer	Source/s	Number of Units							Total	% Share
			2014	2015	2016	2017	2018	2019	2020		
1	Ford Group Philippines Inc.	China, Taiwan, United States, Thailand	6,576	13,970	20,994	21,649	10,773	1,169	2,567	77,698	35
2	Suzuki Philippines Inc.	Belgium, China, Indonesia, India, Japan, Thailand	4,352	5,266	1,004	2,964	18,581	18,706	11,456	62,329	28
3	The Covenant Car Company Inc.	China, Indonesia, South Korea, Thailand	2,403	3,151	5,007	3,007	1,664	5,833	2,326	23,391	10
4	Columbian Autocar Corporation	China, India, South Korea	5,001	7,789	7,083	2,122	902	-	-	22,897	10
5	Bermaz / Berjaya Auto Philippines Inc.	Japan, Malaysia, Spain, Thailand	520	1,736	2,756	3,559	2,465	1,585	785	13,406	6
6	Adventure Cycle Philippines Inc.	China, South Korea	-	-	-	-	4	4,884	1,826	6,714	3





No.	Importer	Source/s	Number of Units								% Share
			2014	2015	2016	2017	2018	2019	2020	Total	
7	Automobile Central Enterprise Inc.	China, Germany, India, Mexico, Poland, Taiwan	137	289	1,179	1,439	1,661	184	211	5,100	2
8	Motor Image Pilipinas Inc.	Hong Kong, Japan	-	-	-	-	14	2,994	222	3,230	1
9	Sojitz G Auto Philippines Corporation	China	-	-	-	-	-	322	2,407	2,729	1
10	Rising Cars Corporation	China	-	54	159	140	440	349	71	1,213	1
<b>Subtotal</b>			<b>18,989</b>	<b>32,255</b>	<b>38,182</b>	<b>34,880</b>	<b>36,504</b>	<b>36,026</b>	<b>21,871</b>	<b>218,707</b>	<b>98</b>
Others			547	199	949	835	798	1,137	1,132	5,597	2
<b>GRAND TOTAL</b>			<b>19,536</b>	<b>32,454</b>	<b>39,131</b>	<b>35,715</b>	<b>37,302</b>	<b>37,163</b>	<b>23,003</b>	<b>224,304</b>	<b>100</b>

Source of basic data: BOC-EIEDs

Note: Excludes imports of the domestic industry as well as imports of CKD, SKD, special-purpose and luxury vehicles

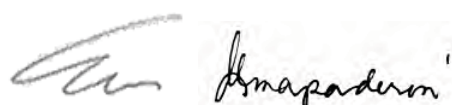
On the other hand, there were 109 exporters of CBU passenger cars to the Philippines during the POI. Based on the BOC-EIEDs, the top ten exporters supplied 170,853 units which is equivalent to 76% of total imports of traders (Table 8.5).

**Table 8.5. Top Ten Exporters of CBU Passenger Cars: 2014-2020**

No.	Exporter	Origin	Number of Units Imported by Philippine Importer-Traders								% Share
			2014	2015	2016	2017	2018	2019	2020	Total	
1	Auto Alliance (Thailand) Co. Ltd.	Thailand	5,452	4,861	9,561	10,051	6,045	-	650	36,620	16
2	Ford Motor (Thailand) Ltd.	Thailand	1,124	8,976	11,403	11,475	2,541	-	-	35,519	16
3	PT Suzuki Indomobil Motor	Indonesia	-	-	104	1,369	5,768	10,591	5,124	22,956	10
4	Maruti Suzuki India Limited	India	3,966	3,642	186	52	2,372	2,823	4,064	17,105	8
5	Kia Motors Corporation	South Korea	4,796	3,755	4,394	1,404	902	1,245	363	16,859	8
6	Suzuki Motor (Thailand) Co. Ltd.	Thailand	-	1,192	664	725	6,181	3,016	1,278	13,056	6
7	Saic Motor International Co. Ltd.	China	-	-	-	2	377	5,615	2,400	8,394	4
8	Mazda Motor Corporation	Japan	71	681	1,748	2,406	1,271	1,384	443	8,004	4
9	General Motors (Thailand) Ltd.	Thailand	497	1,516	2,936	1,664	70	1	-	6,684	3
10	Magyar Suzuki Corporation Ltd.	Belgium	-	-	-	552	3,675	1,337	92	5,656	3
<b>Subtotal</b>			<b>15,906</b>	<b>24,623</b>	<b>30,996</b>	<b>29,700</b>	<b>29,202</b>	<b>26,012</b>	<b>14,414</b>	<b>170,853</b>	<b>76</b>
Others			3,630	7,831	8,135	6,015	8,100	11,151	8,589	53,451	24
<b>GRAND TOTAL</b>			<b>19,536</b>	<b>32,454</b>	<b>39,131</b>	<b>35,715</b>	<b>37,302</b>	<b>37,163</b>	<b>23,003</b>	<b>224,304</b>	<b>100</b>

Source of basic data: BOC-EIEDs

Note: Excludes imports of the domestic industry as well as imports of CKD, SKD, special-purpose and luxury vehicles




#### 8.4.2. Imports of CBU Light Commercial Vehicles

**Total Imports.** In 2015, imports of CBU light commercial vehicles decreased by 22% to 28,651 units following the introduction of Isuzu's 2015 D-MAX in the domestic market (Table 8.6). However, beginning 2016, volumes picked up until 2019: imports more than doubled from 32,026 units in 2016 to 66,022 units in 2019. This uptrend is attributable to the adoption of the Euro 4 emission standard for engines and the difficulty of the domestic industry to comply with the same. It also coincided with the phase-out by Mitsubishi of its L300 model in 2018 and by Isuzu of its D-MAX model in July 2019. The domestic industry noted the challenges in shifting its production of CBU light commercial vehicles from Euro 2 engines to Euro 4 engines resulting ultimately in the discontinuation of local models.

**Table 8.6. Imports of CBU Light Commercial Vehicles<sup>1/</sup>: 2014-2020**

Year	Import Volume (Number of Units)						% Shares	
	Domestic Industry	Growth Rate (%)	Traders	Growth Rate (%)	Total Imports	Growth Rate (%)	Domestic Industry	Traders
2014	28,541		7,977		36,518		78	22
2015	18,565	(35)	10,086	26	28,651	(22)	65	35
2016	20,733	12	11,293	12	32,026	12	65	35
2017	24,317	17	12,001	6	36,318	13	67	33
2018	45,119	86	16,076	34	61,195	68	74	26
2019	51,671	15	14,351	(11)	66,022	8	78	22
2020	31,394	(39)	8,724	(39)	40,118	(39)	78	22
<b>TOTAL</b>	<b>220,340</b>		<b>80,508</b>		<b>300,848</b>		<b>73</b>	<b>27</b>

Source of basic data: BOC-EIEDs

<sup>1/</sup> Under AHTN 2017 subheading 8704.21.29 (excluding imports of CKD, SKD, special-purpose and luxury vehicles)

In 2020, importations of light commercial vehicles declined by 39% to 40,118 units as the COVID-19 pandemic led to mobility restrictions and severely disrupted economic activities.

The domestic industry accounted for 73% of total importations of light commercial vehicles during the POI while traders accounted for the rest (refer back to Table 8.6.). Imported CBU light commercial vehicles were sourced from thirteen (13) countries during the same period. Among these countries, which include India, Japan, China, the United States, and Canada, Thailand captured the lion's share with 88%, distantly followed by Korea (6%) and Indonesia (2%) (Figure 8.5).




**Figure 8.5. Country Suppliers of CBU Light Commercial Vehicles: 2014-2020**



Source of basic data: BOC-EIEDs

Note: Excludes imports of CKD, SKD, special-purpose and luxury vehicles

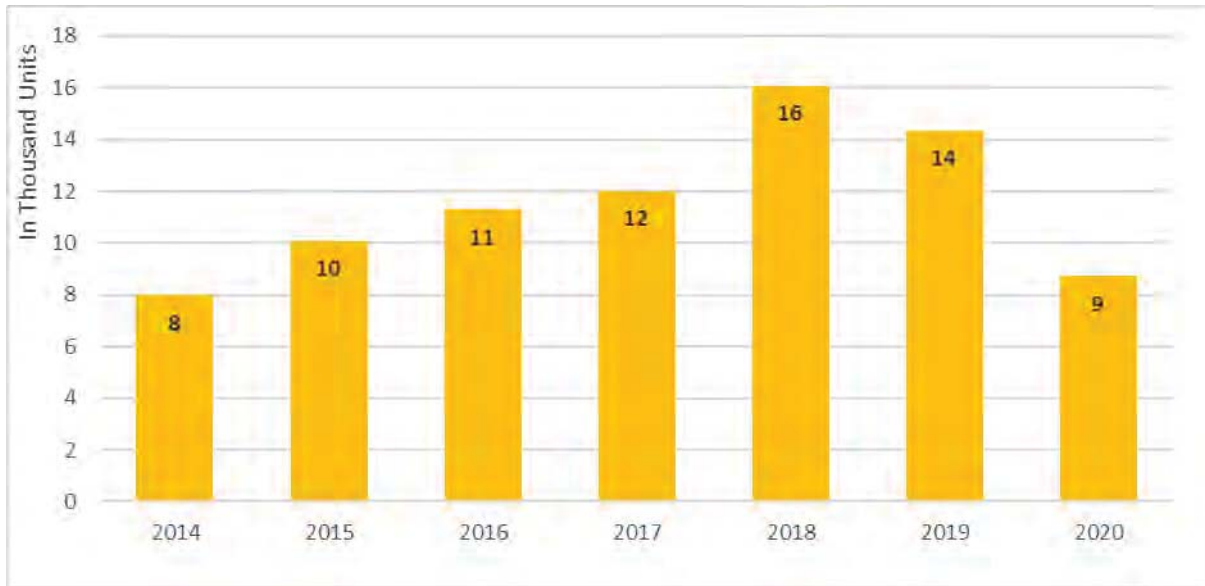
**Imports by the Domestic Industry.** Imports of CBU light commercial vehicles by the domestic industry decreased from 28,541 units in 2014 to its lowest level of 18,565 in 2015 as Isuzu introduced its D-MAX model in the domestic market (refer back to Table 8.6). Volumes grew from 2016 (20,733 units) to 2019 (51,671 units) but declined by a substantial 39% in 2020 (to 31,394 units) due to the 2020 pandemic.

**Imports by Traders.** Import volumes of CBU light commercial vehicles by traders were growing for the first five years of the POI, from 7,977 units in 2014 to 16,076 units in 2018 (Figure 8.6). However, this growth was not sustained as declines of 11% and 39% were recorded in 2019 and 2020, respectively. By the end of the POI, imported units numbered 8,724.

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**Figure 8.6. Imports of CBU Light Commercial Vehicles by Importer-Traders, In Thousand Units: 2014-2020**



Source of basic data: BOC-EIEDs

Note: Excludes imports of the domestic industry as well as imports of CKD, SKD, special-purpose and luxury vehicles

During the POI, a total of 86 importer-traders of CBU light commercial vehicles was recorded in the BOC-EIEDs. The top ten importers accounted for total imports of 77,613 units which is around 96% of total importations (Table 8.7). Major importers sourced their CBU light commercial vehicles from China, Thailand, Korea, Indonesia, and India.

**Table 8.7. Top Ten Importer-Traders of CBU Light Commercial Vehicles: 2014-2020**

No.	Importer	Source/s	Number of Units								% Share
			2014	2015	2016	2017	2018	2019	2020	TOTAL	
1	Ford Group Philippines Inc.	China, Thailand	7,032	7,487	8,376	8,897	12,050	8,709	4,330	56,881	71
2	The Covenant Car Company Inc.	Thailand	668	663	1,430	203	1,202	922	281	5,369	7
3	Suzuki Philippines Inc.	India, Indonesia	-	-	-	514	1,520	1,204	1,848	5,086	6
4	Bermaz / Berjaya Auto Philippines Inc.	Japan, Thailand	118	595	-	899	544	127	203	2,486	3
5	Columbian Autocar Corporation	India, South Korea	2	756	469	412	398	-	-	2,037	3
6	Adventure Cycle Philippines Inc.	South Korea	-	-	-	-	-	1,701	300	2,001	2
7	Hino Motors Philippines Corporation	Indonesia, Japan	-	120	526	528	1	-	-	1,175	1
8	Sojitz Fuso Philippines Corporation	Japan	-	-	-	-	-	642	433	1,075	1
9	Global Autodistribution	China	-	-	-	-	-	394	630	1,024	1

No.	Importer	Source/s	Number of Units								% Share
			2014	2015	2016	2017	2018	2019	2020	TOTAL	
	Inc.										
10	CN Projen Vehicle Inc.	China	-	-	51	393	35	-	-	479	1
<b>Subtotal</b>			<b>7,820</b>	<b>9,621</b>	<b>10,852</b>	<b>11,846</b>	<b>15,750</b>	<b>13,699</b>	<b>8,025</b>	<b>77,613</b>	<b>96</b>
Others			157	465	441	155	326	652	699	2,895	4
<b>GRAND TOTAL</b>			<b>7,977</b>	<b>10,086</b>	<b>11,293</b>	<b>12,001</b>	<b>16,076</b>	<b>14,351</b>	<b>8,724</b>	<b>80,508</b>	<b>100</b>

Source of basic data: BOC-EIEDs

Note: Excludes imports of the domestic industry as well as imports of CKD, SKD, special-purpose and luxury vehicles

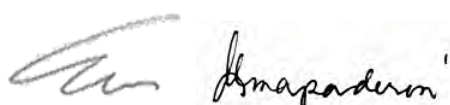
Conversely, 108 exporters of CBU light commercial vehicles were identified from the same BOC-EIEDs. Imports by Philippine importer-traders from the top ten exporters totaled 76,131 units or 95% of total imports during the POI (Table 8.8).

**Table 8.8. Top Ten Exporters of Light Commercial Vehicles: 2014-2020**

No.	Exporter	Origin	Number of Units Imported by Philippine Importer-Traders								% Share
			2014	2015	2016	2017	2018	2019	2020	TOTAL	
1	Auto Alliance (Thailand) Co. Ltd.	Thailand	7,032	7,487	8,376	8,895	12,050	8,551	4,330	56,721	70
2	General Motors (Thailand) Ltd.	Thailand	668	663	1,430	203	1,202	922	281	5,369	7
3	PT Suzuki Indomobil Motor	Indonesia	-	-	-	-	105	807	1,848	2,760	3
4	Mazda Motor Corporation	Thailand	118	595	-	776	544	127	203	2,363	3
5	Maruti Suzuki India Limited	India	-	-	-	514	1,415	397	-	2,326	3
6	Kia Motors Corporation	South Korea	-	-	129	237	263	767	100	1,496	2
7	PT Hino Motors Manufacturing	Indonesia	86	290	526	526	-	-	-	1,428	2
8	Jiangxi Jiangling Motors Import and Export Co. Ltd.	China	-	-	-	40	-	620	623	1,283	2
9	Mahindra and Mahindra Ltd.	India	2	756	170	175	135	-	-	1,238	2
10	Hyundai Corporation	South Korea	-	-	13	-	-	934	200	1,147	1
<b>Subtotal</b>			<b>7,906</b>	<b>9,791</b>	<b>10,644</b>	<b>11,366</b>	<b>15,714</b>	<b>13,125</b>	<b>7,585</b>	<b>76,131</b>	<b>95</b>
Others			71	295	649	635	362	1,226	1,139	4,377	5
<b>GRAND TOTAL</b>			<b>7,977</b>	<b>10,086</b>	<b>11,293</b>	<b>12,001</b>	<b>16,076</b>	<b>14,351</b>	<b>8,724</b>	<b>80,508</b>	<b>100</b>

Source of basic data: BOC-EIEDs

Note: Excludes imports of the domestic industry as well as imports of CKD, SKD, special-purpose and luxury vehicles






## 8.5. Findings on Increased Imports

In making a determination on increased imports, the Commission was guided by the relevant requirements of the Safeguard Measures Act and the WTO Agreement on Safeguards.

The Commission considered all submissions received as well as undertook its own research.

For purposes of determining whether motor vehicles (CBU passenger cars and CBU light commercial vehicles) are being imported into the Philippines in increased quantities, whether absolute or relative to domestic production, during the POI, importations of the domestic industry were excluded.

### 8.5.1. Increased Volume of Imports: In Absolute Terms

**Passenger Cars.** From a volume of 19,536 units during the initial year of the POI, imports of CBU passenger cars by traders grew in the next two years, peaking at 39,131 units in 2016 (Table 8.9). This uptrend is attributable to the adoption of Euro 4 emission standards in the Philippines wherein the domestic industry needed time to comply with such requirement.

**Table 8.9. Imports of Motor Vehicles by Importer-Traders, In Absolute Terms: 2014-2020**

Year	CBU Passenger Cars <sup>1/</sup>		CBU Light Commercial Vehicles <sup>2/</sup>	
	Number of Units	Growth Rate (%)	Number of Units	Growth Rate (%)
2014	19,536		7,977	
2015	32,454	66	10,086	26
2016	39,131	21	11,293	12
2017	35,715	(9)	12,001	6
2018	37,302	4	16,076	34
2019	37,163	(0.4)	14,351	(11)
2020	23,003	(38)	8,724	(39)
<b>TOTAL</b>	<b>224,304</b>		<b>80,508</b>	

Source of basic data: BOC-EIEDs

Note: Excludes Imports of the domestic industry.

<sup>1/</sup>Under 33 AHTN 2017 subheadings (excluding imports of CKD, SKD, special-purpose and luxury vehicles)

<sup>2/</sup>Under AHTN 2017 subheading 8704.21.29 (excluding imports of CKD, SKD, special-purpose and luxury vehicles)

The growth trend was not sustained in succeeding years. In 2017, imports declined by 9% (to 35,715 units). In 2018 and 2019, imports stabilized at approximately 37,000 units following the implementation of the TRAIN Law in 2018 which imposed additional excise tax on motor vehicles that led to increased prices of passenger cars. Import levels in 2018 and 2019 remained to be significantly lower than the peak import level in 2016. A further contraction in imports was recorded in the final year of the POI when the pandemic struck: volumes shrank by a substantial 38% and dipped to 23,003 units in 2020.

Even excluding the 2020 volume, import levels from 2017 to 2019 remained below levels in 2016.




**Light Commercial Vehicles.** In the first five years of the POI, imports of CBU light commercial vehicles by traders grew by more than 100%, from 2014 (7,977 units) to 2018 (16,076 units) (refer back to Table 8.9). This escalation is attributable to the adoption of the Euro 4 emission standard for engines and the difficulty of the domestic industry to comply with the same. However, this strong performance did not continue as import levels declined by a significant 11% in 2019 (to 14,351 units). A further decline of 39% was recorded subsequently. Thus, by the final year of the POI characterized by the COVID-19 pandemic, imports were down to 8,724 units.

Even excluding the import levels in 2020, increased imports of light commercial vehicles were not sustained in 2019 even with favorable market conditions (i.e., limited capacity of the domestic industry to supply the requirement of the market and increasing demand for light commercial vehicles (whose sales rose by some 4% to 7,915 units in 2019 from 7,619 units in 2018<sup>49</sup>).

**Additional Findings.** Import levels are not expected to revert to their 2016 levels, or even go beyond them, in the short-term as the country enters a new normal market condition post-pandemic. Since consumers will likely continue to view motor vehicles as “non-essential” due to ongoing restrictions on travel and health concerns relating to the emergence of new variants of the COVID-19 virus, depressed demand for motor vehicles is seen to be prolonged. Hence, the declines in importation as well as domestic production are likely to continue in the near future.

On the demand side, figures from the Philippine Statistics Authority show that consumers are continuing to spend less: Household Final Consumption Expenditures (HFCE) declined by 4.8% in the first quarter of 2021. On the other hand, data from CAMPI showed that motor vehicles sales dwindled by a sizable 13.8% (to 17,843 vehicles) in April 2021 from March 2021 levels (20,702 vehicles).<sup>50</sup> Motor vehicle sales also dropped by 21.1% (20,702 vehicles) in March 2021 from February 2021 levels (26,230 vehicles).<sup>51</sup>

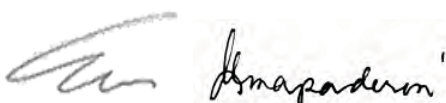
Meanwhile on the supply side, Gross Value Added (GVA) in manufacturing of transport equipment (including motor vehicles) has been consistently declining since the fourth quarter of 2019, and further shrank by 9.5% in the first quarter of 2021.<sup>52</sup> Investments in the manufacture of road transport equipment (including motor vehicles), as reflected in the Gross Domestic Capital Formation in Durable Road Transport Equipment, also decreased by 26% in the first quarter of 2021.

<sup>49</sup> Car sales up 3.5% in 2019 (14 January 2020). Retrieved from: <https://www.pna.gov.ph/articles/1090808>

<sup>50</sup> Philippine Auto industry posts 13.8% month-on-month sales decline in April (11 May 2021). Retrieved from: <https://www.topgear.com.ph/news/industry-news/campi-april-2021-sales-report-a4354-20210511>

<sup>51</sup> CAMPI report shows PH auto industry sales dipped in March by Top Gear Philippines (13 April 2021). Retrieved from: <https://www.topgear.com.ph/news/industry-news/campi-march-2021-sales-report-a4354-20210413>

<sup>52</sup> National Accounts of the Philippines – Gross Value Added in Manufacturing (As of May 2021) – Philippine Statistics Authority (PSA)



## 8.5.2. Increased Volume of Imports: Relative to Domestic Production

**Passenger Cars.** From 2014 to 2016, imports of CBU passenger cars by traders increased by an average annual growth rate of 87% while domestic production of CBU passenger cars rose by an average annual growth rate of 20% (Table 8.10).

**Table 8.10. Share of Imports of CBU Passenger Cars to Domestic Production of CBU Passenger Cars: 2014-2020**

Year	Imports (Number of Units)*	Growth Rate (%)	Domestic Production (Number of Units)**	Growth Rate (%)	Share of Imports to Production (%)
2014	19,536		65,173		30
2015	32,454	66	65,215	0.1	50
2016	39,131	21	78,520	20	50
2017	35,715	(9)	98,986	26	36
2018	37,302	4	79,334	(20)	47
2019	37,163	(0.4)	91,217	15	41
2020	23,003	(38)	48,012	(47)	48
<b>TOTAL</b>	<b>224,304</b>		<b>519,215</b>	--	

*Note: Excludes imports of the domestic industry as well as imports of CKD, SKD, special-purpose and luxury vehicles*

*Sources of basic data: \*BOC-EIEDs; \*\*Submissions of AVID (for Hyundai), CAMPI (for Nissan and Honda), Isuzu, Mitsubishi, and Toyota*

The following year saw a 9% dip in imports, however, while production expanded by 26%. The domestic industry took advantage of the DENR reprieve until 2017 to phase out Euro 2 models and intensified its production.<sup>53 54</sup>

Import levels stabilized at 37,000 units from 2018 to 2019 during the implementation of the TRAIN Law and were significantly lower than the peak import level in 2016. On the other hand, production was erratic, shrinking by 20% in 2018 but subsequently recovering by 15% in 2019.

In 2020, both production (by 47%) and imports (by 38%) declined due to the economic repercussions of the pandemic.

The share of imports to production peaked in 2015 and 2016 at 50%. Import shares dropped subsequently: the lowest share was 36% in 2017 and shares in 2018 to 2020 remained below the peak. While the share of imports to production increased to 48% in 2020, this is attributable to the sizeable 47% decline in industry output after Honda terminated its passenger vehicle assembly operations in the country during the year (refer back to Table 5.3).

<sup>53</sup> The LTO issued MC No. 2017-2078 on 21 June 2017 which allowed for initial registration of Euro 2 compliant vehicles provided that these vehicles were issued with their respective Certificates of Stock Reported (CSR) on or before 31 December 2017. Source: Land Transportation Office.

<sup>54</sup> Non-Euro 4 Vehicles Get New Registration Reprieve (28 July 2017). Retrieved from <https://www.carguide.ph/2017/07/non-euro-4-vehicles-get-new.html>




**Light Commercial Vehicles.** Imports of CBU light commercial vehicles by traders and production of the domestic industry were both rising from 2014 to 2017 (Table 8.11). Imports increased at a slower pace (15%) compared to production (28%). The significant increase in production from 2016 to 2017 can be attributed to the domestic industry's strategy to take advantage of the two-year extension provided by the DENR, or until end-2017, for the phase-out of its Euro 2 models.

**Table 8.11. Share of Imports of CBU Light Commercial Vehicles to Domestic Production of CBU Light Commercial Vehicles: 2014-2020**

Year	Imports (Number of Units)*	Growth Rate (%)	Domestic Production (Number of Units)**	Growth Rate (%)	Share of Imports to Production (%)
2014	7,977		11,230		71
2015	10,086	26	11,930	6	85
2016	11,293	12	14,497	22	78
2017	12,001	6	22,662	56	53
2018	16,076	34	8,326	(63)	193
2019	14,351	(11)	5,231	(37)	274
2020	8,724	(39)	6,566	26	133
<b>TOTAL</b>	<b>80,508</b>		<b>80,442</b>	--	--

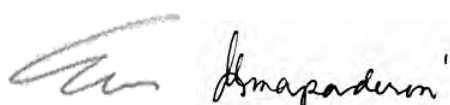
Note: Excludes imports of the domestic industry as well as imports of CKD, SKD, special-purpose and luxury vehicles

Sources of basic data: \*BOC-EIEDs; \*\*Submissions of Isuzu and Mitsubishi

Beginning 2018, the LTO implemented its MC No. 2017-2078 that required all new vehicles to meet Euro 4 emission standards before registering. This led to a significant decrease (by 63%) in domestic production as the local industry was still not able to shift its production of motor vehicles with Euro 2 engines to Euro 4 engines. Mitsubishi also started phasing out its L300 with Euro 2 engine in 2018. With the limitation of the domestic industry, the requirement of the market was supplied through importation. This led to an increase in the share of imports to production to 193%.

The share of imports to production rose to 274% in 2019 with domestic production further declining by 37% as the manufacture of the Isuzu D-MAX was discontinued.

In 2020, the share of imports to domestic production dropped to 133% as imports by traders decreased by 39% while domestic production improved by an appreciable 26%.




## 8.6. Conclusions

Based on import data for 2014 until 2020, which relate to the most recent past and will provide the most reliable basis for determining the likely state of the domestic motor vehicles industry in the very near future, the Commission concludes the following:

1. **CBU passenger cars** were not being imported into the Philippines in increased quantities, both in absolute terms and relative to domestic production, during the POI.

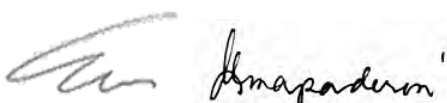
While the increase in import levels and the share of imports to production in 2015 and 2016 were of such magnitudes that can be deemed significant, they cannot be considered recent, sudden and sharp as they occurred in the early years of the POI. The succeeding data for 2017 to 2019 show annual levels that were all lower than the 2016 peak levels.

In 2020, import volumes fell by 38%. While the share of imports to production may have increased to 48%, this is clearly not attributable to higher imports (which fell) but to the decision of the domestic industry to cease local production of certain models (i.e., Honda).

2. **CBU light commercial vehicles** were not being imported into the Philippines in increased quantities, both in absolute terms and relative to domestic production, during the POI.

While imports of CBU light commercial vehicles escalated from 2014 to 2018, and at such magnitudes that can be deemed significant, volumes subsequently declined. Hence, there was no increase in imports over the POI that can be considered recent, sudden, and sharp. Excluding 2020 import volumes from the analysis shows that increased imports were not sustained in 2019 despite favorable market conditions (i.e., supply constraints of local producers).

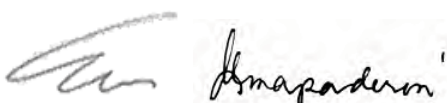
Relative to production, the noticeably higher shares of imports in 2018 was due to the discontinuance of production of Mitsubishi's L300 model. In 2019 and 2020, the high import shares remained because of the local industry's decision to stop production of another model (i.e., Isuzu D-MAX), and not because of increases in import volumes.



## 9. CONCLUSIONS


In accordance with RA No. 8800, the Commission hereby concludes the following:

1. The petitioner Philippine Metalworkers Alliance is considered a juridical person belonging to the motor vehicles industry pursuant to Section 6 and Rule 6.4(d) of RA No. 8800.
2. There are six identified domestic producers/assemblers of passenger cars and light commercial vehicles during the POI (2014-2020) and their collective output complies with the domestic industry requirement under Section 4(f) of RA No. 8800.
3. The imported products under consideration consist of new CBU passenger cars and new CBU light commercial vehicles. Excluded from the investigation are CKD units, SKD units, special purpose vehicles, and “luxury” vehicles. Thus, the imported products under consideration are classified under 56 AHTN 2017 Codes, with 54 tariff lines referring to imported CBU passenger cars and another two tariff lines referring to imported CBU light commercial vehicles.
4. Locally produced passenger cars are considered “directly competitive” products to imported CBU passenger cars classified under the 33 AHTN 2017 subheadings listed in Table 5.13 because they are substitutable with the latter in the marketplace by offering alternative products for satisfying customer needs and preferences.
5. Locally produced light commercial vehicles classified under AHTN 2017 subheading 8704.21.29 are considered “directly competitive” to imported light commercial vehicles (classified under the same subheading) because they are substitutable with the latter in the market by providing consumers with an alternative for satisfying their needs and tastes for said product.
6. There was no increase in imports of CBU passenger cars and CBU light commercial vehicles, both in absolute terms and relative to domestic production, during the POI.
7. Since it has been established that CBU passenger cars and CBU light commercial vehicles were not imported in increased quantities (whether absolute or relative to domestic production) during the POI, the determination of serious injury or threat thereof, causation, and unforeseen developments has become moot and academic.



## 10. RECOMMENDATION

Considering that CBU passenger cars and CBU light commercial vehicles were not imported in increased quantities (whether absolute or relative to domestic production) during the POI, the Commission hereby terminates its formal investigation and recommends that no definitive general safeguard measure be imposed on importations of the CBU passenger cars and CBU light commercial vehicles subject of this investigation.



Amador



Harold P. Guedes

## 11. EFFECTS OF THE NEGATIVE RECOMMENDATION

Section 14 of RA No. 8800 provides that:

*“The report (of the Commission) shall also include description of the short- and long-term effects of the affirmative or negative recommendation, as the case may be, on the petitioner, the domestic industries, the consumers, the workers, and the communities where production facilities of such industry are located.”*


The likely effects of the Commission’s negative recommendation are as follows:

### 1. On the Petitioner

- The adjustment plan submitted by the petitioner consists of government-led programs, which means that the petitioner sees that there are real benefits to the domestic motor vehicles industry from implementation of the same.
- The execution of these government programs is not dependent on the imposition of safeguard measures on importations of CBU passenger cars and CBU light commercial vehicles. Hence, the programs will run, and the benefits will be reaped even with the non-imposition of safeguard duties.
- One program that has been identified in the adjustment plan has already been realized: the CREATE law was enacted in March 2021. This positive development, as identified by the petitioner itself, thus augurs well for the domestic industry and its workers.

### 2. On the Domestic Motor Vehicles Industry

- The domestic industry identified three past events that adversely affected it: the adoption of the Euro 4 emission standards which began in 2016 and was fully implemented beginning 2018; the implementation of the TRAIN Law in January 2018; and the emergence of the COVID-19 pandemic in early 2020.
- The domestic motor vehicles industry does not consider the imposition of safeguard measures as the proper relief to improve and support it. Contrary to the position of the petitioner, the domestic industry opposes an imposition because it will only raise the costs of providing currently non-locally produced models to the domestic market.
- Without additional import duties in the form of a safeguard measure, sales of the domestic industry, including that of traders, would improve since consumers will not be discouraged by increased retail prices of imported motor vehicles. This will be timely in boosting economic activity for the anticipated post-pandemic recovery.



Amador



Harold P. Mendoza



### 3. On Competition

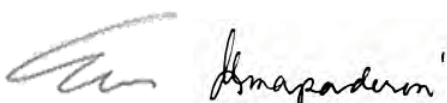
- Imports provide competitive discipline and discourage possible abuse of market power.

### 4. On Consumer Welfare

- The non-imposition of a safeguard measure enhances consumer welfare gains by expanding consumer choice, i.e., consumers have the option to choose between local and imported motor vehicles.
- In addition, consumers are spared from an increase in retail prices that can be expected from the imposition of a safeguard measure, which would be on top of the other necessary and essential costs of purchasing and maintaining a motor vehicle (e.g., insurance, fuel, parking).

### 5. On Employment

- Since there is no clear relationship between employment in the domestic motor vehicles industry and imports of CBU passenger cars and CBU light commercial vehicles (e.g., Toyota's employment increased during the period of investigation), it is difficult to determine the direct effect of the non-imposition of a safeguard measure on the former.
- Nevertheless, the Commission believes that employment in the domestic motor vehicles industry will be fostered by the foreseen post-pandemic economic rebound and increasing industry productivity, especially of carmakers participating in the CARS Program.
- The continuous improvement of road networks, especially in Mega Manila, Metro Cebu and other major economic hubs nationwide, brought about by government's Build-Build-Build (BBB) program can drive up the demand for motor vehicles. Local carmakers will thus be in a better position to produce more and innovate. This growth situation will also likely attract other foreign producers to invest in the country, thereby generating jobs even in the allied and downstream sectors (e.g., parts and components makers).
- Noting that continued and enhanced government support towards generation of employment especially in times of a global pandemic are imperative on the competitiveness of the domestic motor vehicle industry, a trade remedy measure (i.e., safeguard measure) is not the appropriate policy to address the domestic labor market issues of its workers in the short run. Hence, specific measures such as the provision of improved incentives for the labor sector (i.e., wage subsidy, unemployment insurance) should be studied in-depth and offered by the relevant government agencies (i.e., Department of Labor and Employment, Local Government Units).

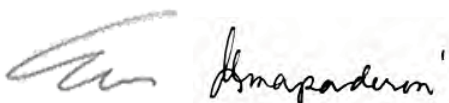


## 6. On Regional Development/Communities

- The manufacturing plants of the local carmakers are all located in Laguna with dealerships and distribution partners nationwide. These manufacturing operations are sources of livelihood and employment opportunities for the said communities and nearby areas. With the presence of these companies inside economic zones and industrial parks, particularly in Santa Rosa City, Laguna, the city became the richest city in Luzon outside of Metro Manila in terms of annual income.<sup>55</sup>
- The Commission strongly believes that the non-imposition of the safeguard measure will not hamper the continuing development and economic activity where the domestic industry operates especially after the pandemic.

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<sup>55</sup> 2019 COA Annual Financial Report. Retrieved from: [https://www.coa.gov.ph/phocadownloadpap/userupload/Annual-Financial-Report/lgu/2019/2019\\_AFR\\_Local\\_Govt\\_Volume\\_I.pdf](https://www.coa.gov.ph/phocadownloadpap/userupload/Annual-Financial-Report/lgu/2019/2019_AFR_Local_Govt_Volume_I.pdf)



## 12. SUBMISSION

Pursuant to Section 14 of RA No. 8800, the Commission hereby submits this Report to the Secretary of Trade and Industry. Thereafter, this Report will be made available to the public by posting of a public version on the Commission's website ([www.tariffcommission.gov.ph](http://www.tariffcommission.gov.ph)) and publishing of a report summary in two newspapers of general circulation.

22 July 2021



**MARILOU P. MENDOZA**  
Chairperson



**ERNESTO L. ALBANO**  
Commissioner



**MARISSA MARICOSA A. PADERON**  
Commissioner



REPUBLIC OF THE PHILIPPINES  
TARIFF COMMISSION

**IN THE MATTER OF THE FORMAL  
INVESTIGATION ON THE IMPOSITION  
OF SAFEGUARD MEASURE AGAINST  
IMPORTATIONS OF MOTOR  
VEHICLES (PASSENGER CARS AND  
LIGHT COMMERCIAL VEHICLES)  
FROM VARIOUS COUNTRIES**

**(AHTN 2017 Headings 87.03 and 87.04)**

**FOR: SAFEGUARD MEASURE  
TCI (SG) No. SG-2021-OC-Motor  
Vehicles**

**NOTICE OF FORMAL INVESTIGATION AND PRELIMINARY CONFERENCE**

Pursuant to Section 9 of Republic Act (RA) No. 8800 (*Safeguard Measures Act*), notice is hereby given that the Tariff Commission (TC) commenced on 5 February 2021 its Formal Investigation on the merits of imposing a definitive safeguard duty against importations of Motor Vehicles (Passenger Cars and Light Commercial Vehicles under AHTN 2017 Headings 87.03 and 87.04, respectively) from various countries, following receipt of a request from the Secretary of Trade and Industry and the complete case records.

All interested parties, including those on record in the preliminary investigation by the Department of Trade and Industry, are required to appear at a Preliminary Conference which will be held on 17 February 2021 at 10:00 a.m. (via Videoconferencing through Microsoft Teams). Matters for discussion include the timelines, nature of investigation, appearance of counsel and parties, number of witnesses, notification, accessibility of documents and public file, confidentiality of documents, submission of position paper/s and memoranda, adjustment plan, conduct of inspection and verification of data, schedules of public hearings and other activities, and other topics that may aid in the prompt disposition of the case.

Interested parties are required to register their participation to the preliminary conference from 8-16 February 2021 using the registration link posted on the Commission's website <http://tariffcommission.gov.ph/>. For inquiries, please contact Director Ma. Lourdes M. Saluta, Head of the TC Task Force for this case, at email address [TC.Assist@mail.tariffcommission.gov.ph](mailto:TC.Assist@mail.tariffcommission.gov.ph).

Issued this 5<sup>th</sup> day of February 2021, at Quezon City, Metro Manila.





Digitally signed  
*MariLou P. Mendoza*

**MARILOU P. MENDOZA**  
Chairperson

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Email Address: [TC.Assist@mail.tariffcommission.gov.ph](mailto:TC.Assist@mail.tariffcommission.gov.ph)



**REPUBLIC OF THE PHILIPPINES  
TARIFF COMMISSION**

**IN THE MATTER OF THE FORMAL  
INVESTIGATION ON THE IMPOSITION  
OF SAFEGUARD MEASURE AGAINST  
IMPORTATIONS OF MOTOR VEHICLES  
(PASSENGER CARS AND LIGHT  
COMMERCIAL VEHICLES) FROM  
VARIOUS COUNTRIES**

**(AHTN 2017 Headings 87.03 and 87.04)**

**FOR: SAFEGUARD MEASURE  
TCI (SG) No. SG-2021-0C-Motor  
Vehicles**

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**Issued this 5th day of February 2021 , at Quezon City, Metro Manila.**

**MARILOU P. MENDOZA**  
Chairperson

(MS-FEB. 6, 2021)






REPUBLIC OF THE PHILIPPINES  
TARIFF COMMISSION

**IN THE MATTER OF THE FORMAL INVESTIGATION  
ON THE IMPOSITION OF SAFEGUARD MEASURE  
AGAINST IMPORTATIONS OF MOTOR VEHICLES  
(PASSENGER CARS AND LIGHT COMMERCIAL  
VEHICLES) FROM VARIOUS COUNTRIES**

(AHTN 2017 Headings 87.03 and 87.04)

**FOR: SAFEGUARD MEASURE  
TCI (SG) No. SG-2021-OC-  
Motor Vehicles**

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Issued this 5<sup>th</sup> day of February 2021, at Quezon City, Metro Manila.



*Mari Lou P. Mendoza*

**MARILOU P. MENDOZA**  
Chairperson

MT / Feb. 6, 2021

*Asmapaderon*

*Mari Lou P. Mendoza*

## TC Website

**Trade Remedy Cases**

**Formal Investigation on the Imposition of Safeguard Measure against importations of Motor Vehicles (passenger cars and light commercial vehicles) from various countries [TCI (SG) No. SG-2021-OC-Motor Vehicles]**

Please see the following Notices / References:

- [Notice of Formal Investigation and Preliminary Conference](#) issued on 05 February 2021
- Registration Link: <https://cutt.ly/TC-PCV-Motor-Vehicles>



Anurag Kumar



Anil P. Gunde

**REGISTER OF ATTENDANCE**

Conduct of Preliminary Conference via Videoconferencing (PCV) on the merits of imposing a definitive safeguard duty against importations of Motor Vehicles on 17 February 2021

<i>Seq No</i>	<i>Name</i>	<i>Sector Represented</i>	<i>Name of Organization</i>
<b>Petitioners</b>			
1	Mata, Josua	Private Sector	Sentro ng mga Nagkakaisa at Progresibong Manggagawa (SENTRO)
2	Punzalan, Ruel	Private Sector	Philippine Metalworkers Alliance
3	Rasing, Reynaldo	Private Sector	Philippine Metalworkers' Alliance (PMA)
4	Valdomar, Lawrence	Private Sector	Isuzu Philippines Corporation supervisor's union /Philippine Metal Worker's Alliance
<b>Oppositors</b>			
5	Alcones, Eric	Private Sector	Isuzu Philippines Corporation
6	Antigua, Perseus	Private Sector	Sojitz G Auto Philippines Corporation
7	Arai, Mei	Government Sector	Japan Automobile Manufacturers Association
8	Bautista, Joseph	Private Sector	Truck Manufacturers Association, Inc.
9	Briones, Sherlwyn	Private Sector	Chamber of Automotive Manufacturers of the Philippines, Inc.
10	Britanico, Rodolf	Private Sector Counsel	China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME)
11	Brown, Imelda	Private Sector	Truck Manufacturers Association, Inc
12	Bumrungsuk, Chutamas	Government Sector	Department of Foreign Trade
13	Canales, Rona	Private Sector	The Covenant Car Company Inc.
14	Cero, De Mille	Private Sector	Mitsubishi Motors Philippines Corporation






<i>Seq No</i>	<i>Name</i>	<i>Sector Represented</i>	<i>Name of Organization</i>
15	Chutimanukul , Boonthita	Private Sector	Honda Automobile (Thailand) Co., Ltd.
16	Cordova, Fatima Faye	Private Sector Counsel	Mitsubishi Motors Philippines Corporation
17	Dumkoew, Korakot	Private Sector	Honda Automobile (Thailand) Co., Ltd.
18	Ecalnir, Erol Roudel	Private Sector Counsel	Sojitz Fuso Philippines Corporation
19	Gonzalez, Josephine	Private Sector	Truck Manufacturers Association Inc.
20	Gutierrez, Rommel	Private Sector	Chamber of Automotive Manufacturers of the Philippines, Inc.
21	Ignacio, John Michael	Private Sector	Sojitz Fuso Philippines Corporation
22	Kim, Dong Ju	Private Sector	Hyundai Motor Company
23	Lee, Seung Jae	Private Sector	Hyundai Motor Group
24	Li, Si	Private Sector Counsel	China Chamber of Commerce for Import and Export of Machinery and Electronic Products
25	Lim, Titanicko	Government Sector	Embassy of the Republic of Indonesia
26	Linchangco, Kristine Yvonne	Private Sector	Truck Manufacturers Association Inc
27	Liu, Jianwei	Private Sector Counsel	China Chamber of Commerce for Import and Export of Machinery and Electronic Products
28	Luo, Xinqu	Private Sector Counsel	China Chamber of Commerce for Import and Export of Machinery and Electronic Products
28	Mangahas, Gabrielle Ruth	Private Sector Counsel	China Chamber of Commerce for Import and Export of Machinery and Electronic Products
30	Maruyama, Yasuki	Private Sector	Mitsubishi Motors Philippines Corporation
31	Matas, Jo-Anne	Private Sector	Ford Group Philippines, Inc.
32	Medina, Marco	Private Sector	Sojitz Fuso Philippines Corporation
33	Mills, Vicente	Private Sector	Truck Manufacturers Association Inc.





<i>Seq No</i>	<i>Name</i>	<i>Sector Represented</i>	<i>Name of Organization</i>
34	Nagera, Ma. Quennie Jasmin	Private Sector	Chamber of Automotive Manufacturers of the Philippines, Inc.
35	Nakmai, Anussara	Private Sector	Honda Automobile (Thailand) Co., Ltd.
36	Nasution, Lazuardi	Government Sector	Embassy of the Republic of Indonesia
37	Parekrathok, Tada	Private Sector	Honda Automobile (Thailand) Co., Ltd.
38	Pascual Fernández, Pedro	Government Sector	Economic and Commercial Office of the Embassy of Spain in Manila
39	Pelawi, Freddy	Government Sector	Ministry of Trade Republic of Indonesia
40	Phagaew, Kanjana	Private Sector	Honda Automobile (Thailand) Co., Ltd.
41	Phuengsook , Lertsak	Private Sector	Honda Automobile (Thailand) Co., Ltd.
42	Praiwan , Yupaporn	Private Sector	Honda Automobile (Thailand) Co., Ltd.
43	RaengRuamsin, Surasit	Private Sector	Honda Automobile (Thailand) Co., Ltd.
44	Recalde, Eric	Private Sector Counsel	Mitsubishi Motors Philippines Corporation
45	Rivera, Jose Salvador	Private Sector Counsel	Truck Manufacturers Association Inc.
46	Sagum, Kenneth	Private Sector	Mitsubishi Motors Philippines Corporation
47	Sakrungrit, Ekaluck	Private Sector	Honda Automobile (Thailand) Co., Ltd.
48	Salimin, Santoso	Private Sector	TMMIN
48	Satriani, Sarah	Government Sector	Ministry of Trade - GOI
50	Shin, Jungmi	Government Sector	Ministry of Trade, Industry and Energy
51	Somboonchai, Sutatip	Private Sector	Honda Automobile (Thailand) Co., Ltd.
52	Tadpitakkul, Arnupab	Private Sector	The Thai Automotive Industry Association (TAIA)




<i>Seq No</i>	<i>Name</i>	<i>Sector Represented</i>	<i>Name of Organization</i>
53	Takashi, Ueno	Private Sector	Japan Automobile Manufacturers Association, Inc.
54	Tan, Jacqueline Ann	Private Sector Counsel	Mitsubishi Motors Philippines Corp
55	Timbuleng, Nurhasanah	Government Sector	Ministry of Industry Republic Of Indonesia
56	Toya, Tadashi	Private Sector	Japan Automobile Manufacturers Association
57	Waleeittikul, Nawata	Private Sector	Honda Automobile (Thailand) Co. Ltd
58	Widodo, Ade	Government Sector	Indonesian Embassy
59	Wongwaithanasakul , Apiwat	Private Sector	Honda Automobile (Thailand) Co., Ltd.
60	Yinderum, Vigith	Private Sector	Honda Automobile (Thailand) Co., Ltd.
61	Yosuico, Therese	Government Sector	EU Delegation to the Philippines
<b>Observers</b>			
62	Ag-agawa, Rassel Leah	Private Individual	
63	Alcantara, Kristine	Private Individual	
64	Bernardo, Ramiro	Industry Association	Philippine Metal Workers Alliance
65	Bo, Joseph	Industry Association	Philippine Metal Workers' Alliance
66	Boonwarapat, Khatawoot	Private Individual	
67	Campos, Othel	Media	Manila Standard
68	Carumba, Gabriel	Private Individual	
69	Casio, Jo Ann Marie	Private Individual	
70	Chitongart, Kanrave	Industry Association	Thai Automotive Industry Association
71	Chotimunee, Janthana	Foreign Embassy	Thai Trade Center in Manila
72	Chuisumrarn, Malinee	Private Individual	
73	Citobani, Bobby	Private Individual	
74	Cruz, Danilo	Industry Association	Toyota Motor Philippines
75	Dalang, Phiels Vencel	Industry Association	Sojitz G Auto Philippines Corporation
76	De Dios, Victor	Private Individual	
77	Del Castillo, Cinderella	Industry Association	Philippine Parts Maker Association Inc.

<i>Seq No</i>	<i>Name</i>	<i>Sector Represented</i>	<i>Name of Organization</i>
78	Demdam, Angie	Foreign Embassy	Office of the Commercial Counsellor Embassy of Turkey in Manila
79	Desiderio, Louella	Media	Philippine Star
80	Dotollo, Lailani	Industry Association	Toyota Motor Philippines Corp. Labor Union; Labor Management Council
81	Edades, Jiana Pamela	Private Individual	
82	Ermita, Michael Angelo	Industry Association	Association of Vehicle Importers and Distributors
83	Espiritu, Karen	Industry Association	Hyundai
84	Furuyama, Hiroaki	Private Individual	
85	Gil Rodríguez, Manuel	Foreign Embassy	Economic and Commercial Office of the Embassy of Spain in Manila
86	Gonzales, James Carlo	Industry Association	Association of Vehicle Importers and Distributors
87	Gue, Sherry	Private Individual	
88	Gutama, Febrywien	Industry Association	PT. Astra Daihatsu Motor
89	Hara, Yukari	Industry Association	Mazda Motor Corporation
90	Ibanez, Jenina	Media	BusinessWorld
91	Isip, Irma	Media	Malaya Business Insight
92	Ivana, Maria	Industry Association	PT. Astra Daihatsu Motor
93	Javier, Ryman	Private Individual	
94	Jung, Myunghun	Industry Association	Korea Automobile Manufacturers Association
95	Kanchanakosol, Thicha	Private Individual	
96	Kim, Chul-Whan	Industry Association	Korea Automobile Manufacturers Association
97	Kim, Jongju	Foreign Embassy	Embassy of the Republic of Korea

<i>Seq No</i>	<i>Name</i>	<i>Sector Represented</i>	<i>Name of Organization</i>
98	Kimura, Kazuki	Private Individual	
99	Kurihara, Yasuyuki	Private Individual	
100	Lozano Jr., Narciso	Industry Association	Toyota Motor Philippines Corporation Labor Organization (TMPCLO )
101	Magkilat, Bernie	Media	Manila Bulletin
102	Mahendra, Budi	Industry Association	PT. Astra Daihatsu Motor
103	Murillo, Rhys	Industry Association	Chamber of Automotive Manufacturers of the Philippines, Inc.
104	Mutuc, PJ	Private Individual	
105	Natividad, Neil	Industry Association	Labor Management Council
106	Nemoto, Junko	Industry Association	Mazda Motor Corporation
107	Nopnakeepongse, Pongsikorn	Private Individual	
108	Obligado, Joe Mari Joseph	Industry Association	Toyota Motor Philippines Corporation Supervisory Union
109	Oden, Duangchai	Industry Association	Toyota Daihatsu Engineering & Manufacturing Co., Ltd.
110	Opathanakorn, Orapat	Industry Association	Toyota Motor Thailand Co., Ltd.
111	Panopio, James Benedict	Private Individual	
112	Panthusane, Jaruda	Private Individual	
113	Pattamapongsa, Sathima	Industry Association	Nissan Motor (Thailand)
114	Perez, Tatjana Anne	Foreign Embassy	Korea Trade-Investment Promotion Agency (commercial wing of Embassy of Republic of Korea)
115	Phonchai, Pachara	Private Individual	




<i>Seq No</i>	<i>Name</i>	<i>Sector Represented</i>	<i>Name of Organization</i>
116	Polong, Jovelyn	Industry Association	Toyota Motor Philippines
117	Pradopo, Kusuma	Foreign Embassy	
118	Puangpee, Pieng-or	Private Individual	
119	Raquelsantos, Ferdinand	Industry Association	PHILIPPINE PARTS MAKER ASSOCIATION INC.
120	Rase, Arriene Yvette	Private Individual	
121	Reandelar, Mil John	Private Individual	
122	Reynaldo, Mabellene	Foreign Embassy	Embassy of the Republic of Korea
123	Rollon, Alyanna	Private Individual	
124	Rufo, Allen Raymund	Private Individual	
125	Sandoval, Josephine	Private Individual	
126	Santos, Jonathan	Private Individual	
127	Sarmiento-Sy, Arlyn	Private Individual	
128	Soriano, Louie	Industry Association	Chamber of Automotive Manufacturers of the Philippines, Inc.
129	Suleesatira, Waroot	Private Individual	
130	Suphaophas, Saengchai	Industry Association	Isuzu motors Company Thailand Limited
131	Tan, Fiel	Industry Association	DBPhils Motorsports Incorporated
132	Tee Ten, Willy	Industry Association	Philippine Automotive Dealers Association, Inc. Autohub Group of Companies, Inc.
133	Tsuchikawa, Daijo	Foreign Embassy	Embassy of Japan




<i>Seq No</i>	<i>Name</i>	<i>Sector Represented</i>	<i>Name of Organization</i>
134	Villasanta, June	Philippine Government - Executive Branch	BOI
135	Wage, Juan Carlo	Philippine Government - Executive Branch	National Economic and Development Authority
136	Widjanarko, Koko	Private Individual	
137	Wirojtacha, Ausein	Private Individual	
138	Yaikwawong, Paradai	Industry Association	Isuzu Motors International Operations(Thailand) Co., Ltd.
139	Yap, Krystoffer	Private Individual	
140	Yedra, Teresa	Foreign Embassy	Embassy of Japan
<b>Other Admitted Participants</b>			
141	Calma, Donald		-
142	Deangbubpa, Weawta		-
143	Dela Cruz, Russel Matthew		Philippine Competition Commission
144	Echanes, Myra		DTI-BIS
145	Frokjaer, Yaele		-
146	Jongko, Zasha Alexandrea		-
147	Lim, Maria Guiza		DTI-BIS
148	Rivera, Jared		Philippine Competition Commission
149	Rosales, Patrick		PWC
150	Salas, Shereena		Philippine Competition Commission
151	Salvador, Anthony		-
152	Salvador, Sylvia		Cabrera and Company
153	Han Sang, Hyun		-

Note: -The other admitted participants are those who were not able to register within the registration period and were allowed to enter the PHV following the approval of the Task Force

\*\*\* nothing follows \*\*\*






REPUBLIC OF THE PHILIPPINES  
TARIFF COMMISSION

**IN THE MATTER OF THE FORMAL INVESTIGATION ON THE IMPOSITION OF SAFEGUARD MEASURE AGAINST IMPORTATIONS OF MOTOR VEHICLES (PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES) FROM VARIOUS COUNTRIES**

**(AHTN 2017 Headings 87.03 and 87.04)**

**FOR: SAFEGUARD MEASURE  
TCI (SG) No. SG-2021-OC-Motor Vehicles**

**ORDER OF PRELIMINARY CONFERENCE**

Pursuant to paragraph 2, Section 4 of Commission Order No. 00-02 (*Rules and Regulations to Govern Conduct of investigation by the Tariff Commission pursuant to RA 8800*), the Tariff Commission hereby issues this Order covering matters that were taken up and agreed upon by the parties who were present during the Preliminary Conference held on 17 February 2021.

**1. TIMELINES**

<b>ACTIVITY</b>	<b>DATE/DEADLINE</b>
Submission of Initial Memoranda/Position Papers	11 March 2021 (Thursday)
Submission of Adjustment Plan	11 March 2021 (Thursday)
Conduct of Ocular Inspections / Verification of Submissions	12-31 March 2021
Issuance of the Commission's Staff Report (Non-Confidential)	08 April 2021
Submission of Comments to the Commission's Staff Report	13 April 2021 (Tuesday)
Submission of: (1) Affidavits of Witnesses (2) List of Proposed Additional Issues for the Public Hearing	13 April 2021 (Tuesday)
Conduct of Public Hearings	26-30 April 2021
Submission of Amended Memoranda/Final Position Papers	10 May 2020 (Monday)

4th Floor, West Insula Condominium, 135 West Avenue, Quezon City, 1105 Philippines

Tel. Nos.: (632) 8926-8731 / (632) 8928-8419 / (632) 8936-3315 / (632) 8936-3318 • Telefax Number: (632) 8921-7960

Website: [tariffcommission.gov.ph](http://tariffcommission.gov.ph) • Philippine Tariff Finder: [finder.tariffcommission.gov.ph](http://finder.tariffcommission.gov.ph)

Email Address: [TC.Assist@mail.tariffcommission.gov.ph](mailto:TC.Assist@mail.tariffcommission.gov.ph)



CERTIFICATION NUMBER  
AJA18-4171



## 2. NATURE OF INVESTIGATION

The investigation is fact-finding and administrative in nature. It shall be conducted in a summary manner and no dilatory tactics or unnecessary or unjustified delays shall be allowed. While technical rules of evidence shall not be applied, parties may be required to formally present evidence for purposes of determining and clarifying factual matters that are relevant in the conduct of the investigation.

## 3. APPEARANCE OF COUNSEL AND PARTIES

Parties may appear by themselves or through their authorized representative/s or counsel/s. Should parties be represented by authorized representative/s or counsel/s, they are required to submit the necessary authority and the contact details of said counsel/s or representative/s to the Commission.

## 4. INCLUSION AND EXCLUSION OF PARTIES

Parties who did not submit answers to the required questionnaires during the preliminary investigation shall have no legal personality to participate in the Commission's formal investigation and appear in the scheduled public hearings.

However, for valid reasons, a party may file, within 30 calendar days from commencement of the formal investigation on 05 February 2021, or on or before 07 March 2021, a written request to the Commission that they be included as a party to the formal investigation, together with the accomplished TC Form 5 [*Information for the Conduct of Investigation Pursuant to the Safeguard Measures Act (RA 8800)*], as appropriate. Also, as appropriate, a party shall be required to submit other relevant data and information that can be subjected to verification as an indispensable requirement for inclusion of said party in the proceedings. The approval of requests for inclusion is subject to the discretion of the Commission.

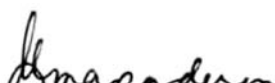
## 5. MODES OF SERVICE/NOTICE

Service of pleadings and notices may be made using personal service, registered mail, special courier, fax, or electronic mail. The date of transmission for fax or electronic mail shall be deemed to be the date of service. A notice to counsel representing a party is considered notice to the latter.

In case of voluminous pleadings, the Commission may, upon proper motion, waive the requirements of service, provided a copy, together with all its annexes, is filed with the Commission and made available for examination and reproduction **and the notice of such filing and availability is duly served on other parties by the party filing it.**

## 6. ACCESIBILITY OF DOCUMENTS AND PUBLIC FILE

The Commission shall maintain a public file, the contents of which shall be made available to all interested parties as defined in Section 4(g) of Republic Act (RA) No. 8800. Except for confidential information, said public file shall contain a copy of all submissions from interested parties.



Upon written request to the Commission, contents of the public file may be made available for examination and reproduction at cost.

## 7. CONFIDENTIALITY OF INFORMATION

Information which is confidential shall not be disclosed to the public without the express authority of the owner of the information.

Confidential documents/information must be marked confidential. These submissions should have an accompanying two (2) copies of a non-confidential version or non-confidential summary, which must also be submitted to the Commission **copy furnished all other parties**.

The Commission shall place all submissions of non-confidential versions or non-confidential summaries in its public file. If non-confidential summaries are to be submitted, said summaries must contain sufficient details to permit a reasonable understanding of the confidential information and enable other parties to respond to claims based on such information. In exceptional circumstances wherein summarization of confidential information is not possible, the party must state the reason/s why it cannot be provided.

A party claiming confidentiality is required to provide justifications why said information can be considered as such. Should there be an issue on the nature of the information, the Commission shall issue an appropriate Order which shall include the reasons for its finding.

Where a request for confidentiality is not warranted, or a party is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, such information may be disregarded by the Commission, unless it can be demonstrated to the Commission's satisfaction from appropriate sources that the information is correct.

## 8. CONDUCT OF OCULAR INSPECTION AND ACCESS TO DOCUMENTS

The Commission shall conduct on-site investigations, to include ocular inspections and visits, from 12-31 March 2021 to verify information provided or to obtain further details. Such on-site visits or inspections may be conducted by the Commission even without the presence of other interested parties.

Prior to a scheduled visit, parties shall be advised of the general nature of the information to be verified and the pertinent documents that may be required. However, the Commission is not precluded from conducting further verification and inquiry on other additional relevant information during the course of the on-site investigation.

Interested parties, when required, must allow the Commission access to and/or provide copies of necessary information to enable the Commission to expedite its investigation. The Commission may also visit other domestic producers, importers, foreign exporters or producers who have not provided a submission to the Commission.

Without the required submissions from the parties, the Commission shall base its findings on the best available information.



## 9. SUBMISSION OF INITIAL MEMORANDA/POSITION PAPERS

Interested parties are given until 11 March 2021 to submit copies of their respective position papers, with accompanying complete information/evidence, in support of their position/s.

## 10. SUBMISSION OF ADJUSTMENT PLAN

Concerned parties shall submit their adjustment plans in accordance with Rule 11.4 of the Implementing Rules and Regulations of RA No. 8800. Submission of adjustment plans shall be until 11 March 2021.

## 11. COMMENTS ON THE COMMISSION'S STAFF REPORT

All identified interested parties shall be provided a copy of the Commission's Staff Report. Within five (5) calendar days from receipt thereof, they are required to submit their comments on the aspects of product comparability and volume of increased imports as these matters will be binding and are excluded from discussion in the public hearing.

If no comment is filed, the factual findings of the Commission on product comparability and volume of increased imports as contained in its Staff Report **shall be binding to the party who did not submit its comment.**

## 12. PUBLIC HEARING

The public hearing, scheduled on 26-31 April 2021, gives all interested parties who submitted themselves to the jurisdiction of the Commission the opportunity to be heard and to present evidence, including the opportunity to respond to the presentations of other parties and to submit their views, among others, on the effect/s of the imposition of a safeguard duty on the welfare of consumers and/or the general public, and other related local industries.

The public hearing shall be conducted continuously for five (5) working days unless otherwise terminated earlier by the Commission.

All interested parties may appear at the public hearing and present, under oath, evidence relevant and material to the subject matter.

Issues on product comparability and volume of increased imports are excluded from the coverage of the matters for discussion in the public hearing.

Should a party desire to submit additional issues for the public hearing, the same shall be submitted by 13 April 2021 for consideration of the Commission.

A party who did not submit a list of issues may be deemed to have no controversial matter to raise and hence, will be given less priority in the order of parties to ask clarificatory questions during the public hearing.

A party's failure to appear on the scheduled public hearings is considered a waiver to propound clarificatory questions to the witnesses who were presented on that day.




The order of the public hearing shall be as follows:

- a. presentation of evidence by the domestic industry
- b. clarificatory questions/examination by interested parties
- c. presentation of evidence by the oppositor/s
- d. clarificatory questions/examination by the domestic industry

**13. PRESENTATION OF WITNESSES**

Parties are required to submit affidavits of their witnesses by 13 April 2021.


SO ORDERED.

Issued at Quezon City, Metro Manila, 19 February 2021.

Digitally signed  


**MARILOU P. MENDOZA**  
Chairperson



 Asmapaderon



**LIST OF SUBMISSIONS IN THE SAFEGUARD MEASURE INVESTIGATION ON  
MOTOR VEHICLES**

COMPANY NAME	TYPE OF DOCUMENT	CONFIDENTIAL/ NON- CONFIDENTIAL	DATE OF DOCUMENT	DATE RECEIVED
<b>Government Sector</b>				
Government of Indonesia (Directorate General of Foreign Trade)	Initial Memoranda/ Position Paper		10 March 2021	11 March 2021
	Comments to the Staff Report		07 June 2021	07 June 2021
Government of Japan (MOFA and METI)	Initial Position Paper		10 March 2021	11 March 2021
	Letter		21 June 2021	22 June 2021
Government of the Republic of Korea	Position Paper		11 March 2021	12 March 2021
Philippine Competition Commission (PCC)	Position Paper		15 March 2021	15 March 2021
Government of Thailand (Department of Foreign Trade)	Comments to the Staff Report		28 May 2021	28 May 2021
	Letter		-	8 June 2021
<b>Industry Association</b>				
Association of Vehicle Importers and Distributors (AVID)	Position Paper		8 March 2021	11 March 2021
	Supplemental Position Paper		8 March	11 March 2021
	AVID's Importer-Protetee's Questionnaire		09 March 2021	11 March 2021
	AVID's Accomplished TC Form 5		09 March 2021	11 March 2021
	Entry of Appearance		09 March 2021	11 March 2021
	Manifestation		16 March 2021	17 March 2021
	Manifestation with Submission of Additional Compliance (i.e., Accomplished TC Form 5 of Hyundai Asia Resources, Inc, Audited Financial Statements for years 2017-2019)			11 March 2021

COMPANY NAME	TYPE OF DOCUMENT	CONFIDENTIAL/ NON- CONFIDENTIAL	DATE OF DOCUMENT	DATE RECEIVED
	Comments to the Staff Report		07 June 2021	10 June 2021
Chamber of Automotive Manufacturers Association of the Phils., Inc. (CAMPI)	CAMPI Members Profiles	Non-confidential	11 March 2021	11 March 2021
	Position Paper	Non-confidential	17 March 2021	17 March 2021
	Accomplished List of Information for the Conduct of Investigation Pursuant to Republic Act No. 8800 (The Safeguard Measures Act) - Domestic Producers, Importers	Confidential	17 March 2021	31 March 2021
	Comments to the Staff Report		30 May 2021	31 May 2021
Chinese Chamber of Commerce for Import and Export of Machineries and Electronic Products (CCCME)	Entry of Appearance and Duly Accomplished Exporters' Questionnaire	Confidential and Non-Confidential	08 March 2021	08 March 2021
	Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 - Exporters	Confidential and Non-Confidential	08 March 2021	09 March 2021
	Entry of Appearance		08 March 2021	09 March 2021
	Initial Position Paper	Confidential and Non-Confidential	11 March 2021	16 March 2021
	Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 - Exporters	Confidential and Non-Confidential	18 March 2021	19 March 2021
	Comments to the Staff Report		31 May 2021	31 May 2021
	Position Paper		10 March 2021	10 March 2021

COMPANY NAME	TYPE OF DOCUMENT	CONFIDENTIAL/ NON- CONFIDENTIAL	DATE OF DOCUMENT	DATE RECEIVED
Japan Automobile Manufacturers Association, Inc. (JAMA)	TC Form 5 (Exporter)		04 March 2021	04 March 2021
	Comments to the Staff Report		02 June 2021	02 June 2021
Korea Automobile Manufacturers Association (KAMA)	1.Position Paper 2.Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 for Exporters		11 March 2021	12 March 2021
Philippine Automotive Dealers Association, Inc. (PADA)	Request for Inclusion as Party		07 March 2021	17 March 2021
	Position Paper		11 March 2021	11 March 2021
Philippine Metalworks' Alliance (PMA)	1. Adjustment Plan 2. Position Paper		11 March 2021	11 March 2021
	Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 for the Applicant		20 March 2021	23 March 2021
	Affidavits of two (2) witnesses		23 April 2021	26 April 2021
	Comments to the Staff Report		15 June 2021	16 June 2021
Philippine Parts Maker Association, Inc. (PPMA)	Position Paper		10 March 2021	22 March 2021
The Association of Indonesia Automotive Industries (GAIKINDO)	Position Paper		10 March 2021	11 March 2021
The Thai Automotive Industry Association (TAIA)	Position Paper		11 March 2021	11 March 2021
Toyota Motor Philippines Corporation Labor Union	Position Paper		03 March 2021	09 March 2021
Toyota Suppliers Club	Letter Reply to TC		11 March 2021	11 March 2021
	Position Paper		17 March 2021	17 March 2021
Truck Manufacturers Association, Inc. (TMA)	Position Paper Final Position Paper			11 March 2021
	1.Accomplished List of Information for			18 March 2021

COMPANY NAME	TYPE OF DOCUMENT	CONFIDENTIAL/ NON- CONFIDENTIAL	DATE OF DOCUMENT	DATE RECEIVED
	the Conduct of Investigation Pursuant to RA No. 8800 for Importer 2. Position Paper			
	Presentation and Judicial Affidavit			13 April 2021
	Comments to the Staff Report and Motion			26 May 2021
<b>Private Sector</b>				
	Request for Inclusion as Party		11 March 2021	11 March 2021
Changan Motor Philippines, Inc (CMPI)	3. Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 for Importer 4. CMPI Position Paper in opposition to the imposition of Definitive Safeguard Measures.	Confidential and Non-Confidential	26 March 2021	26 March 2021
	Comments to the Staff Report		31 May 2021	01 June 2021
Dr. Ing.h.c. F. Porsche Aktiengesellschaft (Porsche AG)	Position Paper	Annex C - Confidential	26 March 2021	26 March 2021
	Entry of Appearance and Motion for Additional Time to File Position Paper		10 March 2021	10 March 2021
	Position Paper and Accomplished Importer's Questionnaire	Confidential and Non-confidential	18 March 2021	18 March 2021
Ford Philippines, Inc	1. Ford Philippines Presentation (Online Data Verification) dated April 19, 2021 2. Ford Philippines Products		19 April 2021	21 April 2021






COMPANY NAME	TYPE OF DOCUMENT	CONFIDENTIAL/ NON- CONFIDENTIAL	DATE OF DOCUMENT	DATE RECEIVED
	<ol style="list-style-type: none"> <li>Comments to the Staff Report</li> <li>Omnibus Motion [a] for the Cancellation of the Public Hearings; and [b] to terminate the formal investigation</li> </ol>		31 May 2021	01 June 2021
Hyundai Motor Company	<ol style="list-style-type: none"> <li>Position Paper</li> <li>Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 for Exporters</li> </ol>	Confidential and Non-confidential	18 March 2021	18 March 2021
Hyundai Motor Company (Hyundai) and Kia Motors Corporation (Kia)	Comments to the Staff Report		07 June 2021	07 June 2021
Isuzu Philippines Corporation (Isuzu)	<ol style="list-style-type: none"> <li>Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 for Domestic Producer and Importer</li> <li>Position Paper</li> </ol>	Confidential	11 March 2021	11 March 2021
	Importation/Production Data of Isuzu Philippines Corporation (IPC)'s mu-X (CBU), D-MAX (CBU), and D-MAX (CKD) units	Confidential		23 April 2021
	Comments to the Staff Report and Motion to		31 May 2021	31 May 2021

COMPANY NAME	TYPE OF DOCUMENT	CONFIDENTIAL/ NON- CONFIDENTIAL	DATE OF DOCUMENT	DATE RECEIVED
	Terminate the Formal Investigation			
Kia Motors Corporation (Kia)	1. Position Paper 2. Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 for Exporters	Confidential and Non-confidential	18 March 2021	19 March 2021
Legado Motors Inc.	Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 for Importer	Confidential	26 March 2021	29 March 2021
Mitsubishi Motors Philippines Corporation (Mitsubishi)	Initial Position Paper	Confidential / Non-Confidential	18 March 2021	18 March 2021
	Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 (Importers/Producers)	Confidential / Non-Confidential	18 March 2021	19 March 2021
	Comments to the Staff Report		31 May 2021	31 May 2021
Scandinavian Motors Corporation (SMC)	Position Paper		11 March 2021	11 March 2021
	Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 (Importer)			19 March 2021
Sojitz Fuso Philippines Corporation	Initial Memorandum		10 March 2021	11 March 2021
	TC Form 5			12 March 2021
	Comments to the Staff Report		28 May 2021	01 June 2021
Sojitz G Auto Philippines Corp.	Accomplished List of Information for the Conduct of	Confidential		18 March 2021

COMPANY NAME	TYPE OF DOCUMENT	CONFIDENTIAL/ NON- CONFIDENTIAL	DATE OF DOCUMENT	DATE RECEIVED
	Investigation Pursuant to RA No. 8800 (Importer)			
Suzuki Automobile Company	TC Form 5	Confidential	17 March 2021	18 March 2021
The Covenant Car Company Inc. (TCCCI)	Position Paper		11 March 2021	11 March 2021
	Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 (Importer)	Confidential/Non-Confidential		24 March 2021
	Comparative Matrix based on specifications of Morris Garages (MG) vehicles			23 April 2021
Toyota Motor Philippines Corp. (Toyota)	Initial Position Paper		11 March 2021	11 March 2021
	Accomplished List of Information for the Conduct of Investigation Pursuant to RA No. 8800 (Importer and Producer)		26 March 2021	26 March 2021
	Comments to the Staff Report		31 May 2021	31 May 2021
	Additional information		11 June 2021	11 June 2021




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

## A. INITIAL POSITION OF PARTIES

## 1. Position of Parties in Support to the Petition

Party	Position
<b>On Serious Injury and/or Threat of Serious Injury</b>	
Philippine Parts Maker Association, Inc. (PPMA)	<ul style="list-style-type: none"> <li>• Back in 1996, the total annual vehicle sales has CKD at 80% while the sale of imported CBUs is at 20%. Although the volume of sales then is lower than today, it generated a lot of jobs in the Automotive Industry. During normal times in 2019 and before the pandemic, total vehicle sales is 457,110 with CKD at 91,976 or 20% market share while CBU represents at 80%. A total reversal from 1996. In 2020 during the pandemic, total vehicle sales is only 275,512 units or 40% down from the previous year. Relatively, the percentage sales of CKD is only 22% or 60,465 units, whereas the CBU is at 78%. In summary, a 35% reduction in production and job losses in the last couple of years.</li> <li>• Over a decade, PPMA experienced continuous decline in production which equates to loss of jobs. When Ford Motor Philippines decided to leave their production facility and move to Thailand in 2009, the local parts maker really felt the crunch. The other local Japanese assemblers, started reducing their local CKD assembly models due to the \$1,500 difference in higher production cost than Thailand. Then the termination of Isuzu D-Max pickup when the excise tax exemption was given to pickup trucks in 2018. It was followed by the pull out of Honda Philippines in 2019, assembling the Honda City and Honda BRV models. The recent one is the closure of Nissan Motor Phil. Inc. which is producing the passenger car Almera.</li> <li>• Had it not been with the DTI/BOI's CARS Program of Mitsubishi Mirage and Toyota Vios that started last 2016, there's probably no more CKD production today. There were local parts maker companies that closed down and currently with no commercial operations, resulting to loss of jobs of 3,800 employees plus other employees on forced leave. PPMA members that used to be 128 companies is now down to 49 companies and mostly small and medium companies has shut down. Not only that a lot of businesses were closed but also a lot of jobs were lost.</li> </ul>
<b>Other Issues</b>	
Philippine Parts Maker Association, Inc. (PPMA)	<ul style="list-style-type: none"> <li>• This safeguard measure should not cover the imported raw materials and semi-finished products used by the local manufacturers in processing the final parts and components that is supplied to car assemblers. This is so, when the cost of raw materials and the price of the end product goes up due to tariff, PPMA will no longer be competitive.</li> <li>• The CKD sales should be quite higher or at least there should be a balance between the CKD and CBU sales so that local parts maker will be able to sustain their production and its laborers.</li> <li>• PPMA is questioning why South Korea is exempted from the Safeguard measures for light commercial vehicles wherein it competes with the locally assembled Mitsubishi L-300.</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

## 2. Position of Parties not in Support to the Petition

## Positions of Domestic Producers/Assemblers

Party	Position
<b>On Determination of Domestic Industry Requirement</b>	
Isuzu Philippines Corporation (IPC)	<ul style="list-style-type: none"> <li>• The Petitioner lacks the necessary legal standing to initiate the Petition as it neither belongs to or represent the domestic automotive industry, nor may Petitioner be considered as a real party in interest.</li> <li>• Petitioner is not a domestic producer of like or directly competitive products nor its collective output of like or directly competitive products constitute a major proportion of products. Nor any Petitioner be considered as an interested party who can submit a petition and the corresponding documentary evidence pursuant to Section 7 of the Safeguard Measures Act.</li> <li>• Petitioner is a national union organized for the purpose of collective bargaining or for dealing with the employer concerning the terms and conditions of employment. Petitioner is a national union and nothing more.</li> <li>• If Petitioner truly believes that the issue at hand concerns the terms and conditions of employments of its member unions, it should have resorted to the remedies provided under the Labor Code.</li> </ul>
Mitsubishi Motors Philippines Corporation (MMPC)	<ul style="list-style-type: none"> <li>• The domestic automobile manufacturers did not apply for relief in the form of imposition of safeguard measures. The domestic automobile manufacturers including MMPC actually oppose the application of safeguard measures on importation of vehicles.</li> <li>• The PMA, which initiated and is pursuing the action on imposition of safeguard measure, has no juridical capacity to pursue the Petition over the objection of the domestic manufacturers. Further, the PMA has no direct, sufficient and reliable data to support its claims.</li> <li>• The PMA, as the Petitioner and on its own, cannot possibly provide an Adjustment Plan to adjust and improve the processes of the domestic industry players to compete with the sales of the imported vehicles. The domestic automobile manufacturers, as oppositors, cannot be forced to provide or adopt an Adjustment Plan. As such, this present action will be rendered ineffective and useless as the purpose of imposing safeguard measure cannot be attained.</li> <li>• MMPC, as a domestic manufacturer, and the other domestic manufacturers such as Toyota, Isuzu, Nissan and Honda are opposing the Petition. Hence, PMA, on its own, cannot be deemed as representing the domestic industry.</li> <li>• A national labor union is not a manufacturer in the domestic automotive industry, it is mainly concerned in assisting its member unions in labor relations matters – it cannot represent the domestic car industry in matters concerning national economic policies.</li> <li>• MMPC and the rest of the domestic car manufacturers oppose the Petition. As oppositors, they cannot be compelled to adjust their processes, otherwise, this equates to unsolicited government interference in violation of RA 8800 – in contravention of the law's policies.</li> </ul>
<b>On Product Comparability</b>	
Isuzu Philippines Corporation (IPC)	<ul style="list-style-type: none"> <li>• While the subject investigation and the title of the case covers AHTN Codes 8703, 8704.21.29 and 8704.21.19, IPC submits that the comparison to like or directly competitive products should be limited to those which are <i>alike in all respects or has characteristically and closely resembling features</i> to the affected importations of IPC under the AHTN Codes. In IPC's case, only the following four (4) products are affected by the investigation at bar:</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position															
	<table border="1" data-bbox="451 271 1409 443"> <thead> <tr> <th data-bbox="451 271 632 306">AHTN Code</th> <th data-bbox="632 271 994 306">Vehicle Type</th> <th data-bbox="994 271 1409 306">Affected Isuzu Vehicle Models</th> </tr> </thead> <tbody> <tr> <td data-bbox="451 306 632 342">8703.32.75</td> <td data-bbox="632 306 994 342">Passenger Car</td> <td data-bbox="994 306 1409 342">Isuzu mu-X RZ4E</td> </tr> <tr> <td data-bbox="451 342 632 378">8703.33.80</td> <td data-bbox="632 342 994 378">Passenger Car</td> <td data-bbox="994 342 1409 378">Isuzu mu-X 3.0L</td> </tr> <tr> <td data-bbox="451 378 632 414">8704.21.29</td> <td data-bbox="632 378 994 414">Light commercial vehicle</td> <td data-bbox="994 378 1409 414">Isuzu D-MAX</td> </tr> <tr> <td data-bbox="451 414 632 450">8704.21.19</td> <td data-bbox="632 414 994 450">CBU truck</td> <td data-bbox="994 414 1409 450">N/A, all IPC products are CKD</td> </tr> </tbody> </table> <ul data-bbox="384 450 1481 813" style="list-style-type: none"> <li>• IPC's mu-X and D-MAX units are like or directly competitive with the following products: For Isuzu mu-X: Toyota Fortuner, Mitsubishi Montero, Ford Everest, Nissan Terra, Mazda CX-5, Geely Okavango, Honda CR-V, Chevrolet Trailblazer and MG RX5. For Isuzu D-MAX: Toyota Ji-lux, Mitsubishi Strada, Ford Ranger Raptor, Nissan Navara, Maxus T60, Tata Xenon, SsangYong Musso, and JAC T6. In identifying this draft list of like or directly competitive products, IPC have considered the vehicles' common features such, as but not limited to, their body type, fuel type, transmission, engine displacement, seating capacity and also the range of their suggested retail price.</li> </ul>	AHTN Code	Vehicle Type	Affected Isuzu Vehicle Models	8703.32.75	Passenger Car	Isuzu mu-X RZ4E	8703.33.80	Passenger Car	Isuzu mu-X 3.0L	8704.21.29	Light commercial vehicle	Isuzu D-MAX	8704.21.19	CBU truck	N/A, all IPC products are CKD
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8704.21.19	CBU truck	N/A, all IPC products are CKD														
Mitsubishi Motors Philippines Corporation (MMPC)	<ul data-bbox="384 813 1481 1189" style="list-style-type: none"> <li>• DTI's classification based solely on tariff lines and use (whether for carriage of passengers or goods) is too broad and arbitrary and does not accurately reflect the imported products which directly compete with the local products in the market. The imported products have features, physical characteristics and car types, seating capacity, engine displacement, and even selling prices different from the local products to suit different target markets and consumer preference and taste. These should be considered in the determination of "like" products.</li> <li>• It can only be considered a "like" vehicle, if the domestic model and the imported model, can be substituted in terms of utility, features, pricing, and target market — if not, then it cannot be considered as a "like" vehicle for purposes determining the imposition of a safeguard measure.</li> </ul>															
Toyota Motor Philippines Corporation (TMP)	<ul data-bbox="384 1189 1481 2033" style="list-style-type: none"> <li>• Tariff classification is not a proper basis of likeness for safeguard duty purposes. To base the likeness of the articles in question on their tariff classifications would effectively beg the question since the competing subjects of a safeguard duty case are almost always falling under the same tariff classifications. In many instances, tariff classifications are designed to be broad enough to cover multiple variations of a generic article.</li> <li>• Similarity of use and application is also not a basis of likeness. The similarity of use and application of the subject motor vehicles is neither a conclusive test of likeness for safeguard duty purposes. For the same reason as tariff classification, the use and application of products can be broad enough to encompass various articles of different kinds, without having to be like products.</li> <li>• TMP's domestically produced models are neither identical to nor resembles the characteristics of the models it imports. Motor vehicles are characterized by varying and distinctive features such as overall design, controllability, engine type, technology used, fuel economy, and speed, to name a few. It is these features that define each motor vehicle and lay basis for uniqueness and incomparability. These features therefore define the brand, make and model of each motor vehicle, and as such, said features --- rather than the sole genus or tariff classification, or mere use and application --- should serve as the more compelling bases in determining the likeness of products for safeguard duty purposes. While there may be locally manufactured vehicles that are indeed "passenger cars" or "light commercial vehicles" by definition, inquiry should further be made as to whether they can be considered "domestic substitutes" to imported passenger cars and light commercial vehicles of varying distinctive features.</li> </ul>															

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<ul style="list-style-type: none"> <li>TMP only locally manufactures the models Toyota Vios and Toyota Innova in its Philippine plant. These motor vehicles are classified as CKDs, which are notably expressly excluded from the formal investigation of the Tariff Commission. A perusal of the Company records would also show that TMP does not import the said Toyota Vios and Toyota Innova models. Clearly, TMP has a set of motor vehicle models that it imports from abroad, and another set of motor vehicle models locally assembled, thus negating the point of comparison for "likeness" of said product.</li> <li>Domestically-produced Toyota Vios and Toyota Innova are not considered as domestically-produced substitutable products to imported models.</li> </ul>
<b>On Increased Volume of Imports</b>	
Isuzu Philippines Corporation (IPC)	<ul style="list-style-type: none"> <li>The BOC Import Reports for the years 2014-2018 on car and car-parts, PMA noted that there was an immediate surge of USD 3,197,681,068.00 in imports for the year 2018. According to PMA, it is a cause of concern which translates into "approximately 300% increase in imports within a twelve-month period from the end of 2017". Unfortunately, PMA's analysis is not accurate because it failed to consider other basic economic factors such as inflation.</li> <li>There is no unreasonable increase in imports of like or directly competitive products.</li> <li>With the help of the easier auto loan financing of the financial institutions, purchasing new vehicles become more cost-beneficial and efficient which pushed the growth in the overall sales of the Philippine automotive industry for 2016. The additional infrastructure projects and boost in government spending due to the 2016 National Elections helped in the GDP growth of the country which contributed to the increase of purchasing power by the consumers.</li> <li>The TRAIN law had a major effect on the slowdown of sales and growth of the Philippine automotive industry. Hence, with the decrease in demand and slowdown in sales, the implementation of the TRAIN law had a major effect on the decrease of vehicle imports.</li> <li>As the Build Build Build (BBB) program of the government kickstarted, several major infrastructure projects in relation to road transport were put in place. Expansion of major roads and construction of additional expressways aims to decongest the traffic in the metropolitan area. Import of vehicles increased as the growing concern of transport mobility and comfort in commuting became the drivers for vehicle demand.</li> <li>Overall, the increase in imports is mainly due to the increase in the consumer demand caused by several fiscal changes such as the implementation of the EURO-4 emission standards, TRAIN Law, BBB program and FIST Law.</li> </ul>
Mitsubishi Motors Philippines Corporation (MMPC)	<ul style="list-style-type: none"> <li>The increase in volume of importations was not recent, sudden, sharp and of such magnitude which can be considered significant.</li> </ul>
<b>On Serious Injury and/or Threat of Serious Injury</b>	
Isuzu Philippines Corporation (IPC)	<ul style="list-style-type: none"> <li>PMA presented its own study as the second piece of evidence on the reported reduction in employment within five (5) key players in the Philippine Automotive Industry in order to prove the alleged existence of a serious injury or threat. By its own admission in the Original Application, PMA submitted incomplete data.</li> <li>Another piece of evidence submitted by PMA to support the existence of a serious injury or threat was the unofficial data on production of IPC and MMPC. This piece of evidence is likewise unverified and unreliable. Again, by its own admission, PMA explicitly states in the Original Application that the data obtained was unofficial and subject to verification.</li> </ul>



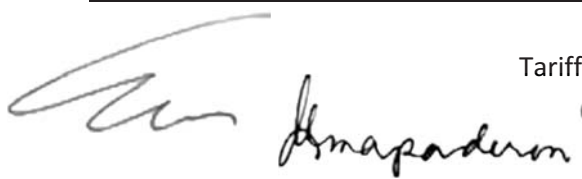

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
Mitsubishi Motors Philippines Corporation (MMPC)	<ul style="list-style-type: none"> <li>• MMPC's CKD production had been increasing from 2015-2017, within the POI. A drop in 2018 to 2019 production volume is structural as opposed to an emergency, as it is attributable to government regulation on emission and a shift in tax policies. In 2018, the government adopted and began the enforcement of the Euro 4 emission standards for motor vehicles. The adoption of the Euro 4 emission standards forced two of MMPC's most saleable models (Adventure and L-300 Euro 2) to be phased out to comply with the new government policy. Production volume is expected to recover following the introduction of the Euro 4 version of the L-300 in the last quarter of 2019.</li> <li>• The passage of the Tax Reform for Acceleration and Inclusion (TRAIN) Law in 2018, effectively increased the excise tax for the Mirage. This affected the market for the said segment. Initial projections on volume sales failed to materialize in view of the change in tax policy and business environment. The government also placed a cap on Transport Network Vehicle Service, which limited the growth potential of the locally manufactured Mirage.</li> <li>• The slight drop in the 2015 production compared to 2014 was the effect of MMPC's transfer of its plant operations from Cainta, Rizal to Santa Rosa, Laguna, wherein MMPC had to make some adjustments in its operations during the transition. There has been a steady and significant increase from 2014 to 2017. Employment in 2017 rose to 1,500 employees following MMPC's participation under the government's Comprehensive Automotive Resurgence Strategy (CARS) program.</li> <li>• A decline in employment in 2018 was a necessary consequence of the phase out of the Adventure and L-300 models, wherein MMPC has to implement a redundancy program affecting around 400 employees. The decline is not due to CBU importations.</li> <li>• In 2017, before the implementation of government policy on emission and change in the tax regime, actual utilization of plant capacity had reached almost 80%. MMPC went on two-shift operations with a total manpower of 1,517 employees. Although there is a decline in 2018 and 2019 on capacity utilization, it is still higher compared to that of 2014-2016.</li> </ul>
Toyota Motor Philippines Corporation (TMP)	<ul style="list-style-type: none"> <li>• The rate and amount of the increase in imports of the products under consideration did not cause serious injury to the domestic industry. Even assuming that there is growth in the volume of importations by TMP, the models imported by TMP are not the same models it manufactures locally. Again, the increase in TMP's importation of certain models does not necessarily pose any serious injury to other models that it locally manufactures.</li> <li>• On the share of the domestic market taken by the increased imports: Insofar as TMP is concerned, locally manufactured Toyota Vios and Toyota Innova models are not being imported. Thus, insofar as market share is concerned, any increase in the volume of imported models' has no direct effect on the market share of locally manufactured models.</li> <li>• There is no serious injury in relation to the changes in the level of sales, prices, production, productivity, capacity utilization, inventories, profits and losses, wages and employment of the domestic industry. Specifically for TMP, its records would even show an increase in all the enumerated standards of measure in its manufacturing activities.</li> <li>• For TMP, there is no factual basis to support the existence of a significant idling of productive facilities in the domestic industry, including the closure of plants or underutilization of production capacity; inability of a significant number of firms to carry out domestic production at a profit; and significant unemployment or</li> </ul>



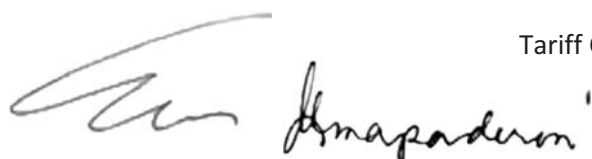
## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	underemployment within the domestic industry as a result of the increase in the alleged importation.
<b>On Causal Link</b>	
Isuzu Philippines Corporation (IPC)	<ul style="list-style-type: none"> <li>• PMA submitted a Philippine Automotive Industry Labor Force Survey in its attempt to establish that the steady decrease of jobs can be attributed to the increasing trend in car and car-parts. PMA's conclusion that the increase in imports of car and car-parts lead to a decline in jobs for the concerned workers is, at best, speculative. Nowhere can it be inferred from the data submitted by PMA that the steady increase in imports was the sole reason why there was a decline in the number of jobs.</li> <li>• The reasonable increase of imports is not causing serious injury to the domestic industry. Rather, it is the various external and economic factors as laid down...which directly and separately affect both the importation of products and the local production and domestic industry.</li> <li>• The importation of vehicles is the business response of car manufacturers in relation to the increase of excise taxes, high local operational costs, and fluctuation in consumer demand. Importation of products was the cost-beneficial alternative to serve the Philippine market demand rather than operating at a loss on a domestic production setup and thereby risking the closure of the whole business of IPC.</li> </ul>
Mitsubishi Motors Philippines Corporation (MMPC)	<ul style="list-style-type: none"> <li>• Other factors have contributed to the decline in market share of the domestic industry such as the implementation of TRAIN Law and the regulatory measures imposed by the Government. The TRAIN Law did not include a differentiated treatment for locally produced cars, the very aim of the CARS Program of the DTI. The CARS Program gives a production per-unit incentive equal to USD 1,000 for participant carmakers Toyota and Mitsubishi. Investments of participant carmakers have began pouring in since late 2016. For example, in 2017, Toyota committed to produce 230,000 units of the Toyota Vios locally in exchange for tax incentives to be given by the DTI. However, with the steeper tax offsetting the savings from the subsidies and likely to turn off buyers, Toyota still commit to produce the Vios, but at a lower commitment of 200,000 units. Further to this, Euro 4 compliance hit unit volumes as certain types of vehicles were phased out. This is attributed to the phase out of three models (Mitsubishi Adventure and L300, and Isuzu Crosswind) that made up at least 20% of the country's production output. The decision to phase out these models was mainly due to their non-compliance to the new emission standards. A decline in employment in 2018 was a necessary consequence of the phase out of the Adventure and L-300 models, wherein MMPC has to implement a redundancy program affecting around 400 employees. The decline is not due to CBU importations.</li> <li>• MMPC's CBU importation complements its CKD operations to take advantage of sales opportunities in the market. CBU importations contribute to the overall operational cost efficiency, without which, would render its domestic operations difficult to sustain. Both importation and local production are necessary to ensure the viability and overall profitability of the company.</li> </ul>
Toyota Motor Philippines Corporation (TMP)	<ul style="list-style-type: none"> <li>• The rates of excise tax on automotive vehicles under the TRAIN law which took effect in 2018 has affected the profit generation of motor vehicles companies at the entity level. This is true for TMP as its financial records would show a decrease in 2018 both in its trading and manufacturing activities and only recovered in the following year. Despite such decline, TMP's profits generally increased during the POI.</li> <li>• More so, such injury, if proven existent, may be attributed to tax policies in general, which some may view as regressive. Imported CBUs have already enjoy</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>a 0% preferential tariff rate if sourced from countries with which the Philippines has Free Trade Agreements. While incentives were made available to domestic manufacturers through the CARS program and Motor Vehicle Development Program (MVDP), subsequent legislations, however, such as the law that increased excise taxes for cars, would have adversely affected domestic car manufacturers. These changes in the policies and legislations could also be more compelling factors that led companies, or effectively the market, to somehow favor imports.</p>
<b>On Public Interest</b>	
Isuzu Philippines Corporation (IPC)	<ul style="list-style-type: none"> <li>• The imposition of the safeguard duty on imported vehicles will have a significant effect on the automotive industry. The cost of importation will increase which in effect will also increase the vehicle Suggested Retail Prices (SRPs). The increase in vehicle SRPs will slow down the growth of the automotive industry since consumer demand will lag behind. When sales of car manufacturers drop, their income is also directly affected. The drop on vehicle sales and higher costs of importation will decrease the net revenue of the car manufacturers. Lower net revenue also means lower taxable income on the side of the government. Car manufacturers are forced to implement drastic cost-saving measures to maintain the sustainability of their business. These measures may entail temporary employment layoffs which in turn will indirectly affect immediate communities within the physical site of car manufacturers. Even with the imposition of the safeguard duty on imported vehicles, this will not guarantee that car manufacturers will set shop in the Philippines for domestic production. Progressive tax reforms and consultations among stakeholders may become the solution to revive the domestic production industry instead of imposing safeguard duties that may harm the industry in the long run.</li> <li>• With the possible addition of the safeguard duties on imported vehicles, there will be an additional PHP 70,000 or PHP 110,000 increase depending on the vehicle type. For a typical Filipino consumer, the additional burden on the increase may further diminish their purchasing power. These consumers may resort to other alternatives such as opting to buy vehicles in the second-hand market or on the cheaper segment of the Philippine automotive market. Less options will be available to the Filipino consumer with a tight budget. As the affordability of brand-new vehicles takes a step back, customer confidence index may drop as a result of tight financial situation.</li> <li>• The imposition of the safeguard duties will not only impact the Philippine automotive industry but also other interrelated industries such as the finance sector and industrial sector. With bigger monthly amortization due to the additional safeguard duty, financial institutions may be wary on the increase of non-performing motor vehicle loans. Vehicle insurance providers will also be affected with the expected decrease on vehicle sales since they are directly transacting with new vehicle owners which pays for higher premiums as compared to the old cars which pays less premiums. Fuel distributors may also see a decrease in their customers as less vehicle sales are expected. Large corporations will also be affected by the imposition of safeguard duty on imported vehicles. These large corporations buy new vehicles in bulk to be utilized for company use and other logistics purposes. In buying a fleet of new vehicles, the additional expense may be felt significantly by the corporations.</li> <li>• The permanent implementation of the safeguard duty may also bring a negative connotation to foreign investors. With the ever-changing tax landscape of the country, foreign investors may be skeptic in pouring large capital investments in the country. Investor confidence may take a hit as the Philippine government</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>imposes strict import duties to importing entities rather than introduce progressive and inclusive tax reforms and incentives which will harmonize the relationship between large corporations, the Philippines, and the neighboring countries.</p>
<p>Mitsubishi Motors Philippines Corporation (MMPC)</p>	<ul style="list-style-type: none"> <li>• Given the adverse impact of the pandemic on the automotive industry, the decision to impose safeguard measures against imported vehicles would cause yet another blow to the industry. This will further derail the recovery efforts of industry players and stakeholders to counter the pandemic's unfavorable economic effects. Due to the imposition of safeguard measures, automotive companies project further reduction in sales volume, which, in turn, poses the risk of employment downsizing, not to mention government revenue loss. This will also encourage the revival of the gray market and/or secondary market of used vehicles. As such, investments in dealer expansion and parts localization may be deferred.</li> <li>• The imposition of safeguard measures on importation of CBUs is not the proper relief to improve and support the domestic automobile industry. MMPC, sees that a more progressive approach is the better way to further grow the domestic industry. Government has to recognize and address the constraints in local manufacturing, particularly a weak supply base and a domestic market that does not carry economies of scale. Apart from a small market size, there is a dearth of local suppliers with the capacity to meet the requirements of Quality, Cost and Delivery. Government should continue to pursue CARS-like programs and strengthen local supply base to allow the domestic production to succeed.</li> </ul>
<p>Toyota Motor Philippines Corporation (TMP)</p>	<ul style="list-style-type: none"> <li>• The imposition of safeguard duty would do more harm than good to the interest of the public. A natural consequence of imposing safeguard duty on imported motor vehicles would be the increase in the cost of vehicles. The safeguard duty, when declared definitive, can technically increase the duty payable, and consequently, the landed cost, which will in turn result in the increase of VAT on importation payable. There is also a possibility that the definitive safeguard duty, being in the nature of a cost, will increase the tax base for excise tax purposes. These are all indirect taxes that may be passed on as costs to dealers, and eventually, to end consumers. End consumers therefore efface the risk of bearing the cost of the safeguard duty imposition.</li> <li>• The imposition of safeguard measures on motor vehicles also has the potential to limit the choices of customers in relation to their purchasing power. Reduction in consumer's choices will only depress the demand for motor vehicles. Note that there is no guarantee that consumers will shift to locally manufactured CKD models as a result of price increase in imported CBUs. In a panoptic view, the country's economic standing would also be greatly affected with the market disruption in this specific domestic industry.</li> <li>• The automotive industry in the Philippines comprises a vast chain of interconnected industries from the parts suppliers down to the service centers. The potential adverse impact of such measure will affect not only the car importers, but the domestic automotive industry as a whole. The downstream network of the industry, which accounts for the majority of total industry employment should not be underestimated.</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

## Positions of Traders (Importers and Exporters)

Party	Position
<b>On Determination of Domestic Industry Requirement</b>	
Ford Group Philippines	<ul style="list-style-type: none"> <li>• Ford Philippines respectfully submits that an application for the commencement of a safeguard investigation under the Safeguard Measures Act can only be filed by persons who belong to or represent the domestic industry subject of the application. The definition of “domestic industry” does not include labor unions as they are organizations of employees of domestic producers.</li> <li>• The record shows that domestic producers have participated in the proceedings before the DTI and they appear to have taken the position that the imposition of safeguard measures is improper and may only harm the domestic industry.</li> </ul>
Scandinavian Motors Corporation (SMC)	<ul style="list-style-type: none"> <li>• PMA, a national workers union, does not qualify as the domestic industry, and has no legal standing to file the present petition.</li> </ul>
The Covenant Car Company, Inc. (TCCCI)	<ul style="list-style-type: none"> <li>• PMA, a national workers union, does not qualify as the domestic industry, and has no legal standing to file the present petition.</li> </ul>
Hyundai Motor Company (HMC) and Kia Motors Corporation (KMC)	<ul style="list-style-type: none"> <li>• PMA, composed of labor unions, not producers, from various industries, is an entity which neither belongs to nor represents the domestic industry, and thus not have a legal standing to apply for a safeguard measure on the subject merchandise.</li> <li>• Since PMA is not a producer, it cannot belong to the domestic industry of the Subject Merchandise.</li> <li>• The PMA consists of 37 labor unions, among which only 11 are involved in the production of the Subject Merchandise. While the other 26 members are non-automotive labor unions.</li> </ul>
Sojitz Fuso Philippines Corporation	<ul style="list-style-type: none"> <li>• PMA is a labor organization and does not represent a local company belonging to the automotive industry in the Philippines. By nature of the organization of PMA, it is not a real party in interest in this case. PMA does not belong to the category of real party as defined by the Rules of Court.</li> <li>• Toyota, Isuzu and Mitsubishi, the companies that were mentioned by PMA regarding their claim are the top local vehicle manufacturers. These companies, at the same time, are the same companies that are the top importer of motor vehicles. If there are parties or companies that can readily determine if the increase in importation of motor vehicles is injurious to the local industry, these are the said companies. Still, Toyota, Isuzu and Mitsubishi did not initiate the Petition before the DTI for the imposition of safeguard measures not the same companies supported the claims of PMA. It will follow that these companies feel that any safeguard measures imposed on the imported motor vehicles is not for the best interest of the industry.</li> </ul>
Changan Motor Philippines, Inc. (CMPI)	<ul style="list-style-type: none"> <li>• PMA has no proper standing to represent the domestic industry in these proceedings. To be sure, RA 8800 itself defines the domestic industry as “...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 domestic production of those products.” The PMA or its members, by themselves, are certainly not “producers” of motor vehicles, and do not represent the industry as a whole, as is apparent from the unanimous opposition by all industry players to their petition.</li> </ul>
<b>On Product Comparability</b>	
Ford Group Philippines	<ul style="list-style-type: none"> <li>• Ford Philippines submits that the Safeguard Measures Act and its IRR allow the imposition of safeguard measures only on imported vehicles that are considered</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	as like or directly competitive in relation to the vehicles manufactured locally. Imported products which have no like or directly competitive products in the domestic industry must necessarily be excluded from any safeguard measure. As they do not compete with the domestic industry, they cannot be considered as the substantial cause of any serious injury.
Hyundai Motor Company (HMC) and Kia Motors Corporation (KMC)	<ul style="list-style-type: none"> <li>In the Philippines, (i) Mitsubishi L220, (ii) Mitsubishi L300, (iii) Isuzu D Max, (iv) Nissan Urvan, (v) JMC Hunter, and (vi) JMC Vigor are locally produced. Among these models, Mitsubishi L220, Isuzu D Max, JMC Hunter and JMC Vigor are all pickup trucks. If Hyundai H-100 compared to pickup trucks, they are different in various aspects, such as (i) physical shape, including number of seats; (ii) consumer perception and preference in the market; (iii) AHTN code; and (iv) their end usages. So, light commercial vehicle exports to Philippines from Korea do not compete with these domestically produced pickup trucks. Also, Hyundai H-100 and Kia K2500 compared to Mitsubishi L300 and Nissan Urvan, they are not like products. First, as to the Nissan Urvan, they are passenger van while H-100 and K2500 are small utility trucks, so the market perception and end usages are different. Second, as to Mitsubishi L300, Hyundai H-100 is much more expensive compared to Mitsubishi L300. The price of Mitsubishi L300 range from PHP 804,000 to PHP 998,000 while that of H-100 range from PHP 965,000 to PHP 1,460,000. Therefore, market perceptions are different.</li> </ul>
Dr. Ing. h.c. F. Porsche Aktiengesellschaft (Porsche AG)	<ul style="list-style-type: none"> <li>[Porsche] motor vehicles that are exported to the Philippines are sports car, high-performance luxury sedans, and luxury sport utility vehicles (SUVs). [Porsche] motor vehicles are not, in any way, comparable to the products of the motor vehicle assembly sector in the Philippines in terms of features and price point. Respondent's motor vehicles are neither like products nor directly competitive products in relation to the locally produced vehicles.</li> <li>The PH Porsche Models may be classified as luxury cars, as defined in the [DTI] Preliminary Report, because of their high-end features that go above and beyond the average necessities. They are equipped with better performance capabilities, lavish interiors, and the latest safety and technology features.</li> </ul>
Legado Motors Inc.	<ul style="list-style-type: none"> <li>Imported vehicles is cheaper compared to locally manufactured vehicles.</li> <li>Product features and specifications of imported vehicles are far more advance.</li> <li>Quality is far better and longer warranty compared with locally manufactured vehicles.</li> </ul>
Changan Motor Philippines, Inc. (CMPI)	<ul style="list-style-type: none"> <li>The imported motor vehicles under consideration are not all like, or directly competitive with, the motor vehicles locally manufactured during the POI. The coverage of the Provisional Measures and the Definitive Safeguard Measures under review are too broad, and are thus inconsistent with law.</li> </ul>
<b>On Increased Volume of Imports</b>	
Ford Group Philippines	<ul style="list-style-type: none"> <li>The increase in imports is not sharp, sudden, and consistent enough to warrant investigation.</li> <li>According to the DTI Preliminary Determination Report, there was a 35% growth rate for imports in absolute terms during the period of investigation for passenger cars. However, data shows that there was no consistent increase in the importation of passenger cars. In 2018, the importation of passenger cars decreased by 15%. This trend continued in 2019, when the importation of passenger cars decreased by 16%. Further, the data shows that the share of imported passenger cars to domestic production continuously increased from 2014 to 2016. However, it also bears noting that the DTI itself confirmed that this figure decline in 2017. Moreover, in 2018 the share of imports via-a-vis domestic production increased but again dropped in 2019. Further, the DTI concluded in the Preliminary Determination Report that there was an increasing trend for light</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	commercial vehicle imports during the period of investigation. The data shows that while there has been an increase in the importation of light commercial vehicles during the period of investigation, the rate of increase shows a downward trend. In particular, there was a 54% increase in 2017, 38% increase in 2018, and 28% increase in 2019.
Hyundai Motor Company (HMC) and Kia Motors Corporation (KMC)	<ul style="list-style-type: none"> <li>• While importations from Korea rose from 2014-2017, the importations decreased from 2017-2021. In 2016, there was an increase of imports from Korea, but this was due to the fact that the customs duties on imported vehicles from Korea decreased from 20% to 5% in 2016 under the ASEAN-Korea FTA. Furthermore, the importations from Korea from 2014-2017 do not show an increase in imports which is recent, sudden, sharp, and significant enough to cause an injury to the domestic market. The data follows the trend of the apparent domestic market, which only means that there is an increase in demand for passenger cars and LCVs, which is why there is also an increase in importations.</li> <li>• In absolute terms, the import volume [of passenger cars] increased each year from 2014 to 2017. However, recent three-year period from 2017 shows a continuous decrease. In relative terms, the market size of the Philippines on passenger cars continuously expanded, and the domestic production and imports have simultaneously increased from 2014 through 2019, except for in 2018. In 2018, there was a decrease in both domestic production and imports, but this fall was due to the introduction of the TRAIN Law, under which excise tax on automobiles have significantly increased.</li> <li>• One important characteristics of the domestic industry is that the producers are principally dominated by affiliates of global automakers, e.g., Toyota, and it is the policies of these companies and not the competitiveness between domestic producers and producers of imported motor vehicles that impact the volume of imports and that of domestic production. The competitiveness and capabilities of the domestic producers, e.g., Toyota Philippines, and producers of imported motor vehicles, e.g., Toyota Thailand, are similar if not the same.</li> <li>• There was an increase of imports of LCVs between 2014 and 2019, but such fact does not meet the criteria for the imposition of safeguard measures because the increase in the importation of LCVs were not significant enough to cause or threaten to cause serious injury to the domestic industry.</li> </ul>
Sojitz Fuso Philippines Corporation	<ul style="list-style-type: none"> <li>• The PMA stressed out the increase in importation of car and parts during the POI. The said increase highlighted the period in the year 2018 wherein the said increase was around 300% from 2017 to 2018. Nevertheless, the data failed to specify to which the significant increase is attributed to. The said increase may be significantly attributed to car parts alone and not to motor vehicles or particularly to LCV.</li> </ul>
Changan Motor Philippines, Inc. (CMPI)	<ul style="list-style-type: none"> <li>• The increase in imports relative to the domestic production is not recent enough, sudden enough, sharp enough, significant enough, both quantitatively and qualitatively, to cause serious injury to the domestic industry.</li> </ul>
<b>On Serious Injury and/or Threat of Serious Injury</b>	
Anhui Jianghuai Automobile Group Corp., Ltd.	<ul style="list-style-type: none"> <li>• The domestic automobile consumption in the Philippines is in a trend of increasing total volume and consumption upgrading. The local production capacity cannot meet the demand for domestic automobile consumption, and it will only increase costs and will be ultimate [sic] transferred to end consumers in the Philippines if the import restrictions on complete vehicles increases unilaterally.</li> <li>• Imported vehicles actually met the needs of consumers in the Philippines to upgrade their consumption, and did not cause serious damage to the domestic automobile industry in the Philippines.</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<ul style="list-style-type: none"> <li>The actual reasons for the decline in 2018 include the Philippines' starting to increase car taxes and fees in 2018, and the growth in 2017 to release demand in 2018, which cannot be unilaterally attributed to the damage caused by the growth of imported cars.</li> </ul>
Changan Ford Automobile Co., Ltd.	<ul style="list-style-type: none"> <li>The capacity utilization rate of passenger cars in the Philippines in 2018 is 31%, and the rate of commercial vehicles is 31.5%. The capacity is not fully utilized. However, it is expected that major factories will not increase their production in the Philippines due to the consideration of cost. The specific reasons are: the supporting capacity is not strong, and parts and components need to be imported; the total amount of each model demanded by the country is small vis-a-vis economies of scale.</li> </ul>
Ford Group Philippines	<ul style="list-style-type: none"> <li>Ford Philippines respectfully submits that the evidence on record does not show any serious injury being suffered by the domestic industry.</li> <li>[The Preliminary Determination Report shows that] there was a steady increase in the domestic production of passenger cars during the period of investigation, with the exception of a decrease in 2018. Thus, despite the alleged increase in imports during the period of investigation, it does not appear that such increase affected domestic production.</li> <li>This indicates that despite the alleged increase in imports, the production of the domestic industry continued to grow. In this regard, the DTI stated in the Preliminary Determination Report that the increase in production "may be attributed to the industry's efforts to defend its market share and compete with the imported product despite increasing losses and sharp declines in financial performance from domestic operations." This, however, is not supported by any evidence on record.</li> <li>Further, even assuming that the DTI was correct and the increase in domestic production may be attributed to the domestic industry's "efforts" to defend its market share, this only indicates that there could have been no serious injury to the domestic industry considering that, despite the increase in imports, it retained the capacity to ramp up its production</li> <li>Second, for passenger cars, the Preliminary Determination Report also shows that the EBIT increased from 2014 to 2017. An increase in EBIT is an indication that there is an increase in the revenue on core operations of an entity (without deducting the costs of the capital structure and tax expenses). While this declined in 2018 and 2019, the decline can be attributed to other factors. In any event, for a majority of the period of investigation, the domestic industry for passenger cars can be said to have performed well considering the generally increasing trend for the EBIT.</li> <li>Third, capacity utilization for passenger cars was fluctuating during the period of investigation but there was no abrupt and clear decline. In fact, capacity utilization increased in 2019 by 11.98%. Meanwhile, capacity utilization for light commercial vehicles showed an increasing trend from 2015 to 2017. While there was a decline in 2018, this can attributed to other factors.</li> <li>Finally, in terms of employment, the evidence on record shows that there was a consistent increase in employment from 2014 to 2019. This further indicates that there could have been no serious injury to the domestic industry considering that the domestic producers continued to hire employees in consistently increasing numbers.</li> <li>In sum, the data does not show any significant impairment to the domestic industry during the period of investigation as there is no significant and consistent decline in domestic production, capacity, utilization, EBIT, and employment. At most, it can be concluded that there are fluctuating trends (and not a definite</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>decline) in majority of the factors used to determine the existence of serious injury to the domestic industry. This, in any case, cannot be considered as substantial evidence of serious injury.</p> <ul style="list-style-type: none"> <li>• Ford Philippines further highlights that the decline in the performance of the domestic industry, based on the foregoing factors analyzed by the DTI, happened in 2018 and 2019. This coincided with the effectivity of Republic Act No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion Act (the "TRAIN Law"), and the shift to EURO 4 emission standards which, Ford Philippines submits, are the major and primary causes of the difficulties encountered by the domestic industry. Moreover, the domestic industry's performance has been in decline even before the period of investigation. All these show that the increase in imports is not the substantial cause of any alleged serious injury.</li> </ul>
Saic Motor International Co., Ltd.	<ul style="list-style-type: none"> <li>• Philippine manufacturing and CKD/SKD assembly will suffer from substantial cost disadvantages compared to other source nations, which the safeguard measure by itself does not offset. The safeguard measure therefore may not delay the inevitable demise of local manufacturing and CKD/SKD assembly under the current FTA environment and with current government programs.</li> <li>• The possible consequence of declining CBU sales is that OEMs will be forced to increase the pricing of their locally produced vehicles thereby impacting their sales volume, which will have the opposite effect of what the safeguard measure intended.</li> </ul>
Hyundai Motor Company (HMC) and Kia Motors Corporation (KMC)	<ul style="list-style-type: none"> <li>• The market size and its share of imports do not support the existence of a serious injury with regard to the domestic industry of passenger cars. From 2014 to 2019, the increase of the LCV market was mainly captured by imports. However, this was the result of the global automakers' policies and was not due to lack of competitiveness of the domestic industry. Domestic industry was just as capable to compete with the producers of the imported LCVs.</li> <li>• Domestic sales volume and value [of passenger cars] steadily increased from 2014 to 2019, with an exception in 2018. Again, this decrease of both domestic sales and imports in 2018 was due to the imposition of excise tax with the passage of the TRAIN Law. If the domestic producers did not increase the unit price, the domestic sales increase may have exceeded the import volume.</li> <li>• Domestic sales volume and value [of LCV] declined in 2015 by 18% and 17%, respectively. However, from 2016 to 2017, the sales volume and value steadily increased by 27% and 18%. Again, since the domestic industry had enough capability to compete with the producers of the imported light commercial vehicles, except that the global automakers decided not to establish more facilities in the Philippines, the adoption of safeguard measures is not warranted since such measures are available only to the extent necessary to prevent or remedy serious injury and to facilitate adjustments.</li> <li>• The volume of passenger cars produced by domestic producers increased each year in 2015 (13%), 2016 (15.9%), and 2017 (13%). It declined by 23% in 2018 but recovered and increased by 12.3% in 2019. This data is insufficient to conclude that there was a serious injury to the domestic industry.</li> <li>• There were no significant changes in the annual production capacity [of passenger cars] from 2014 through 2019, except in 2016. The capacity utilization rate also showed minimal change from 40.24% in 2014 to 39.89% in 2019. The domestic industry had a high capacity utilization rate of 45% in 2015 and invested to expand its production capacity in 2016. It continued to show a high capacity utilization of 48.66% in 2017. However, due to the increase of excise tax, both the import volume and domestic sales volume decreased, and the capacity</li> </ul>







## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>utilization rate started to fall in 2018. The decline in the capacity utilization rate of the domestic industry is attributable to the expansion of manufacturing facilities from 2015 to 2017, and the adoption of the new excise tax system in 2018. Therefore, such decrease in capacity utilization rate does not support the existence of serious injury to the domestic industry arising from the importations of passenger cars.</p> <ul style="list-style-type: none"> <li>• There was an increase in the capacity utilization rate of LCVs from 2015 to 2017, while there was a decrease in 2018 and 2019. However, this was the result of policies of global automakers and have nothing to do with the competitiveness of the domestic industry. The domestic industry (e.g., Toyota Philippines) was just capable as the producers of imported light commercial vehicles (e.g., Toyota Thailand).</li> <li>• The volume and value of the inventory of passenger cars increased rapidly from 2014 to 2019, particularly, the number of units in the warehouse has 6.4 times larger, and its value was 6.27 times larger in 2019 compared to that in 2014. However, it is doubtful that this shows a serious injury to the domestic industry. Normally, inventory increases when the production increases but the sales do not follow. However, in this case, considering that both production and sales volume increased by 28% and 25% in 2019 compared to that in 2015, it is doubtful that the sharp increase of the inventory supports the existence of a serious injury to the domestic industry.</li> <li>• The fact that gross profit [for passenger cars] decreased in spite of the increase in sales means that the cost increased more than that of the profit, which occurs when the cost management is poorly carried out. EBIT turned into a deficit in 2019 due to a sharp rise of the SGAE. The SGAE may have increased in order to overcome the business difficulties affected by this new system.</li> <li>• The profit-cost ratio [for LCVs] continuously increased from 2014 to 2018, except in 2016. In 2016, it seems there was a special circumstance. The EBIT fell from 2014 to 2019. However, this was due to the increase of the SGAE. This means that the LCV producers made efforts and conducted tremendous promotions to compete in the market. This does not indicate a serious injury to the domestic industry. Rather, this shows that the domestic industry did well with its sales business.</li> <li>• Employees increased from 2014 to 2019, and salaries and wages of employees started to decrease only after 2019.</li> <li>• The comparison between the weighted average landed cost of imports and the price of the domestic products is not proper. If the domestic sales data is based on the market sales price or distribution price, the price data of imported cars should also be based on the market sales price or distribution price as well and not the landed cost to make a fair comparison. Similar to passenger cars, a fair comparison on a same transaction level must be made between the import price and domestic product sales price. If the data obtained by the DTI on the domestic sales of LCVs is based on the market sales price or distribution price, the price data of imported cars should also be based on the market sales price or distribution price as well and not the landed cost to make a fair comparison.</li> </ul>
Sojitz Fuso Philippines Corporation	<ul style="list-style-type: none"> <li>• There is no injury or threat of serious injury to the domestic motor vehicles manufactures and any imposition of safeguard measures will be detrimental to the industry and to the public interest.</li> <li>• The implementation of [DENR Memo 2015-04] required local motor vehicle manufacturers to adjust their production line to equipped all locally manufactured motor vehicles with EURO 4 engines. The said requirement also applies to imported CBU. EURO 4 engines are more expensive than EURO 2 engines</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>because of its limited pollution output in compliance to some pertinent environmental laws in the Philippines. Not all domestic manufacturers were able to immediately adjust to the said transition thus resulting to limited output of locally manufactured motor vehicles with EURO 4 engines.</p> <ul style="list-style-type: none"> <li>Such transition to EURO 4 engines was a significant factor on why some local producing companies resorted to importation because the local producing companies failed to immediately adapt to the said transition. The said transition possibly resulted to the decrease of locally manufactured motor vehicles.</li> </ul>
Dr. Ing. h.c. F. Porsche Aktiengesellschaft (Porsche AG)	<ul style="list-style-type: none"> <li>[Porsche] motor vehicles do not cause serious injury or threat thereof to the domestic industry and are thus excluded from the coverage of the safeguard investigation.</li> </ul>
Changan Motor Philippines, Inc. (CMPI)	<ul style="list-style-type: none"> <li>This Honorable Commission should not recommend the adoption of Definitive Safeguard Measures in view of the opposition of all domestic manufacturing firms to the same. The said firms, which have all stated that there is no serious injury to the industry caused by imports, are in the best position to determine the same. A contrary finding by this Honorable Commission would, due respect, be arbitrary, and in violation of the Business Judgment Rule.</li> <li>PMA's concerns regarding the alleged decline in employment in local manufacturing firms appear to be mere labor matters that are best, and should be, addressed before the National Labor Relations Commission, which exercises jurisdiction over the same.</li> </ul>
<b>On Causal Link</b>	
Ford Group Philippines	<ul style="list-style-type: none"> <li>Ford Philippines submits that the rise in importations of light commercial vehicles, in relative terms, is also caused by the decline in local production in 2018 as a result of the production phase-out of Mitsubishi Adventure and the Isuzu Crosswind in compliance with the EURO 4 emission standard. Moreover, in 2020, imports of completely built up units (which are the vehicles subject of this investigation) dropped by 45% due to the adverse effects brought about by the COVID-19 pandemic.</li> <li>Further, Ford Philippines respectfully submits that any increase in imports is not sudden, sharp, consistent, and significant enough to warrant investigation. At the very least, the evidence on record does not support the conclusion that there was a steady and significant increase in imports such that such growth trend could have likely harmed the domestic industry.</li> <li>In the DTI Preliminary Determination Report, the DTI concluded that the alleged serious injury was caused by the increased imports. However, the evidence on record shows no causal link between the increased imports of the motor vehicles and the serious injury allegedly suffered by the domestic industry. In fact, the DTI's analysis of the causation is merely a reiteration of the alleged serious injuries that the domestic industry suffered during the period of investigation, without any evidence that these alleged serious injuries are directly caused by the increase in imports. Moreover, there is no indication that the DTI sufficiently considered other possible factors and determined their impact on the domestic industry.</li> <li>The domestic industry has been struggling to become competitive for years and well before the alleged increase in imports during the period of investigation. Based on a study conducted by the Philippine Institute for Development Studies ("PIDS"), the domestic assembly operations have been declining since 2003. In another study, a PIDS analysis shows that the share of domestically assembled vehicles sold dropped from 92% of total sales in 2003 to 49% in 2009 and to 44%</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>in 2010, while the share of importations rose from 8% of total industry sales in 2003 to 51% in 2009.</p> <ul style="list-style-type: none"> <li>• According to the PIDS, the inability of the domestic industry to become competitive can be attributed to various factors, including the government's failure to control the smuggling of vehicles into the country and the absence of a set of government policies and comprehensive program that will enhance the domestic industry's competitiveness and will encourage the industry to specialize and expand in market segments where it can become internationally competitive.</li> <li>• The enactment of the TRAIN Law in 2017 negatively impacted the domestic industry (and even the imports) in 2018. Upon effectivity of the TRAIN Law, the new excise taxes increased vehicle pricing in several segments, weakening the demand which caused an overall domestic market decline of 15% in 2018.</li> <li>• The increase in excise tax affected the locally-produced vehicles. For example, the retail price for the Toyota Vios increased by 3% from 2017 to 2018, while the Toyota Innova's price increased by 3% up to 8.5%. Additionally, the retail price for Mitsubishi Mirage has increased by 6% to 10%.</li> <li>• The impact of the shift to EURO 4 emission standard by the Philippines in 2016 affected production and sales. It is general knowledge in the automotive industry that the shift from EURO 2 to the more environment-friendly EURO 4 technology would entail additional investments to change the powertrain including engine, calibration hardware and software, emission control devices (catalysts), among others. The shift to EURO 4 resulted in the phase-out of Mitsubishi Adventure and Isuzu Crosswind, both of which were previously produced locally. The phase-out of the aforementioned products and economies of scale led to the decline in local production.</li> <li>• Consumer preference drives vehicle sales regardless of the source. Vehicles are not homogenous products and consumer preferences are a major factor in driving new vehicle sales, regardless of a vehicle's source.</li> </ul>
Hyundai Motor Company (HMC) and Kia Motors Corporation (KMC)	<ul style="list-style-type: none"> <li>• The main factor that brought about the market slowdown in 2018 was the effectivity of the Republic Act No. 10963 or the TRAIN Law imposing excise tax on the imported and manufactured motor vehicles.</li> <li>• Second, there was an increase of imports due to the decrease of customs duties under various free trade agreements and regional trade agreements. Imports from Korea decreased from 20% to 5%, and it was expected that the imports from these countries would increase, and an increase due to such events should be allowed.</li> <li>• Furthermore, with the issuance by the Department of Environment and Natural Resources (DENR) Department Administrative Order (DAO) No. 2015-04, implementing the Euro 4 emission standards for new vehicles by 1 July 2016, the domestic market was constrained to phase-out of Euro 2 models and temporarily halt domestic production, upon implementation of the DAO.</li> </ul>
Sojitz Fuso Philippines Corporation	<ul style="list-style-type: none"> <li>• There is no causal link/connection between the increase in importation of LCV classified under AHTN Code 87.04 and the decrease on locally assembled motor vehicles in the same category.</li> <li>• PMA failed to make further research on the existence of other factors that caused the decrease in the local production of motor vehicles. In truth, there are many factors that caused the decrease in the local production of motor vehicles other than the increase in imports.</li> <li>• Despite increase in importation of LCVs, the domestic sales volume of said LCVs increased in the period of 2015 to 2017. In a similar case, in the year 2014 to 2017 when there was an increase in importation of LCVs, the total domestic production of LCVs also increased.</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<ul style="list-style-type: none"> <li>Despite the increase in importation of LCVs in the POI, the capacity utilization of the domestic manufacturing of LCVs increased in the year 2015 to 2017. It would seem that the local manufacturers of LCVs are adapting to the increase in importation to maximize utilization of their assembly line and resulting to more LCV production thus an increase in domestic sales.</li> </ul>
Changan Motor Philippines, Inc. (CMPI)	<ul style="list-style-type: none"> <li>There is no causal link between the increased imports of the product under consideration and any injury or threat thereof to the domestic industry. Any injury or threat to the domestic industry is caused by other factors, including unfavorable laws and regulations, and unavailability of effective incentives to invest in the domestic industry.</li> </ul>
<b>On Unforeseen Developments</b>	
Hyundai Motor Company (HMC) and Kia Motors Corporation (KMC)	<ul style="list-style-type: none"> <li>It cannot be held that the increase in imports of passenger cars and light commercial vehicles was caused by “unforeseen developments” which would justify the imposition of a safeguard measure. In its Preliminary Report, the DTI failed to discuss how the unforeseen developments it cited were unforeseen at the same time and why the alleged injury occurred as a result of the same.</li> <li>In any case, the Philippine government should have been able to foresee that the effectuation of its trade agreements, such as the GATT, the ATIGA, and AKTIG, and the integration of the ASEAN region would lead to increased imports. Clearly when there are zero tariff rates, there would be a greater incentive to import products.</li> </ul>
<b>On Public Interest</b>	
Changan Ford Automobile Co., Ltd.	<ul style="list-style-type: none"> <li>The imposition [of] a safeguard duty in 2020, and with little or no warning at all, could lead to an increase in vehicle prices and a domestic market contraction at a time when the industry is just recovering to its pre-TRAIN volume. Ford estimates that 2020-2022 industry volume will experience a drop by 8.3% to 11.6% depending on the magnitude of duty imposed on imports. This is a result of the increase in the price of motor vehicles for consumers. The imposition will also further add pressure to a market and domestic economy that is already under great threat of a looming global economic slowdown brought about by a confluence of factors that include trade disputes, geopolitical conflicts and the still unraveling COVID-19 scare.</li> </ul>
Ford Group Philippines	<ul style="list-style-type: none"> <li>Ford Philippines’ submits that the imposition of safeguard measures will adversely impact the automotive industry and the economy. This will only serve to exacerbate the already negative effects of the COVID-19 pandemic on the Philippine economy and will delay the domestic industry’s ability to recover.</li> <li>Apart from the direct impact a safeguard duty would have on retail pricing for consumers, a tariff on automobile imports can inflate prices throughout supply chains that rely heavily on transportation, including agriculture and allied industries.</li> <li>Based on 2011 data from the Board of Investments, the auto industry accounts for approximately 4% of the Philippines’ GDP. The imposition of safeguard measures, and the expected impact it will have on the overall performance of the Philippine automotive industry will also likely impact its share in the GDP.</li> <li>Based on this assessment, Ford Philippines believes that the imposition of a safeguard duty to protect local manufacturing will create far more harm to the domestic industry that is just returning to pre-TRAIN Law volumes, and hit by the impact of prolonged lockdown due to the COVID-19 pandemic.</li> <li>Imposing safeguard measures will lead to an increase in prices and a domestic market contraction. The potential effects of such a contraction are far reaching and will impact not only on the industry directly involved in the manufacture of motor vehicles. The development of the Philippine automotive industry has seen</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>the parallel growth of the upstream value chain that includes retail, distribution, logistics, insurance, and financing sectors. Imported vehicles are believed to have contributed substantially to this growth, and a positive multiplier effect on the economy was witnessed with the higher domestic spending on vehicles, irrespective of their source country.</p> <ul style="list-style-type: none"> <li>The government should consider the serious implication of policies that could negatively impact the retail distribution network and result in immediate job losses. The upstream value chain that includes retail distribution, logistics, insurance, and financing sectors has increased three-fold in the last six years. Imports are believed to have contributed substantially to this growth.</li> </ul>
Scandinavian Motors Corporation (SMC)	<ul style="list-style-type: none"> <li>The imposition of safeguard duties on imported vehicles, especially during a pandemic, is not consistent with the public interest as required under the Safeguard Measures Act, as it will gravely affect the automotive industry comprised of car distributor, car dealers and automotive workers.</li> <li>It [COVID-19 pandemic] has greatly affected domestic car dealership's operation as several dealers have closed and other companies have cut down on their labor forces. Thus, additional customs duties on imported motor vehicles that our dealerships are selling will contribute further to slowing down sales and, as such, more injurious to the local automotive industry that RA 8800 seeks to protect.</li> <li>The imposition of additional safeguard measure on vehicle imports would be against free trade and would lead to lower sales as the tariff would make automobiles expensive. If such will be imposed, not only will the importers be affected but also the buying powers of the general public will be affected. The burden of the additional safeguard measures will be born generally by the buying public.</li> </ul>
The Covenant Car Company, Inc. (TCCCI)	<ul style="list-style-type: none"> <li>The imposition of safeguard duties on imported vehicles, especially during a pandemic, is not consistent with the public interest as required under the Safeguard Measures Act, as it will gravely affect the automotive industry comprised of car distributor, car dealers, and automotive workers.</li> </ul>
Hyundai Motor Company (HMC) and Kia Motors Corporation (KMC)	<ul style="list-style-type: none"> <li>Considering that the producers of motor vehicles are global automakers, it is uncertain that the domestic industry will expand their facilities and will not raise their retail price. If the domestic producers or importers raise the retail price of their motor vehicles, it will have negative effect to the public.</li> </ul>
Sojitz Fuso Philippines Corporation	<ul style="list-style-type: none"> <li>In the event that there will be a permanent imposition of safeguard measures in the form of a bond to the LCV, there will be an increase in prices of the affected units. This will render an increase of prices of the LCV affected and will have less sales output. A decrease in sales of LCV of "cab and chassis" units will also result to the decrease in the customers that will require body mounting thus a decrease in revenue of the automotive body building companies.</li> </ul>
Changan Motor Philippines, Inc. (CMPI)	<ul style="list-style-type: none"> <li>The imposition of Definitive Safeguard Measures is not in the public interest. There is no worse time than now to impose the additional burdens on the industry and on consumers as a whole. The Philippines is in the middle of the biggest economic crisis in decades brought on by the Covid-19 pandemic. The imposition of Definitive Safeguard Measures will just exacerbate the country's frail economic condition, and contrary to its desired intention, result in further contraction of the whole motor vehicle industry. The adoption of Definitive Safeguard Measures is also incompatible with the government's policy and unprecedented efforts to provide financial relief to businesses.</li> <li>The imposition of the Definitive Safeguard Measures is therefore highly impractical, if not callous to the needs of businesses, and motor vehicle firms specifically, for relief and recovery due to the Covid-19 pandemic.</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<ul style="list-style-type: none"> <li>The imposition of the Definitive Safeguard Measures will nullify the relief and stimulus generated by [Corporate Recovery and Tax Incentives for Enterprises or] CREATE on the local automotive industry as a whole. The negative impact of the Definitive Safeguard Measures will not be restricted to the importing sector as the Petition would have this Honorable Commission believe. x x x. According to Toyota PH, its investments in manufacturing or assembly operations is reliant on its importing operations. This echoed by Mitsubishi PH which stated that imported vehicle sales contributes significantly to the whole value chain, which will be negatively impacted with the imposition of Safeguard Measures. The imposition of Definitive Safeguard Measures, by admission of the dominant players in the domestic manufacturing industry, will not produce the positive adjustment desired by the Petitioner.</li> <li>In a policy paper by the Organization for Economic Co-Operation and Development (OECD) x x x, stressed that governments should not make this unprecedented global crisis worse by imposing barriers to global trade, and additional costs to business and consumers, noting that trade is essential to save lives and livelihood x x x.</li> </ul>
<b>Other Issues</b>	
Scandinavian Motors Corporation (SMC)	<ul style="list-style-type: none"> <li>As compared to other ASEAN countries, the Philippines is among the least attractive in terms of automotive production. The attractiveness of the country is affected as a result of high operating costs and low production volume. Thus, the imposition of safeguard measures on imported vehicles will not automatically result to growth in investments in domestic manufacturing. The country's lack of scale, investments, and competitiveness are sufficient proof that few global automotive companies are willing to invest in the country.</li> <li>The business environment for automobile manufacturing has to be significantly improved in terms of infrastructure, government policy, reduced overhead costs, and easier access for exports. For the Philippines to hold on or even expand vehicle manufacturing and the parts industries that come along with it, the carmakers have to get offers that they honestly can't refuse.</li> <li>The automotive industry is also facing other challenges given the government's plan to include motor vehicles and parts in the proposed list of products covered by suspension of concessions against Thailand.</li> </ul>
The Covenant Car Company, Inc. (TCCCI)	<ul style="list-style-type: none"> <li>As compared to other ASEAN countries, the Philippines is among the least attractive in terms of automotive production. The attractiveness of the country is affected as a result of high operating costs and low production volume. Thus, the imposition of safeguard measures on imported vehicles will not automatically result to growth in investments in domestic manufacturing. The country's lack of scale, investments, and competitiveness are sufficient proof that few global automotive companies are willing to invest in the country.</li> </ul>
Hyundai Motor Company (HMC) and Kia Motors Corporation (KMC)	<ul style="list-style-type: none"> <li>The Philippine government should exclude imports from South Korea by virtue of their free trade agreement and the fact that imports from Korea did not cause any injury, let alone a serious one, to its auto industry in the recent period.</li> </ul>
Sojitz Fuso Philippines Corporation (Importer)	<ul style="list-style-type: none"> <li>PMA as the petitioner in this case does not represent a particular company belonging to the industry concerned. PMA does not possess the data, information and other factual necessities that are required to formulate a viable adjustment plan.</li> <li>Since domestic motor vehicle manufacturers are not the Petitioners in this case, it is submitted that they cannot be compelled to submit an adjustment plan. It is worth considering that as the oppositors of this Petition, the adjustment plan</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>should not be sourced from the domestic motor vehicle manufacturers but rather from the Petitioner.</p> <ul style="list-style-type: none"> <li>• PMA as a labor organization lacks the technical knowledge and data that can formulate a viable adjustment plan that can eliminate the alleged injury or threat of injury to the domestic motor vehicle manufacturing industry by the increase in importation of motor vehicles.</li> <li>• Can the supposed adjustment plan from PMA address the capital adjustment and manufacturing concerns of each of the domestic motor vehicle manufacturing companies? Will the adjustment plan have balanced the interest for local motor vehicle importers?</li> </ul>
Changan Motor Philippines, Inc. (CMPI)	<ul style="list-style-type: none"> <li>• The adoption of Definitive Safeguard Measures requires the consent and cooperation of the domestic industry in the form of the submission and implementation of an Adjustment Plan to achieve positive adjustment to import competition. The PMA is not qualified and has no authority to prepare and implement such Adjustment Plan.</li> <li>• The adoption of Definitive Safeguard Measures will not only make it difficult for new players in the industry such as Changan PH, and Chinese manufacturer Changan International Corporation (“Changan CHN”), to enter the Philippine market, but also to consider engaging in local manufacturing operations in the future. Indeed, the commitment to invest in local manufacturing can only be made if it is justified by local demand for Changan motor vehicles. The imposition of Definitive Safeguard Measures will increase the cost of entry of Changan vehicles in the Philippine market, resulting in less competitive pricing. This will in turn deter or slow local demand, which Changan PH and Changan CHN needs to justify investing in local manufacturing. In this wise, the imposition of Definitive Safeguard Measures is counterproductive to the desired growth of the domestic industry from new players such as Changan PH and Changan CHN.</li> </ul>

Table 3.5. Positions of Industry Associations

Party	Position
<b>On Determination of Domestic Industry Requirement</b>	
Association of Vehicle Importers and Distributors (AVID)	<ul style="list-style-type: none"> <li>• PMA is not or cannot be considered a real party-in-interest in this case. PMA is neither a domestic manufacturer, nor an importer or exporter of motor vehicles. Rather, it is an aggrupation of labor unions, albeit in the motor vehicle industry. As such, PMA has no or does not possess a material interest that will be affected by the imposition of Safeguard Measure or by any judgment that will be rendered on the issue of whether the importation of CBU passenger cars and light commercial vehicles has caused harm or has threatened to cause harm to the domestic motor vehicle industry. Not being filed by the real party-in-interest, the instant Petition is dismissible on the ground that it states no cause of action. It is also a well-settled rule that “<i>if the suit is not brought in the name of or against the real party-in-interest, a motion to dismiss may be filed on the ground that the complaint states no cause of action.</i>” (<i>Alvarado vs. Ayala Land, Inc.</i> 840 SCRA 351)</li> </ul>
Chinese Chamber of Commerce for Import and Export of Machineries and Electronic	<ul style="list-style-type: none"> <li>• PMA is not a qualified petitioner on the ground that it does not belong to or represent a domestic industry. In the Initiation Report of the DTI, there was a finding that the PMA is a national union of automotive, iron and steel, electronics and electrical sectors, including affiliates in key automotive industry players and registered with the Department of Labor and Employment (DOLE). Thus, the PMA does not come within the definition of the domestic industry because it is not a domestic producer.</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
Products (CCCME)	<ul style="list-style-type: none"> <li>• PMA's application may not be considered to have been made by or on behalf of the domestic industry because it was not supported by domestic producers whose collective output constitutes more than fifty percent (50%) of the total production of the like product produced by that portion of the domestic industry expressing either support for or opposition to the application. In fact, the application is being opposed by the domestic producers PMA allegedly seeks to represent (e.g., Toyota, Mitsubishi, and Isuzu).</li> <li>• Any qualified petitioner must accomplish and file TC Form 5. In this TC Form 5, the petitioner is required to disclose information such as the market share, rated capacity, actual production and capacity utilization, domestic and export sales, inventory, audited financial statements, among others. PMA, as a national labor union, is not in the position to provide these information required to be disclosed in the questionnaire since these pieces of information may only be provided by the domestic producers. Again, in this case, the domestic producers that PMA allegedly seeks to represent are opposing the application.</li> </ul>
Philippine Automotive Dealers Association, Inc. (PADA)	<ul style="list-style-type: none"> <li>• The Petitioner, PMA, has no legal capacity to sue or, at the very least, does not have the necessary corporate authority to institute the petition for safeguard measures before the DTI.</li> <li>• While PMA claims to be a registered labor union to the automotive industry, it failed to provide proper factual bases of its legal capacity to sue for a general safeguard measure.</li> <li>• PMA does not belong to the domestic industry of automotive producers but rather to the steel industry as shown by its all-encompassing purpose in its registration documents. Neither is PMA claiming to represent an automotive domestic producer in the same industry. Needless to state, it failed to present any corporate authority indicating its legal personality to sue.</li> <li>• Apart from the lack of legal capacity to sue, the application of PMA is <i>fatally defective</i> for lack of proper verification, which is a statutory requirement under the Safeguard Measures Act.</li> <li>• The matters of causal link, serious injury, and product comparability do not exist as there is no domestic industry producing directly competitive product/s that was/can be affected by the increase in the importation of motor vehicles.</li> </ul>
Truck Manufacturers Association, Inc.	<ul style="list-style-type: none"> <li>• Parts and components suppliers should not be considered part of the domestic industry in this investigation.</li> <li>• The parts and component manufacturers only contributes to the parts and raw materials for the finished products. They do not produce the product under investigation.</li> </ul>
Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI)	<ul style="list-style-type: none"> <li>• The Petitioner PMA lacks the proper legal personality and standing to submit a claim of serious injury to the domestic industry substantially caused by increased imports.</li> <li>• Assuming, for the sake of argument, that PMA properly represents the domestic industry, is it in a position to formulate an adjustment plan that accurately outlines the goals and efforts needed to place the domestic industry in a more competitive position? A closer scrutiny of the answer to this question will inevitably lead one to further question whether PMA is indeed the proper party to lodge the petition. For as a matter of fact, it is CAMPI, and not the Petitioner, that has a better appreciation of the automotive market's dynamics as well as the data to support its observations.</li> </ul>
<b>On Product Comparability</b>	
Gabungan Industri Kendaraan	<ul style="list-style-type: none"> <li>• Exported CBU does not compete directly with local product. ASEAN Trade in Goods Agreement (ATIGA) aims to achieve a free flow of goods in the region resulting in less trade barriers and deeper economic linkages among member</li> </ul>






## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
Bermotor Indonesia (GAIKINDO)	states, lower business costs, increases trade, and a larger market and economies of scale for business. Based on the data of road motor vehicles per 1,000 inhabitants, the Philippines is ranked 6 <sup>th</sup> among ASEAN. Exported CBU could increase vehicle density in the Philippines and do not compete directly with local product.
The Thai Automotive Industry Association (TAIA)	<ul style="list-style-type: none"> <li>In the absence of local pickup truck (i.e. light commercial vehicle) production in the Philippines, the [DTI] Report failed to prove that imported pickup truck is directly competitive or even substitute to passenger vehicle. In fact, they are of different usage, tariff classification, consumer preference, etc.</li> </ul>
Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI)	<ul style="list-style-type: none"> <li>It can be gleaned that the products under investigation are determined based mainly on usage – we believe that such is too broad and creates complications as there are specific types of cars within the two headings (i.e., 8703 and 8704) that cannot be regarded as the like product or product in a direct competition. This includes the fact that there are manual and automatic cars, and different seats or sizes of cars (e.g., compact crossovers, SUVs, MPVs, etc.).</li> </ul>
<b>On Increased Volume of Imports</b>	
Chinese Chamber of Commerce for Import and Export of Machineries and Electronic Products (CCCME)	<ul style="list-style-type: none"> <li>The importations of Toyota Motor Philippines Corporation, Honda Cars Philippines, Inc., Isuzu Philippines Corporation, and Nissan Philippines, Inc., whose employees are members of PMA, must be excluded for purposes of determining whether subject products are being imported into the Philippines in increased quantities, whether absolute or relative to the domestic production.</li> <li>For import volume of passenger cars/vehicles – AHTN Code 87.03, there were no increased imports during the POI. Using the trend test, there was an increase in 2014 to 2016. However, from 2017 to 2019 from an increase of only five percent (5%), to a decrease of seventeen percent (17%) and ten percent (10%), respectively. And using the endpoint-to-endpoint comparison test, there was an increase in 2015 but no increase in 2019.</li> <li>For import volume of Light Commercial Vehicles, there were no increased imports during the POI. Using the trend test, the total imports of light commercial vehicles only increased in 2016 and 2017. However, but the increase stabilized thereafter, if not decreased. And using the endpoint-to-endpoint comparison test, there was increase in imports if the endpoints are compared.</li> <li>The importations of goods including the importations of vehicles to the Philippines has been declining since Quarter 1 of 2020.</li> <li>There was no recent enough, sudden enough, sharp enough, and significant enough increase in imports of imported vehicles, the present investigation is no longer necessary and should be terminated.</li> <li>China's imports are below 3% and must be excluded from the investigation.</li> </ul>
Korea Automobile Manufacturers Association (KAMA)	<ul style="list-style-type: none"> <li>Import volume (units) of Passenger Vehicles from the Republic of Korea decreased from 2016 to 2020 and thus it is inappropriate to determine that such decrease in imports have caused injury to the domestic industry of the Republic of the Philippines. Furthermore, the import volume decreased significantly in 2020.</li> </ul>
Philippine Automotive Dealers Association, Inc. (PADA)	<ul style="list-style-type: none"> <li>The increase in the importation of motor vehicles from 2014-2018 did not cause serious injury, is not threatening to cause more damage, and could not possible cause serious injury or damage to the local domestic automotive industry considering lack of “directly competitive products” or “domestically produced substitute products”.</li> <li>The imported motor vehicles that have gained significant market share in the automotive industry such as those coming from Thailand, Japan, etc. are not actually being locally produced or does not have local counterparts and, thus,</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	cannot possibly cause damage or injury to domestic industry manufacturing directly competitive products as required by the law.
The Thai Automotive Industry Association (TAIA)	<ul style="list-style-type: none"> <li>According to automotive export data of TAIA's members between 2015-2020, there has been a sharp decline in export of the products from 130,000 units, approximately, during the aforementioned periods, to only 53,879 units in 2020. The export of vehicles from Thailand to the Philippines have clearly exhibited a downward trend.</li> </ul>
Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI)	<ul style="list-style-type: none"> <li>While there was a sudden increase in imports observed in 2016, the same cannot be considered proximate or recent in relation to the observed decline in production of the domestic industry, nor is the same significant, as it can be observed that in relative terms, the share in the market of the domestic industry hovered closely to the mean, with a slight dip happening only in 2018.</li> <li>The share of domestic production in relation to imports remained consistent, with little variation from the mean throughout the POI. A noticeable dip only occurred in 2018, which, as would be explained in a later discussion, is caused by other substantial factors not related to imports. Given the foregoing, the sudden increase in imports in 2016 is not evident to be "recent" or proximate, since domestic production only dipped two (2) years later, nor is it "significant". Worth noting as well, which further lends credence to the lack of significance of the observed increase in imports, is the domestic production's immediate recovery in 2017. The apparent "suddenness" and "sharpness" of the increase in imports is likewise belied by data showing the share of such increased imports relative to domestic production.</li> <li>The overall trend of imports to the share of production in the industry, considered how the level of imports in terms of rate and volume were "recent," "sudden," "sharp," and "significant" enough to imply that it is a cause of injury to the domestic industry. From this it is noted that supposed surge in imports is present individually, but when considering the intersections between the given criteria gives little justification to how this increase in imports would have been associated with the decline in production. This is attributed to how even with the spike in imports seen in 2016 in absolute terms, it does not present itself when looking at the trend in relative terms.</li> </ul>
<b>On Serious Injury and/or Threat of Serious Injury</b>	
Association of Vehicle Importers and Distributors (AVID)	<ul style="list-style-type: none"> <li>The slowdown in the global auto market also affected the exports of automotive parts and components. With auto unit sales volumes declining, manufacturing volumes of exported parts and components, such as wiring harnesses and chassis also dropped as orders shrank. This dealt another blow on the domestic parts manufacturing industry. Volumes are not dropping because of higher unit imports but due to declining global demand.</li> <li>On the part of the domestic vehicle manufacturers cited by the DTI, none of them filed any petition for the imposition of safeguard measures, or even joined PMA in filing the instant Petition to complain against the increased importation of passenger cars and light commercial vehicles. None of them are claiming to have been prejudiced or damaged by the importation of CBU passenger cars and light commercial vehicles.</li> </ul>
Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI)	<p>Changes in the level of sales</p> <ul style="list-style-type: none"> <li>CAMPI sales data was used to measure the overall demand in the Philippine automotive industry. CAMPI represents the majority share; its members representing 84% of the total industry's demand and is enough to provide information that is representative to the general trends of the entire industry. Amongst the members of CAMPI are also the companies engaged in local</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>automobile manufacturing and selling, of which CAMPI is sufficient to constitute the overall market in terms of local automotive vehicles being sold in the country.</p> <ul style="list-style-type: none"> <li>• Both sales of locally produced vehicles and imported vehicles move in the same direction as the overall market demand. In fact, the performance of CKD sales have outperformed CBU and the overall industry for the years 2016 and 2017, and only fell below that in 2018 and 2019. The cause in the decline in sales can be attributed to causes other than the increase in imports.</li> <li>• Given the lack of any conclusive evidence that the downturn in 2018 is temporary or not, such performance in the automotive industry must not be mistaken to indicate a situation of serious injury.</li> </ul> <p>Share of domestic market taken by the increased imports</p> <ul style="list-style-type: none"> <li>• The PMA alleged that there was serious injury inflicted to the domestic industry as a result of a surge in imports. However, this injury is not evident as the demand for locally produced vehicles remained competitive, since the share of CKD sales stayed consistent throughout the POI.</li> <li>• It can be observed that throughout 2014-2019, the ratio of CAMPI CKD sales to total CAMPI sales stayed in a narrow range of 28.4% and 36.5%, with an average of 31.1%. The minimal deviation from the mean suggests the share of locally manufactured vehicles have operated consistently at such a level throughout the POI. This indicates that locally produced vehicles have the capacity of only being able to satisfy one third of the entire Philippine automotive market; this can indicate that this level of operation is something that is structurally innate within the industry. Disproving the allegation that there was injury, or a “significant impairment in the position of the domestic industry.</li> <li>• The production for locally produced models such as the Toyota Vios and Innova and the Mitsubishi Mirage are high volume units that remain competitive in the domestic market, specifically in the Passenger Car (PC) segment. While models such as the Mitsubishi L300 and Isuzu D-Max remained as top selling models in the Light Commercial Vehicle (LCV) segment, even during the decline noted in 2018, the position of locally produced vehicles in the market remains consistent from the previous years. In terms of share to total CAMPI CV and LCV sales, in 2018, the Innova and Vios had shares of 8.7% and 5.9%, respectively. Whereas the Mirage occupied 5.0% of total sales. These three models alone which are produced locally, already make up 19.6% of total CAMPI demand.</li> <li>• The Mitsubishi Mirage G4 remains consistent at 6<sup>th</sup> and 7<sup>th</sup> place throughout the POI, regardless of its model (i.e, whether it be its CBU version being sold in 2014-2016 or its CKD version being sold from 2017-2019). This suggests that there are other factors influencing the demand for a vehicle. The fact that it is imported or locally made makes no difference to the preference of the automotive consumer. Factors other than the increase in imports are in play when influencing the buying decision of the consumers. Some examples include fuel type, transmission, engine displacement, size, utility, among others.</li> <li>• Automotive experts have highlighted the affinity of Filipino car buyers towards Toyota cars due to their reliability, practicality, good aftersales services and resale value. This allowed us to see Toyota models as the country’s consistent contenders for top-selling models. Hence, the locally produced Toyota cars such as the Vios and Innova remain on this list. This again is an indication of how local vehicles remained competitive throughout the POI.</li> </ul> <p>Changes in level of production</p>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<ul style="list-style-type: none"> <li>• Local production was spurred at the beginning of the POI as the government helped promote auto manufacturing in the country through the implementation of the CARS Program (EO 182). The stunting in production capacity in 2018 and 2019 are attributable to factors other than the increase in imports.</li> <li>• The growth in local production capacity was further magnified due to Foton's entry into the industry in 2016.</li> <li>• However, the sudden rise in 2017 to 84.0% and the immediate decline to 58.2% can be traced to a combination of factors, such as the implementation of excise taxes (where factories had to keep up with the sudden temporary rise in demand starting mid-2017) and the implementation of the Euro 4 regulation which, given the phase out of Euro 2 models, limited the total production volume in 2018. These effects were carried over to 2019, evidently limiting the growth of the automotive industry. The decline in capacity utilization can be associated with those said factors but was also further magnified as the industry increased capacity throughout the POI.</li> </ul> <p>Employment</p> <ul style="list-style-type: none"> <li>• Although labor has declined in the year 2018, evidence of a "causal link" whether or not a rise in importation led to the decline in the local industry's employment remains indecisive.</li> <li>• Even in employment, which is one of the main allegations of serious injury, only had a decline in 2018 by 10.2%. In turn, during the alleged period of increased imports in 2016 and 2017, it is seen that the employment in automotive manufacturing grew accordingly with total manpower increasing by as much as 20.1% in 2017. Hence, there is no causal link between the increase in imports and the decline in employment.</li> </ul>
Gabungan Industri Kendaraan Bermotor Indonesia (GAIKINDO)	<ul style="list-style-type: none"> <li>• Decrease in sales in 2017, 2018 and 2019 is not only happening to the Philippines but most of the countries around the world including Indonesia.</li> <li>• Production capacity shows no injury.</li> </ul>
Chinese Chamber of Commerce for Import and Export of Machineries and Electronic Products (CCCME)	<ul style="list-style-type: none"> <li>• Given that Philippine manufacturers of passenger vehicles and light commercial vehicles themselves deny the existence of serious injury to the domestic motor vehicle industry, CCCME submits that there is no significant idling of productive facilities, inability to carry out domestic production at a profit, and significant unemployment or underemployment that would warrant the imposition of safeguard measures.</li> <li>• A comparison of quantitative changes at the beginning and end of the POI (ie., from 2014 to 2019) shows that it is impossible to conclude that there is a certain increase in imports volume in the first half of the POI. However, imports declined significantly during the later stage of the POI and continued to decline until the end of the POI. If the POI is changed to 2015 to 2020, the result of increase in import would be reversed.</li> <li>• With regard to the growing inventories, as stated in the Preliminary Report, the inventory of domestic industries in the Philippines showed an upward trend during the POI. However, this is due to the fact that the cars produced by Philippine domestic industry cannot meet the variety requirements of its domestic market.</li> <li>• During the POI, almost all operating indicators, such as sales volume, production volume, capacity utilization and employment of domestic industries in the Philippines were stable and showed upward trend. In other words, the domestic motor vehicle industry in the Philippines was in good condition and did not suffer</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>any serious injury stipulated during the POI, and is therefore under no threat of serious injury.</p> <ul style="list-style-type: none"> <li>The imposition of a safeguard measure would contribute to a decrease in the domestic sales of motor vehicles and, consequently, in other factors affecting the domestic motor vehicle industry as alleged by domestic producers.</li> </ul>
Philippine Automotive Dealers Association, Inc. (PADA)	<ul style="list-style-type: none"> <li>The domestically manufactured vehicles like Toyota Vios, Toyota Innova, Mitsubishi Mirage, and Mitsubishi L300 have significant market shares for years and do not show signs of slowing down that would need further protection in spite of continued importation of other vehicles, even for the periods covered by the application of safeguard measures.</li> </ul>
The Thai Automotive Industry Association (TAIA)	<ul style="list-style-type: none"> <li>Those domestic automotive producers maintained that they had not experienced any injury and obviously opposed to the proposed imposition of safeguard measures.</li> </ul>
<b>On Causal Link</b>	
Association of Vehicle Importers and Distributors (AVID)	<ul style="list-style-type: none"> <li>AVID's assessment is that the higher excise taxes mostly affected the cars that are manufactured in the Philippines. The numbers show that sales of both domestically produced and imported cars dropped after the excise taxes were implemented. This is a situation where the domestic tax policy stifled demand and therefore hurt the domestic auto industry. The tax policy, not just imports, had a negative impact on the domestic auto manufacturing base.</li> <li>The DENR's passage of measures mandating the switch to EURO 4 emission standards also played a role in advancing vehicle sales as local distributors aggressively unloaded their EURO 2 inventory before the policy implementation. The data shows a decline in production, specifically of commercial vehicles, as local automotive companies discontinued the distribution of models that did not comply with the new emission standards. These were models being produced in the country. This means that the switch to the EURO 4 standard, and not just imports, negatively affected the volumes produced and sold in the automotive industry.</li> <li>A slowdown in the global automotive market during the relevant period also affected Philippine automotive component exports. As global automakers deal with myriad factors that have affected their sales volume, they must also face the challenge of finding different ways to cut costs in their supply chain in order to remain competitive. We have seen the effects of such cost reduction measures locally, as Honda decided to cease manufacturing in the Philippines and shift its production volume to other countries. This has implications on automotive parts manufacturers and their employment levels. Car manufacturers shut down their plants in the Philippines because it is costlier to engage in automotive production in the country.</li> <li>AVID reiterates that the importation of passenger and light commercial vehicles is not the sole and primary factor behind the alleged injury to the domestic motor vehicle industry.</li> </ul>
Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI)	<p>The correlation between the increase in imports and production and capacity utilizations</p> <ul style="list-style-type: none"> <li>With a positive correlation of 0.85, the results show that the relationship between production and imports is positive.</li> <li>The relationship between imports and capacity utilization shows a somewhat different relationship. Although the relationship is positive, having a correlation of 0.45 shows that the relationship is relatively weak compared to what is experienced between production and imports. A weak correlation still supports</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>the idea that there is no causal link between imports and capacity utilization because it signifies that there is very little to no relationship between variables.</p> <p>The correlation between the increase in imports and employment</p> <ul style="list-style-type: none"> <li>• The correlation between employment [Total Headcount] and imports is at 0.97, indicating a near perfect positive relationship between the two. This signifies that at any point in the POI, imports and employment move in almost exactly the same direction to the same degree. This is further strengthened by the R-squared being at 0.95.</li> <li>• When looked at whether there is a relationship between imports and other employment variables [Hours Worked, Compensation], the results come out the same to that of local manufacturing manpower headcount.</li> <li>• Meaning all three variables related to employment show that they have a significantly high positive correlation with imports. Negating the idea of a “causal link” to the increase in imports and employment in the local automotive manufacturing industry.</li> </ul> <p>The correlation between the increase in imports and Philippines automotive sales</p> <ul style="list-style-type: none"> <li>• If imports will cause an injury to the domestic industry, higher imports must result in lower sales of the domestic industry which is not the case in this situation given the 0.92 positive correlation.</li> <li>• The relationship of the domestic industry and importation in terms of sales also shows a strong positive correlation of 0.88. In general, sales changes for both domestic and imported vehicles move together. This means that the growth in imports for one class of vehicle may lead to an increase in the demand for vehicles in the other class. This implies a growth market dynamic, where an increase in demand in one segment can lead to an increase in demand across the entire market. The growth of one results in the growth of all.</li> <li>• Summarizing the analysis above, points to a strong relationship among the different injury factors identified to imported vehicles. The market between each may not be construed as a zero sum game. Instead, what the data shows is that the different factors of injury and importation have a symbiotic relationship with each other, where the success of one also leads to the success of the other.</li> <li>• This implies that there is an underlying dynamic synergy among the different injury factors and importation. For example, the introduction of new make[r]s and models, or updates to existing make[r]s and models, adds to the visibility in the market and contributes to interest and demand. Different consumer segments may have differing price points and preferences, but they come to the market with the product in mind, stimulated by what they have seen in the market through advertising and promotion, and what they see on the road.</li> <li>• The implementation of EURO 4 emission standards forced car companies to discontinue the production of non-compliant models directly hurt the share of domestically-produced vehicles. It was recognized that imports held the highest share vis-a-vis domestic production in 2018. However, it was because of the significant drop in production volume due to the EURO 4 that played a significant role in influencing such.</li> <li>• The implementation of TRAIN Law had a double-edged effect on the automotive industry in 2017 and 2018, as the industry grew substantially in 2017, which was then counteracted by a disgrowth in 2018. This is due to the anticipated price increase on automotives in 2018, which led to a sudden increase in demand in 2017.</li> </ul>





## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
Chinese Chamber of Commerce for Import and Export of Machineries and Electronic Products (CCCME)	<ul style="list-style-type: none"> <li>The decrease of sales in 2018 was mainly due to the implementation of the TRAIN Law and the implementation of Euro 4 emission standards in 2018, which increased the cost of car buyers, resulting in a sharp increase in motor vehicle sales in 2017 and a decline of 15% in motor vehicle sales in 2018.</li> <li>Influenced by the COVID-19 pandemic, production activities around the world have been restricted, and the imposition of a substantial lockdown across the globe caused serious injury to international trade. The domestic motor vehicle industry was not spared from the effect of the pandemic.</li> </ul>
The Thai Automotive Industry Association (TAIA)	<ul style="list-style-type: none"> <li>It remains insufficient and unjustified to state that there is a causal link between the increase in imports of motor vehicles and serious injury to the domestic industry – a full analysis of the causal link and the non-attribution requirement should be further provided and substantiated.</li> </ul>
Toyota Suppliers Club, Inc.	<ul style="list-style-type: none"> <li>The government implemented the CARS Program and granted incentives to the two (2) car companies, Toyota and Mitsubishi. The target is to achieve to manufacture 200,000 units of their enrolled model for a span of six (6) years. If there was any decline in the production of any of these two (2) vehicles for year 2020 and 2021, it was primarily caused by the pandemic and NOT by the imported vehicles.</li> </ul>
Truck Manufacturers Association, Inc.	<ul style="list-style-type: none"> <li>There is no causal link between increased imports and any negative trend in the industry's financial position.</li> </ul>
<b>On Unforeseen Developments</b>	
The Thai Automotive Industry Association (TAIA)	<ul style="list-style-type: none"> <li>The [DTI] Report failed to prove how the general condition of the Philippine automotive industry, leading up to when the petition was filed, can be considered as an unforeseen development. As one of the first signatories to the AFTA agreement, the Philippines has undergone a gradual and progressive reduction of customs tariffs on various products including motor vehicles since 1993, spanning almost three decades. Hence, the claimed connection between the alleged unforeseen development and the alleged increased imports of motor vehicles cannot be substantiated by any prima facie or demonstrable evidence.</li> </ul>
<b>On Public Interest</b>	
Chamber of Automotive Manufacturers in the Philippines, Inc. (CAMPI)	<ul style="list-style-type: none"> <li>Trade protectionism actually causes more harm than good</li> <li>The imposition of SGM will result in a political or economic crisis, given: (i) its disruptive impact on the regional automobile supply chain; (ii) the resulting trade retaliation that would likely occur in its wake; and (iii) its negative impact on foreign direct investment ("FDI")</li> <li>The imposition of the SGM will cause a shortage of the product under consideration in the domestic market</li> <li>The imposition of the SGM will aggravate the economic dislocation caused by COVID-19;</li> <li>The imposition of the SGM will adversely impact the auto industry's contribution to GDP output and force the economy to take longer to recover</li> </ul>
Gabungan Industri Kendaraan Bermotor Indonesia (GAIKINDO)	<ul style="list-style-type: none"> <li>Growth in the number of motorized vehicles as a mode of transportation will be the driver of the economy that has a wide impact on the number of jobs which can ultimately increase government revenue.</li> <li>Indonesia has imported various components such as transmission, part of the instrument cluster, etc. to be assembled as a vehicle which later is exported to the Philippines.</li> </ul>
Korea Automobile Manufacturers	<ul style="list-style-type: none"> <li>The increase in the number of vehicles as a means of transportation will ultimately be the driver of the economy that has a wide impact on the number of jobs which can ultimately increase government revenue. Imposing trade restriction</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
Association (KAMA)	<p>measures would cause unintended consequences on the competitiveness of the workers and consumers.</p> <ul style="list-style-type: none"> <li>The Philippine Government instead pursue a more proactive approach by strengthening its manufacturing policies and encourage automotive investment. This will help facilitate mutual cooperation, drive infrastructure demand, generate domestic employment, and create different benefits across the entire value chain.</li> </ul>
Japan Automobile Manufacturers Association, Inc. (JAMA)	<ul style="list-style-type: none"> <li>The safeguard measures may cause steep rises in vehicle prices, which will be detrimental for consumers in the Philippines. JAMA is gravely concerned about safeguard measures on imported passenger and light commercial vehicles which will adversely impact consumers and the sound development of the automobile industry in the Philippines.</li> <li>Imposing the safeguard measures will inhibit the Philippines' promotion of free trade in the automobile sector.</li> <li>Safeguard measures will not only affect CBU importers but will also be detrimental to management operations and employment throughout the entire automobile-supply business value chain in the Philippines, including distribution, sales, finance and insurance. In addition, such measures are likely to affect automobile-related tax revenues.</li> </ul>
Philippine Automotive Dealers Association, Inc. (PADA)	<ul style="list-style-type: none"> <li>The implementation of this safeguard measure will burden the public as will shift ultimately to the end-consumer. This leaves consumers with less income to spend on other products and reduces their ability to save.</li> <li>The Automotive Industry is not in a good position to absorb the negative impact to sales and employment brought about by the imposition of the provisional safeguard duties due to the ongoing economic crisis.</li> <li>Increase the price of vehicles limiting the purchasing power of the general public, which will result in supply distortion.</li> <li>An increase in special duties will result in a price increase, which will result in lower demand. Lower demand results in crippling if not killing of an existing business: business closures and personnel layoffs.</li> <li>Other domestic producers are adversely affected by the special safeguard duties on these products, and the economy, in general, suffers from the reduced savings as investment decelerates. On the other hand, producers coping with price-sensitive demand may have to absorb the special duty hike to avoid a drop in sales, cutting their margins rather than shifting the tax. This amounts to taxing production instead of consumption, hurting reinvestment. In the end, shifting the tax burden to consumption ultimately impacts capital accumulation.</li> </ul>
The Thai Automotive Industry Association (TAIA)	<ul style="list-style-type: none"> <li>The application of safeguard measure would cause a far-reach negative implications on both sides, as automakers of both countries [Philippines and Thailand] have long depended on each other's products and parts supplies. The imposition of the safeguard measure against imported motor vehicle would weaken the regional supply chain thus affected adversely other related industries, particularly automotive parts, and components – particularly transmissions manufactured in the Philippines. Hence, such imposition would not be in the public interest and could further impair and undermine the outlook and strength of the Philippine economy.</li> </ul>
<b>Other Issues</b>	
Toyota Suppliers Club, Inc.	<ul style="list-style-type: none"> <li>Both the assembly of CKD units go hand in hand with CBUs in order for a car company like Toyota and Mitsubishi, to sustain viability of their operations in the Philippines, and most especially, to achieve the projected return of their investments.</li> <li>The market demands for choices and it is the responsibility of the car companies to offer them choices with affordable prices. However, the additional taxes under</li> </ul>






## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	the safeguard measures is definitively counterproductive. Plainly said, no car company can survive with locally manufactured vehicles alone. Neither can they afford to locally manufacture the complete product lines. Therefore, there is always a need for importation of CBUs to offer attractive vehicle line up to the market.
Truck Manufacturers Association, Inc.	<ul style="list-style-type: none"> <li>The measure will not benefit the industry or contribute to any efforts to adjust to global competition.</li> <li>The domestic industry is benefiting from imports of the product. The importations are made by the industry itself. The industry profits from these importations.</li> <li>The imposition of a safeguard measure will translate to higher cost to the industry resulting in negative financial impact.</li> <li>The imports helps in the industry's overall financial situation. It contributes to the viability of the Industry's domestic production.</li> <li>Petitioners does not have the resources to propose and comply with an adjustment plan that would objectively convince an impartial body that the plan would result in the domestic industry being able to adjust and compete globally after the expiration of the proposed safeguard measure.</li> </ul>

## Positions of Other Interested Parties

Party	Position
<b>On the Safeguard Measure</b>	
Supervisory and Rank-and-File Unions of Toyota Motor Philippines Corporation	<ul style="list-style-type: none"> <li>We sincerely agree with the DTI and the PMA that a leveled playing field should always be pursued, including the continued government support to generate local employment in the automotive industry. However, we respectfully wish to share that the pursuit of this goal, through the imposition of provisional duties or other safeguard measures is untimely and will not be beneficial to TMP's labor sector.</li> </ul>
<b>On Determination of Domestic Industry Requirement</b>	
The Government of Indonesia (GOI)	<ul style="list-style-type: none"> <li>DTI had wrongly defined and considered PMA as a domestic industry within the definition of Article 4.1 of the [SG] Agreement.</li> <li>The PMA does not qualify as the domestic industry as it is not the producer of the product being investigated.</li> <li>The employee itself cannot claim the legal rights and obligations of such automotive articles since such legal rights (e.g., design, patent, sales, and service warranty) are exclusively owned by the manufacturers. The employees themselves only have the access to produce such an article under the order given by the manufacturer.</li> </ul>
<b>On Product Comparability</b>	
The Government of Indonesia (GOI)	<ul style="list-style-type: none"> <li>Import passenger cars from Indonesia is not in direct competition with the Philippines passenger cars. Passenger cars from Indonesia come with brands and models such as Toyota Fortuner, Avanza, Suzuki Ertiga and Mitsubishi/Nissan Xpander/Livina, whilst the Philippines' local manufacturers produce models such as Toyota Vios, Mitsubishi Mirage, Nissan Almera and Hyundai Accent.</li> <li>Although they fall under the same 4 digits HS Code number, the local production cars are intended for passenger cars with 4 seaters while the imported cars from Indonesia are mostly 8 seaters or three rows car seats. This leads to different segments of consumers. Imported cars from Indonesia could target consumers with family or office which needs more seats to accommodate more passengers. While the local production cars targeted business executives due to the sedan</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	model or young consumers who prefer sporty-looking cars. Therefore, this difference of market segment should be seen as the fact that imported commercial cars from Indonesia are to complement the market demand in the Philippines that is not fulfilled by the local producers, instead of directly competing with each other.
<b>On Increased Volume of Imports</b>	
Government of Indonesia (GOI)	<ul style="list-style-type: none"> <li>• There was no recent, sudden, sharp, and significant increase in imports, which could cause serious injury or threat thereof.</li> </ul>
Government of Japan (GOJ)	<ul style="list-style-type: none"> <li>• Most of the increased imports are thought to have originated from Thailand, Indonesia, and Japan, which had been covered by the preferential tariff treatments under [Economic Partnership Agreements] EPAs; therefore, the provisional SG would not satisfy the prerequisite under Article XIX 1 (a) of the GATT 1994.</li> </ul>
Government of the Republic of Korea	<ul style="list-style-type: none"> <li>• Imports of passenger cars/vehicles did not increase steadily during the POI. Import volume increased each year from 2014 to 2017. However, the recent three-year period from 2017 through 2019 shows a continuous decrease. In accordance with the WTO Panel in Ukraine – Passenger Cars, the TC must consider and put more weight on the import trend of the most recent period in finding the existence of “import increase”.</li> <li>• When comparing the figures in 2014 with the ones in 2019, a mere increase of 12.8% during the POI does not explain a sharp and significant increase of imports of the subject merchandise in absolute terms.</li> <li>• Even in relative terms, imports of the subject merchandise did not increase enough to justify the imposition of a safeguard measure. The domestic production of passenger cars/vehicles had shown an increase of 28% during the POI. Because the level of increment in importation volume (12.8%) was far lower than that in domestic production volume (28%), it is difficult to justify that there was relative increase of imports in comparison to the domestic production.</li> </ul>
Thailand Department of Foreign Trade	<ul style="list-style-type: none"> <li>• The [DTI] Report fails to demonstrate the increase in motor vehicle imports that is recent enough, sudden enough, sharp enough, and significant enough, and assessed both quantitatively and qualitatively.</li> <li>• If imports of passenger vehicles in 2015-2018 are compared to 2019, it becomes clear that there has been a sharp decline in imports of passenger vehicles, with the most significant decrease of 29% taking place in 2017 as compared to 2019. Importantly, in the most recent period during the first 10 months of 2020 (January to October 2020), the imports of passenger vehicles significantly dropped to 88,959 units, which is only 51% of the 2019 level. Similarly, the imports of light commercial vehicles from January to October 2020 suddenly and sharply decreased to 27,596 units which is only 42% of the 2019 level. Under the circumstance of the declining trend on the imports of motor vehicles, the imposition of a safeguard measure is clearly inconsistent with Article XIX of GATT 1994 and Article 2.1 of the WTO Agreement on Safeguards.</li> </ul>
<b>On Serious Injury and/or Threat of Serious Injury</b>	
Thailand Department of Foreign Trade	<ul style="list-style-type: none"> <li>• In the [DTI] Report, all information which is used to evaluate the situation of the industry is derived from DTI research. Moreover, the automotive producers in the Philippines clearly state in the [DTI] Report and even publicly that they have not experienced any injury and are strongly opposed to the investigation and imposition of safeguard measures.</li> <li>• The domestic industry itself confirms that it is in a good situation and willing to freely compete in the market; Therefore, it is illogical and unreasonable to apply the measure to prevent or remedy such inexistent injury.</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<ul style="list-style-type: none"> <li>The injury of the automotive industry presented in the [DTI] Report does not meet the serious injury standard. Specifically, the [DTI] Report shows an increase from 2018 to 2019 in the level of employment, and total capacity utilization rate which indicate the positive situation of the industry. Also, from 2018 to 2019, domestic sales and production of passenger cars have increased and remained stable for light commercial vehicles.</li> <li>Regarding the level of profit (loss), the [DTI] Report shows a positive gross profit during the POI especially, for the light commercial vehicles which have had the significant increasing trend of gross profits.</li> <li>The performing of loss in terms of EBIT is a result of high selling, general and administrative expenses. In addition, neither gross profit nor EBIT of light commercial vehicles in 2019 is reported.</li> </ul>
The Government of Indonesia (GOI)	<ul style="list-style-type: none"> <li>Import of passenger cars from Indonesia is not attributable to any serious injury claimed by PMA.</li> </ul>
Government of the Republic of Korea	<ul style="list-style-type: none"> <li>Passenger cars/vehicles had shown steady increases in sales volume and sales value until 2019, with the exception of a decrease in 2018. In comparison with 2014, the figures for both sales volume and sales value in 2019 increased by 25% and 37%, respectively.</li> <li>In terms of light commercial vehicles, while the sales volume decreased slightly, sales value increased by 10% in 2019 compared to 2014.</li> <li>With respect to the capacity utilization rate of the domestic industry of passenger cars, albeit slight fluctuations from 2014 to 2019, no significant changes were found except in 2018. This decline in 2018 is the result of the expansion of manufacturing facilities by the Philippine automobile industry in 2016 and the introduction of a new excise tax system by the Philippine government in 2018. Therefore, such decrease in the capacity utilization rate does not support the existence of serious injury.</li> </ul>
<b>On Causal Link</b>	
Thailand Department of Foreign Trade	<ul style="list-style-type: none"> <li>Among other factors, the implementation of TRAIN and EURO 4 standards are notable non-attribution factors, which directly and significantly affect demand and production of automotive industry in the Philippines. Neither a causal link analysis nor a non-attribution analysis are demonstrated in the [DTI] Report.</li> </ul>
Government of Indonesia (GOI)	<ul style="list-style-type: none"> <li>All Industry data presented in the [DTI] Report clearly show that indeed there is no nexus between the claim of serious injury and import. When imports increased, the performance of the Philippines passenger cars industry went well and that in 2018 when imports dropped significantly then some industry indicators of the Philippines industry experienced some decline.</li> <li>There was no parallel movement between import and the performance of the Philippines commercial cars industry. The same situation also applied to the Philippines' light commercial vehicle industry.</li> <li>Consumer choice is influenced by the wide array of brands and vehicle models that vary according to functionality, utility, styling, technology, engine capacity, and price points. Brand loyalty, brand reputation, promotions, and value for money also drive purchase consideration and decision. Considering that the domestic industry cannot meet consumer demand, the gap between this demand and the domestic industry's ability to meet it is filled by imports.</li> </ul>
Government of the Republic of Korea	<ul style="list-style-type: none"> <li>The increase in production costs could have caused the financial difficulties envisaged by the Philippine automobile industry. As the Report on the Initiation demonstrates, the production costs for passenger cars/vehicles increased approximately 6%, 5% and 11% in 2016 to 2018, respectively, and that for light</li> </ul>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	commercial vehicles increased approximately 12% and 13% in 2017 and 2018, respectively.
Philippine Competition Commission (PCC)	<ul style="list-style-type: none"> <li>The challenges faced by the local automotive industry do not appear to be primarily caused by the increased share of imports but by other factors. This is borne out by data from 2014-2019, which shows an increasing trend in local manufacturers' passenger car sales volume. Rather, and apart from the aforementioned higher costs of doing business, the limited availability of local parts supply, lower production volume, and the limited capacity to produce higher value-added components are concrete hurdles which constrain the local manufacturers' ability to scale up production. Indeed, these are the issues which government should address as part of a strategy to attain long-term competitiveness in car manufacturing.</li> </ul>
<b>On Unforeseen Developments</b>	
Thailand Department of Foreign Trade	<ul style="list-style-type: none"> <li>It is unclear from the [DTI] Report, how the Philippines' membership of the AFTA, which resulted in the tariff eliminations on goods within the region, can be considered as an unforeseen development. The Philippines have offered a zero-tariff on motor vehicles which originate in ASEAN since 2007. In any event, there is no logical connection between this alleged unforeseen development and the allegedly increased imports of motor vehicles.</li> </ul>
The Government of Indonesia (GOI)	<ul style="list-style-type: none"> <li>The Philippines' schedule of concession in WTO (Schedule LXXV) does not include HS Code 8703 in the Philippines' commitment of bound tariff. Therefore, the Philippines has an unbound tariff for passenger car products. As such, legally and practically the Philippines cannot establish the existent of unforeseen development in relation to the increased imports as required by Article XIX GATT.</li> <li>It appears in the [DTI] Report that the Petitioner tried to link the increase in imports and unforeseen development by referring to zero tariffs in the ASEAN free trade agreement which is completely incorrect. It is clear that regional free trade is justified within the provision of the WTO Agreement and in fact, the elimination of tariffs within regional free trade agreements such as an ASEAN is something foreseen from 1995.</li> <li>Increased production and the new brand's entrance and general trade policy including domestic protection are all foreseen and there can be no adequate and reasoned explanation to state otherwise.</li> </ul>
Government of Japan (GOJ)	<ul style="list-style-type: none"> <li>The provisional SG measure by the Philippines, allegedly pursuant to Article 6 of the Agreement on Safeguards (SGA), is imposed on products which are not subject to the Philippines' concession goods under the GATT 1994; the provisional SG measure is thus deemed to be inconsistent with Article XIX 1 (a) of the GATT 1994, which only allows for an emergency action "as a result of unforeseen developments and of the effect of the obligations [...] under [the] Agreement."</li> </ul>
Government of the Republic of Korea	<ul style="list-style-type: none"> <li>The Preliminary Determination Report does not sufficiently explain what it is, or whether there are "logical connections" between the "unforeseen developments" and the "import increase" of the merchandise subject to the safeguard investigation. In fact, it merely describes as instances of unforeseen developments the situation of the automobile industry in Thailand and Indonesia as well as Tesla Inc.'s investment status in China and does not explain in detail the "logical connection" with the alleged increased imports.</li> </ul>
<b>On Public Interest</b>	
Thailand Department of Foreign Trade	<ul style="list-style-type: none"> <li>The automotive industry has a special and unique characteristic to explore the advantage of specialization and economy of scale: it is the most integrated into the global supply chain. Usually, a headquarter decides on where a manufacturer is located, what models a manufacturer makes as well as how to integrate into</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>the global or regional supply chain. Even if vehicles have a similar utilization, they can be different in terms of consumer preference. It is most inefficient and expensive to manufacture all types and all models of vehicles to supply domestic demand. Therefore, under these circumstances, importing automotive products would have a positive impact for the Philippine economy. The Philippine consumers shall gain the higher surplus due to the cheaper price as a result of production efficiency. The imposition of a safeguard measure will increase the cost of vehicles and limit consumer choice, have negative effect on employment as well as distort the efficiency of automotive supply chain within the ASEAN region and have a detrimental effect on the progressive development of ASEAN integration.</p>
Government of Japan (GOJ)	<ul style="list-style-type: none"> <li>The exportation of cars and vehicles to the Philippines, which are subject to the current provisional SG, recorded over 30,000 units in 2019. The provisional SG duties (PHP 70,000 per passenger car and PHP 110,000 per light commercial vehicle) for 200 days would likely amount to JPY 2.6 billion (USD 24 million). Inclusion of the exportation of the cars by Japanese auto makers based in Thailand, Indonesia, and others, would further increase their payment of duties to JPY 20 billion (USD 180 million). The imposition of the provisional SG duties as well as other forms of levies may be passed on to the market prices for the Filipino consumers and this impact the Philippine economy negatively.</li> </ul>
Government of the Republic of Korea	<ul style="list-style-type: none"> <li>The imposition of a safeguard measure will eventually increase the sales price of the subject merchandise, thereby harming the interests of consumers. Passenger cars and light commercial vehicles are widely used in the Philippines, by households and industries alike. Especially considering the fact that light commercial vehicles are used as one of the main means of public transportation, the imposition of a safeguard measure on light commercial vehicles will be against the interest of those customers who use light commercial vehicles as their transportation means.</li> </ul>
Philippine Competition Commission (PCC)	<ul style="list-style-type: none"> <li>Safeguard measures impose high costs on consumers. Given that the number and variety of vehicles manufactured locally are relatively limited, the importations allow a wide selection of product and price offerings to consumers that could not be matched by locally assembled units. Since completely built up (CBU) imported vehicles comprise 78% of the market, the safeguard measure poses the risk of hurting predominant share of domestic demand.</li> <li>Consumers will not only contend with higher car prices but will be confronted with altered choices as well. While estimates are needed to ascertain the extent to which higher prices for imported cars can induce a switch toward locally-assembled cars, as this depends on the consumers' perception of their substitutability, it is unlikely that locally-manufactured compact vehicles like Vios or Mirage can substitute for pick-up vehicles for use by small businesses. As such, the Proposed Measure will result in significant consumer welfare loss.</li> <li>It is also important to note that the safeguard duty further raises the production cost of vertically related markets, especially for small and medium-sized enterprises (SMEs). High transport costs deter investment elsewhere in the economy and reduce our local industries' competitiveness. The PCC respectfully cautions against this kind of government-initiated discriminatory treatment, particularly where it leads to long-term (dynamic) losses in economic opportunities in addition to the consumers' direct (static) losses from the safeguard duty.</li> <li>The automotive industry is also motivated by a wide range of choices, especially in the Philippines where lower-priced vehicles dominate new car sales. For car manufacturers such as Toyota and Mitsubishi that still depend on profits from</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	imported CBU models, the safeguard measure will impact on their bottom line. If the car manufacturers decide to absorb the additional cost so as not to dampen demand, they would have to cut costs somewhere, which may mean laying off workers. In this scenario, the safeguard measures will only make costs higher for both firms and consumers without the intended additional social benefit of higher employment in the local industry.
Supervisory and Rank-and-File Unions of Toyota Motor Philippines Corporation	<ul style="list-style-type: none"> <li>The imposition of safeguard measures, be it in duties or other forms, against imported vehicles, we believe will do more harm than good not only to workers and employees of TMP but also to the whole of the automotive industry.</li> </ul>
<b>Other Issues</b>	
The Government of Indonesia (GOI)	<ul style="list-style-type: none"> <li>The safeguard investigation period by the Philippines is from 2014 to 2018, but the imposition of provisional measures starts in 2021. Given that the distance between the imposition of provisional safeguard measures and the end of the investigation period is 2 years, it, therefore, does not fulfill the recent principle as stipulated in Article 2.1 Agreement on Safeguards and the WTO case law in Ukraine Passenger Cars.</li> </ul>
Government of Japan (GOJ)	<ul style="list-style-type: none"> <li>Regarding the application of scope of the provisional SG considering Article 9 of the SGA, Japan understands that DTI in January 2021 mistakenly excluded some developing countries whose market share in the Philippines exceeded 3%. While some of the errors were addressed by the DTI's Administrative Order No. 21-01, dated February 19, questions remain as to Philippines' determination of exclusions by market shares. As a matter of fact, the current list still includes some of the countries which have already waived S&amp;DT. Japan believes that the application of the scope of the provisional SG should reflect the objectively-measured development status of such members and that Japan should be treated in a non-discriminatory manner.</li> </ul>
Philippine Competition Commission (PCC)	<ul style="list-style-type: none"> <li>A critical factor in the country's automotive industry's survival which is beyond the control and planning of government is volume. Without the necessary volume to build up capacity, it may not be profitable for car companies to continue production in the country. In the short- to medium-term, the Philippines does not appear to have a large enough domestic market, which an automotive product needs in order to be competitive (minimum efficient scale). Car sales in the Philippines in 2019 was only 370,000, compared to roughly 1 million in Thailand and Indonesia. Furthermore, the relatively lower per capita income (fewer people able to afford cars) adds to the hindrance in leveraging scale economies.</li> <li>As an alternative to imposing safeguards, the PCC recommends the government to continue efforts to ease the cost of doing business for domestic automotive manufacturers. With relatively higher electricity costs and minimum wages compared to other countries in ASEAN, the Philippines faces distinct challenges in developing a comparative advantage for car manufacturing. These high production costs in fact continue to increase, thus deterring investment in the domestic manufacturing industry. While incentives may help, the PHP 45,000 government subsidy under the CARS program does not appear to be sufficient to incentivize local production. Hence, industry players deem it more cost efficient and profitable to import cars than to assemble locally.</li> </ul>
Supervisory and Rank-and-File Unions of Toyota Motor Philippines Corporation	<ul style="list-style-type: none"> <li>During the period 2013-2019, when both vehicle sales and production were significantly increasing, our union members were amply rewarded. Despite the crisis in 2020, not one of our union members were laid off or terminated. With market recovery and the projected increase in demand, especially for our locally produced units (i.e. Toyota Vios and Innova), we fully supported TMP's</li> </ul>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>participation in the National Government's CARS program. Then, even if additional excise taxes for motor vehicles were imposed, as part of the Comprehensive Tax Reform Program (CTRP) in 2018, both TMP's Labor Sector and Management worked hand-in-hand, in spite of these challenges, to remain competitive and sustainable. As evidence to this and to further ensure the welfare of our fellow employees, we even effectively forged two Collective Bargaining Agreements (CBA) with TMP Management during this period (i.e. 2016 and 2019).</p> <ul style="list-style-type: none"> <li>• Although imported vehicles are increasing, local production of vehicles also continue at an increasing rate. That is why we continue to show our support and cooperation to TMP Management in its commitment to the completion of the CARS program in yet a number of years ahead. Indeed, our imported vehicle sales may have increased, but so did our proudly locally manufactured vehicles. This simply shows that the Philippine automotive market has been growing and will continue to grow.</li> <li>• A balanced combination of CBU's or imported vehicles and CKDs or locally produced vehicles are necessary for an automotive company to operate sustainably.</li> <li>• What is actually needed now is to review our current local incentives in order to make them more attractive for car manufacturers and parts makers to further invest in the Philippines. We believe that this is a better way to generate employment because, by allowing such companies to set up their business here through an improved system of incentives, a wider set of industries (i.e. supply / value chain, parts suppliers, etc.) will benefit, including local communities through household multiplier effects.</li> </ul>

## B. COMMENTS TO THE STAFF REPORT

## Comments of Petitioner

Party	Position
<b>On increased volume of imports</b>	
Philippine Metalworkers' Alliance (PMA)	<ol style="list-style-type: none"> <li>1) The import surge analysis in the staff report is utterly flawed since buyers do not limit their options solely to a limited number of tariff lines. It erroneously assumes that only products belonging to the same tariff line could be considered as competitive. This criteria is inconsistent with the behaviour of the market; it is often that customers, when choosing which vehicle to purchase, consider buying different vehicles from different tariff lines, even if there are differences in terms of price, perception of prestige of owning a certain brand and model, and even reviews by consumer organizations such as motorists organization.</li> <li>2) It is clear that the terms "directly competitive or substitutable" could easily include products from different tariff lines since customers may include in their options products belonging to different categories in terms of tariff lines, prestige, customer perception, and price.</li> <li>3) The imports from year 2020 should be removed from the a analysis as sales in that year are abnormally very low due to the COVID-19 pandemic.</li> <li>4) The year 2020 should be excluded in the analysis because of the extraordinary economic situation brought by the COVID pandemic and thus, imports during the period cannot be compared to previous periods. The year 2020 was characterized by the deepest recession in the Philippines since the 2<sup>nd</sup> world war. Naturally, demand for goods</li> </ol>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

	<p>and services, especially luxury goods like automobiles is expected to fall during such crises. As early as first quarter 2020, the results of BSP's consumer expectations survey revealed that consumers are likely to reduce demand for 'big ticket' consumer items like automobiles as indicated by lower percentage of households that think 2020 is a favorable time to buy motor vehicles.</p> <p>5) Both imports and locally produced automobiles are affected by the decline in demand. Trade in general fell, and not just in automotive sector. It is but natural for imports to fall during the economic crisis. In fact, global trade was estimated to have fallen by 9.2 percent (WTO, 2020).</p> <p>6) All these considerations were not observed in the period 2014-2019 because the said period was marked by rapid economic growth. This already implies then that 2020 is not comparable to the years 2014-2019.</p> <p>7) In Table 8.1 of page 49, total imports grew rapidly in 2014-2017 and declines afterwards. While it may be true that imports fell in 2018 and 2019, it cannot be denied that volume of imports increased significantly in the POI especially when 2020 is disregarded.</p> <p>8) Even when imports declined by 24 percent in 2017-2018, and by 5 percent in 2018-2019, over the entire period imports have more than doubled from 103,331 in 2014 to 222,764 in 2019. Therefore, the increase in imports in the POI is significant.</p> <p>9) In any event the fact that from 2014-2017 the importation of CBU passenger cars by traders have been increasing in an average annual growth rate of 75% while domestic production of CBU passenger cars increase at an average annual growth rate of only 16% would show that the surge in import that would merit the imposition of safeguard measures.</p> <p>10) In making plans, projections, and actually investing and creating or retooling auto plants and assembly lines, many years are taken into consideration because of the infrastructure, amount of investments, financing, and coordination that would be taken into consideration. This is quite obvious from the nature of the auto assembly and manufacturing industry, including those involved in autoparts manufacturing. Thus, the 2014-2017 data continues to be relevant when determining whether safeguard measures are currently needed.</p> <p>11) The use of metric tons would not reflect the actual volume of imports and sales. In order to determine the import surge, the number of units should be used instead.</p>
<b>On the Adjustment Plan</b>	
Philippine Metalworkers' Alliance (PMA)	<p>1) Government-led adjustment plans may be invoked by any Filipino</p> <p>2) We do not find anything wrong with us involving the government-led adjustments especially when these actually translate into the betterment of the local auto industry. Such initiatives on the part of the government are apparently taken in order to promote the interests of both the corporations we work for and us workers and our families. If anything, this highlights the fact that we are indeed proper parties of interest in this safeguards measure case.</p>
<b>On product comparability</b>	
Philippines Metalworkers' Alliance (PMA)	<p>1) The analysis with respect to the existence of import surge is flawed since the staff report erroneously frames the issue of competing products solely in terms of tariff lines. In other words, it erroneously assumes that only products belonging to the same tariff line could be</p>



## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

	<p>considered as competitive. This criteria is inconsistent with the behaviour of the market; it is often that customers, when choosing which vehicle to purchase, consider buying different vehicles from different tariff lines, even if there are differences in terms of price, perception of prestige of owning a certain brand and model, and even reviews by consumer organizations such as motorists organization. More so since it is apparent that the auto industry presents a huge range of choices for the very same brand. For example, a customer eyeing a high-end Toyota Innova could end up buying a lower end Toyota Fortuner or a lower end Mitsubishi Pajero or Mitsubishi Montero, even when the original choice belongs to a different tariff line.</p> <p>2) It is possible for a person thinking of buying a car to cross over to a different car belonging to a different tariff line because the price of the high end of the original choice is not significantly higher than the low end of a more prestigious car belonging to a different tariff line. The terms “directly competitive or substitutable” could easily include products from different tariff lines since customers may include in their options products belonging to different categories in terms of tariff lines, prestige, customer perception, and price.</p> <p>3) The marketing strategies of: A] the distributors and B] the local assemblers affect eventual customer choice, which in turn can go beyond the band of tariff lines (in this case the 5 chosen in the staff report), with the customer eventually buying a car outside the said 5 tariff lines. The decision-making process on the part of each individual car buyer becomes even more dynamic as it is also subjected to the sales pitch given by the personnel at the level of the distributor. It often depends on the inventory level of the distributor, which in turn affects prices, incentives, freebies, etc. – and ultimately the choice of the buyer. Also, each auto manufacturer also tries to push different products in order to get market segment that belongs to its competitors, including giving priority to certain product lines against its very own competing products.</p>
<b>Other matters</b>	
<p>Philippine Metalworkers' Alliance (PMA)</p>	<p>1) The Government, through the Department of Trade and Industry is simply complying with its constitutional mandate to promote local industries and its workers. The Philippines has been left way behind in terms of industrialization because it has for decade tried to rely solely on agriculture and services. It is apparent that our country does not have a dynamic industrial or manufacturing sector. x x x It needs to make serious adjustments so that it can improve, diversify, and expand its manufacturing industry sector.</p> <p>2) The Safeguard measures being undertaken in this case as pleaded by PMA conforms with both RA 8800 and the General Agreement on Tariffs and Trade of the WTO.</p>

## Comments of Domestic Producers/Assemblers

Party	Position
<b>On increased volume of imports</b>	
<p>Hyundai Motor Company and Kia Motors Corporation</p>	<p>1) Hyundai and Kia agree with the TC and adopts the TC's conclusion that the factual data from 2014-2020 reflects that passenger cars and LCVs are not being imported into the Philippines in increased quantities.</p>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	2) It cannot be concluded that there was an increase of imports that warrants the imposition of safeguard measures.
Isuzu Philippine Corporation (IPC)	1) IPC agrees on the Tariff Commission and its Task Force on Motor Vehicles' statement of conclusion as embodied in Item 8.6 of the Commission's Staff Report. 2) As aptly determined by the Commission, there was no surge in imports for both CBU passenger cars and LCVs, in absolute and relative terms, during the period of investigation. 3) The first element required to be proven by the Petitioner with sufficient documentary evidence is already absent. Furthermore, without such first element, it would be difficult, if not possible, for the Petitioner to prove the third and most important element – <i>the causal link between increased imports of the product under consideration and the serious injury or threat thereof to the domestic industry.</i>
Mitsubishi Motors Philippines Corporation (MMPC)	1) MMPC has no objection to the negative findings on increased importations. 2) MMPC specifically supports the conclusion of the Commission that completely built-up units (CBU) passenger cars and CBU light commercial vehicles (LCV) <b>were not imported in sudden, sharp, or in significant increased quantities</b> both in absolute terms and relative to domestic production during the period of investigation (POI): a) CBU passenger cars were not imported into the Philippines in increased quantities, both in absolute and relative to domestic production. And the increase in the volume of imports of CBU passenger cars during the POI cannot be considered recent, sudden, sharp, and or such magnitude that can be deemed significant. (p. 60 of Staff Report) b) CBU LCV was not being imported in the Philippines in increased quantities both in absolute terms and relative to domestic production, during the POI. And the increase in the volume of imports of CBU LCV during the POI <b>cannot be considered</b> recent, sudden, sharp and of such magnitude that can be deemed significant. (p. 60 of Staff Report) 3) MMPC submits that the negative finding of increase in importations must result in the early termination of the proceedings, considering that the <b>most crucial and essential element</b> to impose the remedy of safeguard measures is absent. 4) This conclusion renders moot the determination of the other elements to impose safeguard measure. 5) Without the sudden, sharp, significant increased importations, consequently, the other requisite of causal link between the surge of importations and the injury on the local industry would also be absent. Hence, even if the other requisite of safeguard measures is present (i.e., serious injury against the local industry during the POI), it would still not warrant the imposition of safeguard measure.
Toyota Motor Philippines Corporation (TMPC)	1) Toyota agrees to the findings of the Tariff Commission that there is no significant increase in the volume of imports of passenger cars. As such, the condition to impose definitive safeguard measure is not satisfied.
<b>On the Adjustment Plan</b>	
Isuzu Philippines Corporation (IPC)	1) The Petitioner's failure to submit and substantially comply with the required Adjustment Plan is fatal to the continuation of the Formal Investigation.

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>2) The Petitioner was required to submit its Adjustment Plan on March 11, 2021, but it submitted the same only on March 12, 2021. Even so, what was submitted did not conform with the requirement that such adjustment plan “shall provide a clear quantification of its proposed goals and detail the efforts that the domestic industry and other concerned parties will make to place the domestic industry in a more competitive position.”</p> <p>3) The absence of an Adjustment Plan exposes the fact that the Petitioners, purporting to represent the domestic industry, have no “quantified goals, specific plans, and timetables that a concerned industry commits to undertake in order to facilitate positive adjustment of the industry to import competition.”</p>
Mitsubishi Motors Philippines Corporation (MMPC)	1) Worse, the adjustment plan provided by PMA does not have quantifiable goals, specific plans and timetables to facilitate positive adjustment of the industry to import competition as required by Rule 11.4 of the Implementing Rules and Regulations to RA No. 8800. The TC requested PMA to submit revised adjustment plan but as of date, the TC has not received any revised plan from the PMA. ( <i>pp. 11-12 of the Report</i> ).
<b>On product comparability</b>	
Hyundai Motor Company and Kia Motors Corporation	<p>1) Hyundai and Kia pray that their products be excluded from the importations under consideration by the TC.</p> <p>2) Hyundai and Kia argue that the domestically produced LCVs have the same tariff classification as imported LCVs does not automatically result in the conclusion that the imported products are like or directly competitive products to the domestic products.</p> <p>3) Hyundai and Kia each export one LCV model into Philippines. Hyundai exports the H-100 model, while Kia exports the K2500 model. However, these models do not compete with domestically produced LCVs in Philippines.</p> <p>4) According to the Staff Report, only two models of LCVs were being produced in the Philippines, namely: Mitsubishi L-300 and Kia 2500; (i) physical shape, including number of seats is different; (ii) consumer perception and preference in the market are different; and (iii) their end usages are different. Thus, imported LCVs from Korea do not compete with Isuzu D-Max.</p> <p>5) As to the Mitsubishi L300, when compared with Hyundai H-100 and Kia K2500, Hyundai H-100 and Kia K2500 are much more expensive; the price of Mitsubishi L300 range from PHP 804,000 to 998,000 while that of H-100 range from PHP 965,000 to 1,460,000. Therefore, market perceptions and customers for Mitsubishi L300 are different compared to that of Hyundai H-100 and Kia K2500. Thus, Hyundai H-100 and Kia K2500 do not compete with Mitsubishi L 300 in the domestic market, which leads to the conclusion that they are not like products.</p> <p>6) Since H-100 and Kia K2500 imported from Korea do not compete with LCVs produced in the Philippines, it cannot be concluded that the LCVs from Korea are like products, which are identical and alike in all respects, to the domestic products under consideration.</p> <p>7) It is argued that the products of Korea are not directly competitive or substitutable with the motor vehicles produced by domestic manufacturers. Neither of these imported motor vehicles can be</p>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	considered as interchangeable with the domestically produced motor vehicles.
Isuzu Philippines Corporation (IPC)	<ol style="list-style-type: none"> <li>1) We would like to manifest our disagreement on the Commission's findings on product comparability under Item 5.6 of the Commission's Staff Report.</li> <li>2) Although the [products under consideration] share the same AHTN Codes as the imported CBU passenger cars and LCVs, it must be noted that some products differ on their target market and pricing. Hence, these products cannot be considered as directly competitive products which could cause injury to one another.</li> <li>3) IPC reserves the right to present additional evidence to support our stand should the Formal Investigation continue or should the Petitioner raise any other inquiry on the Commission's finding with regard to the first element of increase/surge in import of like or directly competitive products.</li> <li>4) Should the Commission make further inquiry with regard to the 35 tariff lines as enumerated under Annex I of the Commission's Staff Report, IPC reserves the right to discuss and to provide evidence.</li> </ol>
Mitsubishi Motors Philippines Corporation (MMPC)	<ol style="list-style-type: none"> <li>1) MMPC requests the correction of some portions of the Staff Report in relation to the AHTN of its products. Further, MMPC reiterates its position that is CBU products do not directly compete with the local products.</li> <li>2) In the Staff Report, the Commission identified thirty-five (35) Tariff Lines (TLs) in AHTN 2017 as imported products under consideration in the investigation. Of the 35 TLs, only three (3) MMPC CBU models are under investigation. These are Xpander, Strada, and Montero.</li> <li>3) However, in Section 5.6 (b) and Table 5.1, 5.2 and 5.3 of the Staff Report, the Mirage Hatchback was erroneously classified under AHTN No. 8703.22.59.</li> <li>4) Mirage Hatchback's correct AHTN classification is 8703.22.47. MMPC requests that this correction be reflected in the Final Report</li> <li>5) Further, MMPC does not fully support the conclusions found in the following portion of the Staff Report as it finds no factual basis: <ul style="list-style-type: none"> <li>“Locally produced motor vehicles such as Toyota Vios and Innova, <b><u>Mitsubishi Mirage Hatchback</u></b> and G4, Hyundai Accent GL and Mitsubishi L-300 Cab and Chassis <b><u>have the same tariff classification and have similar technical design specifications</u></b> like - body shape, size and usage, dimensions, gross vehicle weight, transmission, handling, comfort and safety, and customer profile vis-à-vis the imported CBU passenger cars and CBU light commercial utility vehicles. Hence, the abovementioned motor vehicles that are classified under AHTN 2017 code in table 5.3 are “like product” to the imported CBU passenger cars and CBU light commercial vehicles.</li> <li>In the same manner, the abovementioned locally produced motor vehicles are “directly competitive” products to the imported motor vehicles which are classified under the AHTN 2017 codes in table 5.4.” <i>(Emphasis and underscoring supplied)</i></li> </ul> </li> <li>6) MMPC also maintains its position and arguments that its CBU models do not compete with any of the local (CKD) models.</li> <li>7) It would appear that the Mirage Hatchback is directly competing with other vehicles with AHTN Classification 8703.22.59, when these type</li> </ol>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	<p>of vehicles are markedly different on Seating Capacity, Engine Type/Displacement, Type, and Fuel Requirement.</p> <p>8) While the Commission also considered the other factors such as features, physical characteristics and car types, seating capacity, engine displacement, it should have also considered the <b>selling prices</b> that suit different target markets and consumer preference and taste.</p>
Toyota Motor Philippines Corporation (TMPC)	<p>1) Locally produced Toyota Vios and Innova are not identical with imported Jac J4, Changan Alsvin, Morris Garage MG 6 and MG 5, X Trail and Trailblazer, thus, should not be considered as like products.</p> <p>2) The comparison made by the Tariff Commission are limited only to the general and usual specifications of cars and failed to consider other distinct features of the Toyota's locally produced cars which separates it from the imported products identified to be like products.</p> <p>3) The findings of the Tariff Commission that Vios and Innova are like the imported cars has no basis and should be reversed.</p> <p>4) The identified imported Toyota products are not directly competitive products to the locally produced cars. The Tariff Commission limited its determination of directly competitive products only to the tariff classification and the general specifications of the products. Even with the above statement, it failed to consider other factors such as the country of origin, manufacturing process of the foreign exporter, pricing, etc. Also, as the Act requires directly competitive products, a more thorough examination of data should have been made. The reliance on the tariff codes may not be a substantial support to conclude that the products are directly competitive with each other.</p> <p>5) The condition "imports of like or directly competitive products" was not firmly established in the Staff Report.</p> <p>6) Locally produced Vios and Innova should not be considered as like products to the identified imported passenger cars. Also, the imported Wigo, Avanza, Rush and Hilux should not be considered as directly competitive products of the identified locally produced passenger cars.</p>
<b>On continuing the Safeguard investigation</b>	
Hyundai Motor Company and Kia Motors Corporation	1) Hyundai and Kia pray for the termination of proceedings on safeguard measures
Isuzu Philippines Corporation (IPC)	<p>1) The continuous imposition of the provisional safeguard duty negatively impacts the Company's cash flow which is an integral part of its short-term and long-term operations and goals.</p> <p>2) IPC moves for the cancellation and dismissal of any further proceedings in the on-going Formal Investigation, and for the submission by the Commission to the DTI of a final negative report/determination on the imposition of safeguard measures on motor vehicles.</p>
Mitsubishi Motors Philippines Corporation (MMPC)	<p>1) The conduct of further public hearings is not necessary and would only result in a waste of government resources and time. In this case, there is no need for further hearing as the essential element of sudden, sharp and significant increased importations is clearly and already wanting.</p> <p>2) Moreover, the Honorable Commission has already concluded that none of the firms constituting the domestic industry support the petition filed by the Petitioner PMA.</p> <p>3) MMPC prays that the Commission <b>CANCELS</b> further proceedings, and <b>ISSUES</b> a negative Final Report.</p>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
Toyota Motor Philippines Corporation (TMPC)	1) The findings in the staff report of the Commission should not be binding to Toyota. Also, a negative final determination be issued and reported to the DTI Secretary as the facts and circumstances surrounding the case do not satisfy the conditions for the valid imposition of safeguard measures under RA No. 8800, otherwise known as the Safeguard Measures Act.
<b>Other matters</b>	
Hyundai Motor Company and Kia Motors Corporation	1) Hyundai and Kia pray for the following: a) Exclude LCV products of Hyundai and Kia from the products under consideration; b) Denying the request for the imposition of safeguard measures;
Toyota Motor Philippines Corporation (TMPC)	1) Toyota, as a local manufacturer of passenger cars, reiterates that it does not support the petition filed by PMA on safeguard measures.

## Comments of Traders/Importers

Party	Position
<b>On increased volume of imports</b>	
Changan Motor Philippines, Inc. (Changan PH)	1) Changan PH welcomes this Honorable Commission that CBU passenger cars and light commercial vehicles “were not imported into the Philippines in increased quantities, both in absolute and relative to domestic production,” and that any increase “...cannot be considered (as) recent, sudden, sharp and of such magnitude that can be deemed significant.”
Ford Group Philippines, Inc.	1) Ford Philippines respectfully requests this Honorable Commission to correct the data provided in Table 8.3 ( <i>Top Ten Importers of CBU Passenger Cars: 2014 – 2020</i> ) of the Staff Report. “Korea” should be removed, and “United States of America” should be added as a source. 2) Ford Philippines respectfully requests x x x to correct the data provided in Table 8.6 ( <i>Top Ten Importers of Light Commercial Vehicles: 2014 – 2020</i> ) of the Staff Report. “China” should be excluded, and “United States of America” should be added as a source.
Sojitz Fuso Philippines Corporation	1) At this early, there could be no positive determination to speak of because the Staff Report concluded that there was no sudden and sharp increase of importation of motor vehicles. 2) The increase in importation of motor vehicles as required by RA 8800 is clearly absent in this case. The staff report is a conclusive evidence to confirm that there is no increase importation of motor vehicle that will lead to a positive determination of this Honorable Commission the need for imposition of safeguard measures. 3) Since the Staff Report concludes that there was no sudden surge of increase in importation of Motor Vehicles during the POI, no positive determination can be concluded by the Honorable Commission. Hence, this proceeding should be terminated immediately. 4) Considering that the case is already moot because of the finding of the Staff Report of lack of surge of importation of motor vehicles covered by this case, it will be a great waste of time of this Honorable Commission to proceed with this case.
<b>On the Adjustment Plan</b>	
Changan Motor Philippines, Inc. (Changan PH)	1) The inadequacy of PMA’s Adjustment Plan proves the position of Changan PH that the PMA does not satisfy the “domestic industry requirement” as contemplated by [RA 8800 and its IRRs].




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	2) The impossibility for PMA to submit and implement the required Adjustment Plan that can only be accomplished by the domestic firms entails the issuance by this Honorable Commission of a Negative Final Determination, and a recommendation to the Secretary of Trade and Industry not to impose Definitive Safeguard Measures.
Ford Group Philippines, Inc.	<p>1) Ford Philippines emphasizes that not only did the Applicant fail to submit any quantifiable goals and timetables, it also failed to provide any individual commitments regarding actions it intends to take to facilitate positive adjustment to import competition pursuant to the requirement under Section 11 of the Safeguard Measures Act. Instead, the Applicant provided measures that the government must implement to aid the domestic industry. This underscores that (a) the Applicant is not in a position to represent the domestic industry as it is incapable of identifying and making commitments on behalf of the domestic industry, and (b) the difficulties encountered by the domestic industry are products of government policies and not because of any increase in imports.</p> <p>2) The absence of a viable adjustment plan also underscores the Applicant's lack of any real basis for seeking imposition of safeguard measures in this case.</p>
<b>On Product Comparability</b>	
Ford Group Philippines, Inc.	<p>1) Ford Philippines respectfully disagrees with the findings of this Honorable Commission with respect to Product Comparability.</p> <p>2) Ford Philippines' products are not like products and do not compete with the locally manufactured vehicles involved in the safeguard investigations.</p>
<b>On continuing the Safeguard investigation</b>	
Ford Group Philippines, Inc.	<p>1) There is no reason to continue with the formal investigation, and moves for this Honorable Commission to [a] cancel the public hearings, [b] terminate the investigation, and [c] recommend to the DTI Secretary that no safeguard measures be imposed in this case, whether provisional or final, for lack of any factual and legal basis.</p> <p>2) The essential elements for the imposition of safeguard measures are absent. This warrants the termination of the formal investigation and the submission of a recommendation to the Secretary of the DTI that (a) the provisional safeguard measures imposed pursuant to DTI Department Administrative Order No. 20-11 should be lifted, and (b) no final safeguard measures should be imposed on any of the imported vehicle subject of the investigation.</p>
Sojitz Fuso Philippines Corporation	1) The continuation of the proceedings before the Honorable Commission will be prejudicial to the oppositors because while this case is pending, they are still required to pay the bond for each vehicle affected as a provisional safeguard measure. In fact, it is also possible that the bond is being pass on to the buyers, thus the continuation of this case is also prejudicial to the Filipino consumers.
<b>Other matters</b>	
Changan Motor Philippines, Inc. (Changan PH)	1) Changan PH notes that its positions were not included in the "Summary of Positions of Other Interested Parties" (Annex F of the Staff Report).

## Comments of Industry Associations

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
<b>On increased volume of imports</b>	
Association of Vehicles Importers and Distributors (AVID)	<p>1) The Honorable Commission is correct in its above conclusion that, based on import data, the increase in the volume of imports of CBU PC and CBU LCV during the Period of Investigation (POI) from 2014 to 2020 <b><u>“cannot be considered recent, sudden, sharp and of such magnitude that can be deemed significant”</u></b>.</p> <p>2) The import data, upon which the Honorable Commission based its conclusion, do not lie. They disclose that the importation of CBU PC and CBU LCV is on a continuous decline due to, <i>inter alia</i>, the adverse economic effects of Covid-19 pandemic. Verily, such import data convincingly disprove PMA’s claim of a causal link between the increase in the volume of imports of CBU PC and LCV and the serious injury to the domestic auto industry. Such alleged causal link is more imagined than real, so to speak.</p>
Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI)	3) CAMPI agrees with the findings of the Honorable Commission that there is no surge in imports of CBU passenger cars and CBU LCV under the period of investigation (i.e., 2014-2020).
Chinese Chamber of Commerce for Import and Export of Machineries and Electronic Products (CCCME)	<p>1) Importations by domestic industry was excluded from import computations. Traders’ imports did not cause any surge in imports. CCCME has no comment on the foregoing x x x.</p> <p>2) China’s [exports] are below 3% and must be excluded from the investigation.</p>
Japan Automobile Manufacturers Association, Inc. (JAMA)	1) JAMA supports the report’s conclusion on “the volume of increased import’ (as mentioned below) on a basis of the fact data. “CBU passenger cars/LCVs were not imported into the Philippines in increased quantities, both in absolute and relative to domestic production. And the increase in the volume of imports of CBU passenger cars/LCVs during the period of investigation cannot be considered recent, sudden, sharp and of such magnitude that can be deemed significant.”
Truck Manufacturers Association, Inc.	<p>1) The Staff Report concludes that the first element for Safeguard Action is not present. The Staff Report states that there is no surge of imports either in absolute or relative to domestic production:</p> <p>a) During the POI, CBU passenger cars were not imported into the Philippines in increased quantities, both in absolute and relative to domestic production, and the increase in the volume of imports of CBU passenger cars during the POI <u>cannot be considered</u> recent, sudden, sharp and of such magnitude that can deemed significant.</p> <p>b) CBU LCV was not being imported into the Philippines in increased quantities, both in absolute terms and relative to domestic production, during the POI, And the increase in the volume of imports of CBU LCV during the POU <u>cannot be considered</u> recent, sudden, sharp and of such magnitude that can be deemed significant. (8.6 Conclusions, page 60, Staff Report)</p>
<b>On the Adjustment Plan</b>	
Truck Manufacturers Association, Inc.	<p>1) Another requirement is a valid adjustment plan. The Staff Report indicates that the Petitioner’s adjustment plan fails to satisfy the requirement of the law.</p> <p>2) Petitioner’s adjustment plan has no quantifiable goals. It fails to state what benefits in terms of cost savings or improved efficiency will the projects indicated in the plan will translate to or how it will facilitate to a positive adjustment to import competition.</p>



## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	3) The adjustment plan also has no certainty of being realized or completed. It has no clear timetable on when the projects will be achieved or the status for the Commission to be able to monitor.
<b>On product comparability</b>	
Association of Vehicles Importers and Distributors (AVID)	1) AVID has no objection to the Honorable Commission's conclusion that locally produced motor vehicles such as Toyota Vios, Mitsubishi Mirage Hatchback, Toyota Innova and Mitsubishi L-300 Cab and Chassis are " <b>like and directly competitive products</b> " to the imported CBU PC and CBU LCV, some of which are specifically named in Table 5.3 (e.g., Changan Alsvin, Honda Brio, Nissan Xtrail, Chevrolet Trailblazer, and Isuzu Traviz, etc.), and which are classified under the AHTN 2017 Codes in Table 5.4, of the Staff Report (pp. 36-38).
Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI)	<p>1) CAMPI appreciates the product categorization made by the Honorable Commission on the imported products under consideration which streamlined the scope under the original 193 tariff lines identified by the Department of Trade and Industry in its preliminary determination referring to the CBU passenger cars and CBU light commercial vehicles.</p> <p>2) CAMPI supports the evaluation of the Tariff Lines ("TLs") by subdividing/splitting tariff nomenclature arriving in the conclusions [in the staff report].</p> <p>3) CAMPI manifests that the determination of like or directly competitive product under Table 5.3 and 5.4 of the Staff Report could have more accurately represented the product comparability between locally produced motor vehicles and imported products under consideration in each TLs if it also considered other factors, such as price. Doing so would better identify which imported motor vehicles are considered "like" or "directly competitive" against a locally produced vehicle.</p>
<b>On continuing the Safeguard Investigation</b>	
Association of Vehicles Importers and Distributors (AVID)	1) The DTI's DAO No.20-11 dated 29 December 2020 which provided for the imposition of provisional safeguard measures against the importation of CBU PC and CBU LCV should be recalled and set aside for lack of sufficient basis. Perforce, the instant case should be dismissed for lack of merit.
Chinese Chamber of Commerce for the Import and Export of Machineries and Electronic Products (CCCME)	<p>1) The present investigation must be terminated since the petition is not supported by the majority of the domestic industry.</p> <p>2) Prayer that the Commission:</p> <p>a) Issue an order terminating the present investigation</p> <p>b) Issue an order excluding China from the investigation</p>
Japan Automobile Manufacturers Association, Inc. (JAMA)	<p>1) JAMA member companies are concerned that the implementation of safeguard measures may have severe negative impact on the Philippines' automotive industry and market.</p> <p>2) To further develop domestic market and the automotive industry in the Philippines, JAMA has humbly recommended the Philippine government grow and expand the domestic market through the sales of both imported, and local produced models, which should further encourage investment and employment, and also develop supporting industries.</p> <p>3) Finally, JAMA member companies have long been, and will remain to be committed to serve the consumers and contribute to the development of the Philippines' automotive industry.</p>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
Truck Manufacturers Association, Inc.	<p>2) The staff report shows that the petition is moot and a negative finding is inevitable. There is no reason to continue with the hearings of the petition.</p> <p>3) Continuing with hearings on this case will only unnecessarily prolong the proceedings of this case. It will waste the time of the Commission and also unfairly prejudice the oppositors.</p> <p>4) Oppositor will be obliged to continue paying the Safeguard duty. Notwithstanding the fact that the petition is moot. These payments will further negatively impact its cash flow.</p> <p>5) It will delay the return of the safeguard duties collected.</p> <p>6) The continuation of the proceedings also unnecessarily burden the consumers of the product under investigation. Consumers will have to pay the additional cost without any potential short or long term benefit to any party.</p>

## Comments of Other Interested Parties

Party	Position
<b>On the increased volume of imports</b>	
Government of Indonesia (GOI)	<p>1) The GOI fully agreed with the conclusion drawn by [TC] in Section 8.6.a and b, page 60, of the Staff Report, firmly confirming that no increase of import of both Completely Built-Up (CBU) passenger cars (PC) and CBU Light Commercial Vehicles (LCV) during the period of investigation (POI) namely 2014 to 2020. More specifically in the Staff Report, the TC determines that both PCV and LCV were not imported into the Philippines in increased quantities, both in absolute and relative to the Philippines' domestic production. Thus, the movement of volume of import of PC and LCV during the POI failed to show an increase of import which is recent, sudden, sharp, and significant.</p> <p>2) The GOI agreed with the TC to include 2020 as the POI in this investigation as this is the correct implementation of the requirements under Article 2.1 of the Agreement x x x.</p> <p>3) The GOI believes that import from the domestic industry is to be considered very carefully in this investigation as these imports can only show that there is no nexus between import and serious injury or threat thereof. More importantly, one will cast serious doubt if such imports can be considered as part of the examination of the existent of the increased import while the import was 75% made by the Philippines domestic industry themselves. In any event, based on the Staff Report it is very clear that an import for PC and LCV over the POI decreased significantly both by the Philippines domestic industry and the traders.</p> <p>4) Safeguard measures are defined as "emergency" actions with respect to increasing imports of particular products, where such imports have caused or threaten to cause serious injury to the importing Member's domestic industry (Article 2 Agreement on Safeguard). The GOI is aware that the safeguard action carries extraordinary nature and applies only in an emergency situation. The Agreement sets very high standard requirements to apply safeguard measures as it relates to fairly traded goods and is implemented on a non-discrimination basis.</p> <p>5) The GOI also emphasized the "recent" nature of safeguards. The safeguard investigation period by the Philippines is from 2014 to 2018, but the imposition of provisional measures starts in 2021. Given</p>




## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
	that the distance between the imposition of provisional safeguard measures and the end of the investigation period is 2 years, it, therefore, does not fulfill the recent principle as stipulated in Article 2.1 Agreement on Safeguards and moreover, the WTO case law in Ukraine Passenger Cars
<b>On the Adjustment Plan</b>	
Government of Indonesia (GOI)	1) TC concluded on pages 11-12 of the Staff Report that the structural adjustment plans of PMA do not have quantified goals, specific plans, and timetables to facilitate positive adjustment of the industry to import competition as required by Rule 11.4 of the IRRs of RA No. 8800. Specific quantifiable goals and timetables are required because Section 16 of RA No. 8800 requires monitoring of compliance or adjustment plan. Indeed, the structural adjustment plan and implementation can only be realistically and reasonably made by the producers, not PMA. This is another evidence to show that PMA does not qualify for the domestic industry, especially when all producers concerned object to the petition of PMA.
<b>On product comparability</b>	
Department of Foreign Trade (DFT) - Thailand	<p>1) The DFT agrees with the TC's findings that certain products listed in para. 5.5 of the Report should be excluded from the scope of the investigation.</p> <p>2) The DFT submits that all other products subject to the investigation neither constitute "like products" nor "directly competitive products". The DFT has identified the following deficiencies in the product comparability analysis in the Report:</p> <p>a) No consumer preference considerations (tastes and habits) were taken into account in the Report. In EC – Asbestos the Appellate Body emphasized that consumers' habits and tastes play a central role in the determination of likeness. Consumers' taste and habits vary across consumption segments, based on geographic criteria, demographic criteria, socioeconomic status, or psychographic/behavioral considerations. To this end, while imported and domestic motor vehicles may be "like" from the point of view of their physical properties, quality and nature, they may differ significantly from the perspective and perception of consumers. In the present case consumers may prefer certain brands and car coloration, which is not the same for all brands even when it comes to the same model. Such analysis should have been included in the Report;</p> <p>b) No price analysis was present in the Report. To this end, the Appellate Body stated in Philippines – Distilled Spirits that "price is very relevant in assessing whether imported and domestic products stand in a sufficiently direct competitive relationship in a given market. This is because evidence of price competition indicates that the imported product exercises competitive constraints on the domestic product, and vice versa". The TC erroneously did not consider prices of domestic and imported products in the product comparability analysis.</p> <p>3) The deficiencies in the Report do not allow for a definitive conclusion on likeness or direct competitiveness of the imported and domestic motor vehicles. Therefore, this criterion of Article 2.1 of the SGA is not fulfilled and the present investigation should be terminated and any provisional measures should be lifted.</p>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
Government of Indonesia (GOI)	<ol style="list-style-type: none"> <li>1) The conclusions [in Section 5.6, page 39] are very confusing and that the approach of the TC is even different from the WTO case law is referred to. First, the TC has determined two different segments of like or directly competitive that is LC and LCV but this is not the case when the TC defined the like and competitive product in the Staff Report.</li> <li>2) The word “competitive” means “characterized by competition”. The context of the competitive relationship is necessarily the marketplace since that is the forum where consumers choose different products that offer alternative ways of satisfying a particular need or taste. We do not see that the consumer taste and habits which are the most important element in determining like or directly competitive products.</li> <li>3) The local production cars are purposed for passenger cars with 4 seaters while the imported cars from Indonesia are with 8 seaters or three rows car seat. This difference in interior design should then be targeted different segments of consumers. Imported cars from Indonesia could be aimed to target consumers with family or office which needs more seats to accommodate more passengers, while the local production cars targeted business executive due to the sedan model or young consumers which prefers sporty looking cars. Therefore, this difference of market segment should be seen as the fact that imported commercial cars from Indonesia are to supplement the market demand in the Philippines that is not fulfilled by the local producers, instead of like or directly competing products.</li> </ol>
<b>On the legal standing of petitioner and domestic industry requirement</b>	
Government of Indonesia (GOI)	<ol style="list-style-type: none"> <li>1) The TC concluded in the Staff Report that the domestic industry consists of the domestic firms and their workers producing the subject product. We strongly disagree with this conclusion as it is very clear that the domestic firms are not the petitioner in this investigation but instead, they are strongly against the petition filed by PMA.</li> <li>2) The GOI indeed casts strong doubt if the PMA as the petitioner consisting of an alliance of workers, in this case, can meet the requirement as a “domestic industry” as stipulated in Article 4 (f) of the Philippines’ Republic Act No. 8800 and Article 4.1. (c) the Agreement. It is very clear that Article 4.1 (c) of the Agreement acknowledges only a domestic industry as producers, NOT at all alliance of the workers. There is therefore no justified reason for the TC to conclude that PMA as the domestic industry as very clear that it is not the producer. The producers here are the automotive manufacturers in the Philippines.</li> <li>3) TC has erred in defining PMA as a domestic industry according to Article 4.1 (c) of the Agreement and Article 4 (f) of the [RA 8800]. Even if the TC wishes to refer to Section 6 and Rule 6.4 (d) of RA 8800 and its IRRs, the term domestic industry acknowledges only the producer of the like products or directly competing products. As such the TC should immediately terminate the present investigation without any measure.</li> </ol>
<b>On continuing the Safeguard Investigation</b>	
Department of Foreign Trade (DFT) - Thailand	<ol style="list-style-type: none"> <li>1) The [Staff] Report clearly states and confirms that CBU passenger cars and CBU light commercial vehicles are not subject to any Philippines obligations or tariff concessions under the WTO. For this basic reason, the imposition of a safeguard measure against importation of motor vehicles is fundamentally inconsistent with Article XIX of the GATT 1994 and Article 1 of the WTO Agreement on Safeguards.</li> </ol>

## SUMMARY OF POSITIONS OF OTHER INTERESTED PARTIES

Party	Position
Government of Indonesia (GOI)	<ol style="list-style-type: none"> <li>1) Since the TC concluded in the Staff Report that no such increase of import during the POI for both PC and LCV, serious injury or threat thereof and causality is no longer relevant here.</li> <li>2) The GOI believes that there is no justified reason for the TC to continue this investigation and as such the GOI would like to request the termination of this investigation without any measure. At the same time, we would like to request the revocation of the provisional safeguard duty application immediately.</li> </ol>
<b>Request for consultation, compensation, and hearing</b>	
Department of Foreign Trade (DFT) - Thailand	<ol style="list-style-type: none"> <li>1) Regarding Article 12.3 of the SGA, as a Member having a substantial interest as an exporter of the product concerned, the DFT once again reiterates its request to provide an adequate opportunity for prior consultations at the earliest convenience, in order to exchange views on inter alia, the absence of the increased product imports as the Report shows, the measure and reaching an understanding on an adequate means of trade compensation, substantially equivalent to the level of concessions and other obligations under the WTO affected by such impositions of the safeguard measure. In the process of consultation, the DFT reserves the right to raise any additional topics, make further factual and legal arguments, and pursue any other remedies provide for under the SGA and the Understanding on Rules and Procedures Governing the Settlement of Disputes.</li> <li>2) The DFT, as an interested party, requests the TC to provide an opportunity for presenting the statements related to the imposition of safeguard measures against imports of motor vehicles during the public hearing. It is reiterated that the DFT reserves its rights to comment and seek clarification on any aspect other than the aspects of product comparability and volume of increased imports.</li> </ol>
<b>Other matters</b>	
Government of Indonesia (GOI)	<ol style="list-style-type: none"> <li>1) With an online news channel specifically for automotive in the Philippines which said that is safeguard measures are applied, consumers are directed to buy domestically produced vehicles. The limitations that occur in the Philippine domestic market will cause consumers to have no option to choose their desired vehicle due to the prohibitive effect of the safeguard measure in the Philippine market.</li> </ol>

# Comparison Matrix of Local and Imported Motor Vehicles

Tariff Classification	Motor Vehicle Category		Specification		Other, Design Specifications						REMARKS	PRICE RANGE (PHP) (lowest to highest)	
	Brand	Model	Seating capacity/ engine	Body Shape	Size and Usage	Dimensions (mm)/ G.v.w. (kg)	Transmission	Drivetrain	Comfort and Safety	Customer Profile			
<b>Examples of Passenger Cars and Their Parameters</b>													
AHTN 2017													
8703.21.59	Toyota <sup>a</sup>	Wigo	5-seater, 998cc, gasoline engine	2-box design	Hatchback	3660 x 1600 x 1520 / 1100kg	MT, AT	two-wheel drive	Airbags, ABS, EBD, etc.	Employee of mid 30s/ for small family/lesure	Imported	568,000-700,000	
8703.22.47	Mitsubishi <sup>a</sup>	Mirage C4	5-seater, 1193cc gasoline	3-box design	Sedan	4305x1670x1515 / 1305(kg)	5MT, CVT	two-wheel drive	Airbags, ABS, EBD	Middle Mgt Business Owner of late 30s	Locally Produced	735,000-869,000	
8703.22.47	Hyundai	Accent GL	5-seater, 1368cc gasoline	3-box design	Sedan	4440x1729x1480 / 1540-1570kg	6MT, 6AT(automatic)	two-wheel drive	Airbags	Middle Mgt Business Owner of late 30s	Locally Produced	790,000-1,038,000	
8703.22.47	JAC	J4 <sup>a</sup>	5-seater, 1499cc, gasoline engine	3-box design	Sedan	4435x1725x1505 / 1465kg	CVT, MT	two-wheel drive	Airbags, ABS, vehicle stability control system, etc.	Middle Mgt Business Owner of late 30s	Imported	670,000-720,000	
8703.22.47	Changan	Alsvin	5-seater, 1400-1500cc, gasoline,	3-box design	Sedan	4390x1725x1490 / 1455kg	5DCT/5MT	two-wheel drive	Airbags, ABS, EBD, Hill hold and Electronic Stability Control	Middle Mgt Business Owner of late 30s	Imported	539,000-679,000	
8703.22.47	Morris Garage	MG 6 <sup>a</sup>	5-seater, 1490cc, gasoline	3-box design	Sedan	4695 x 1848 x 1482 (mm) / 2040kg	7-Speed Twin Clutch Sportronic	two-wheel drive	airbags, camera and sensor	Middle Mgt Business Owner of late 30s	Imported	1,068,888-1,188,888	
8703.22.47	Morris Garage	MG 5 <sup>a</sup>	5-seater, 1498cc gasoline	3-box design	Sedan	460 1 x 1818 x 1489 (mm)	5MT, CVT with Manual Mode	two-wheel drive	airbags, camera and sensor	Middle Mgt Business Owner of late 30s	Imported	658,888-938,888	
8703.22.47	Nissan <sup>a</sup>	Almera	5-seater, 1198-1498cc gasoline	3-box design	Sedan	4425 x 1695 x 1505	MT	two-wheel drive	Central locking, Anti-theft device, engine immobilizer	Middle Mgt Business Owner of late 30s	Locally Produced	657,000-933,000	
8703.22.47	Honda <sup>a</sup>	City	5-seater, 1497cc gasoline	3-box design	Sedan	4553 x 1748 x 1467 / 1566-1592kg	5MT	two-wheel drive	ABS, Central locking, Anti-theft device, engine immobilizer, sensor	Middle Mgt Business Owner of late 30s	Locally Produced	848,000-1,115,000	
8703.22.59	Mitsubishi <sup>a</sup>	Mirage Hatchback	5-seater, 1193cc gasoline	2-box design	Hatchback	3795x1695x1500 / 1320(kg)	5MT (5 speed, manual)	two-wheel drive	Airbags, ABS, EBD, FCM	Employee of mid 30s/ for small family/lesure	Locally Produced	704,000-765,000	
8703.22.59	Honda	Brio	5-seater, 1195cc, gasoline engine	2-box design	Hatchback	3800x1680x1485 / 1430kg	CVT, 5MT	two-wheel drive	Airbags, ABS	Employee of mid 30s/ for small family/lesure	Imported	601,000-735,000	
8703.22.59	Honda <sup>a</sup>	BR-V	7-seater, 1497cc gasoline	2-box design	MPV	4453 x 1735 x 1666 / 1790kg	MT	two-wheel drive	Airbags, Central locking, Anti-theft device, Engine immobilizer	Businessman/Professionals	Locally Produced	1,038,000-1,158,000	
8703.22.59	Toyota <sup>a</sup>	Avanza	7-seater, 1495cc gasoline	2-box design	MPV	4120 x 1630 x 1630 / 1680kg	5MT	two-wheel drive	Airbags, ABS, EBD, etc.	Businessman/ Professionals	Imported	743,000-1,077,000	
8703.22.59	Toyota <sup>a</sup>	Rush	7-seater, 1496cc gasoline	2-box design	MPV	4435 x 1695 x 1705 / 1670kg	4AT	two-wheel drive	Airbags, ABS, EBD, etc.	Businessman/ Professionals	Imported	983,000-1,100,000	
8703.22.59	Mitsubishi <sup>a</sup>	Xpander	7-seater, 1499cc gasoline	2-box design	MPV	4475 x 1750 x 1695 / 1790kg	5MT/4AT	two-wheel drive	Airbags, ABS, EBD, etc.	Businessman/Professionals	Imported	1,008,000-1,255,000	
8703.22.59	Honda <sup>a</sup>	BR-V	7-seater, 1497cc gasoline	2-box design	MPV	4453 x 1735 x 1666 / 1790kg	MT	two-wheel drive	Airbags, Central locking, Anti-theft device, Engine immobilizer	Businessman/Professionals	Locally Produced	1,038,000-1,158,000	
8703.22.59	Toyota <sup>a</sup>	Avanza	7-seater, 1495cc gasoline	2-box design	MPV	4120 x 1630 x 1630 / 1680kg	5MT	two-wheel drive	Airbags, ABS, EBD, etc.	Businessman/ Professionals	Imported	743,000-1,077,000	
8703.22.59	Toyota <sup>a</sup>	Rush	7-seater, 1496cc gasoline	2-box design	MPV	4435 x 1695 x 1705 / 1870kg	4AT	two-wheel drive	Airbags, ABS, EBD, etc.	Businessman/ Professionals	Imported	983,000-1,100,000	
8703.22.59	Mitsubishi <sup>a</sup>	Xpander	7-seater, 1499cc gasoline	2-box design	MPV	4475 x 1750 x 1695 / 1790kg	5MT/4AT	two-wheel drive	Airbags, ABS, EBD, etc.	Businessman/ Professionals	Imported	1,008,000-1,255,000	
8703.22.56	Mitsubishi <sup>a</sup>	Lancer (EX) <sup>1</sup>	5-seater, 1998cc, gasoline	3-box design	Sedan	4570x1690x1760 / 1850kg	6CVT	two-wheel drive	Airbags, ABS, EBD, sensors	Middle Mgt Business Owner of late 30s	Locally Produced	n/a	
8703.23.63/ 8703.23.66	Nissan	X Trail	7-seater, 1997/2488 cc gasoline	2-box design	MPV/SUV	4690 x 1830 x 1740 / 2130kg	MT/AT	two-wheel drive/ four-wheel drive	Airbags, ABS, EBD, etc.	Businessman/ Professionals/CEO	Imported	1,534,000-1,820,000	
8703.32.61	Hyundai	Accent CRDi	5-seater, 1582 cc, diesel	3-box design	Sedan	4440x1729x1460 / 1540-1570kg	MT/AT	two-wheel drive	Airbags	Middle Mgt Business Owner of late 30s	Locally Produced	790,000-1,038,000	
8703.32.76	Toyota <sup>a</sup>	Innova <sup>7</sup>	8-seater, 2494 cc diesel	2-box design	MPV	4735x1830x1795 / 2430kg	5MT 6AT	two-wheel drive	Central locking, Anti-theft device, engine immobilizer	Businessman/Professionals	Imported	1,186,000-1,754,000	

*Thair P. ...*

*Amapadorn*

*[Signature]*

# Comparison Matrix of Local and Imported Motor Vehicles

ANNEX G

8703.32.76	Mitsubishi <sup>a1</sup>	Adventure <sup>2/</sup>	7-seater, 2477cc, diesel	2-box design	MPV	4420x1800x1650 / 2100kg	MT	two-wheel drive	Central locking, Anti-theft device	Businessman/Professionals	Locally Produced	998,000-1,465,000
8703.32.76	Isuzu <sup>a1</sup>	Crosswind <sup>a1</sup>	7/8-seater, 2499cc, diesel	2-box design	MPV	4780 x 1770 x 1900 / 2160kg	MT	two-wheel drive	Airbags, Central locking, etc.	Businessman/Professionals	Locally Produced	n/a
8703.33.80	Toyota <sup>a1</sup>	Innova	8-seater, 2755cc diesel	2-box design	MPV	4735x1630x1795 / 2430kg	AT/MT	two-wheel drive	Central locking, Anti-theft device, engine immobilizer	Businessman/Professionals	Locally Produced	1,186,000-1,754,000
8703.33.80	Chevrolet	Trailblazer <sup>a3</sup>	7-seater, 2776 cc diesel	2-box design	MPV	4887 x 2132 x 1840 / 2750kg	MT	two-wheel drive	Airbags, ABS, EBD, etc.	Businessman/Professionals	Imported	1,618,888-1,998,888
<b>Examples of Light Commercial Vehicle under AHTN Subheading 8704.21.29 and Their Parameters</b>												
8704.21.29	Mitsubishi <sup>a1</sup>	L-300 (Cab and Chassis)	2-seater, 2,200cc diesel	2-box design	Commercial Utility Vehicle	4260 x 1695 x 1895 / 2345 g.v.w.	MT	two-wheel drive	Airbags, EBD, ABS, sensor, etc.	Contractors/Business Owners	Locally Produced	804,000-998,000
8704.21.29	Isuzu <sup>a1</sup>	Traviz	2-seater, 2499cc, diesel	2-box design	Commercial Utility Vehicle	4450x1695x1955(mm), 2950(kg)g.v.w	MT/AT	two-wheel drive	Airbags, ABS, EBD, etc	Contractors/Business Owners	Imported	962,000-982,000
8704.21.29	Kia	K 2500	2-seater, 2497cc, diesel	2-box design	Commercial Utility Vehicle	4825x1740x2105, 2980(2112)kg) g.v.w.	MT/AT	two-wheel drive / four-wheel drive	Airbags, ABS, EBD, etc	Contractors/Business Owners	Imported	820,000-1,215,000
8704.21.29	Isuzu <sup>a1</sup>	D-MAX <sup>a1</sup>	5-seater, 1898-2999cc diesel	3-box design	Pick-up	5285 x 1870 x 1785 / 2,800 g.v.w.	6MT, 6AT	two-wheel drive / four-wheel drive	Airbags, EBD, Central locking with keyless entry, etc.	Contractors/Business Owners	Locally Produced	875,000-1,825,000
8704.21.29	Toyota <sup>a1</sup>	Hilux	2-seater, 2393cc diesel engine	2-box design	Pick-up	5330 x 1865 x 1815 / 3210 kg	6MT/6AT	four-wheel drive	Airbags, ABS, EBD, etc.	Contractors/Business Owners	Imported	843,000-1,850,000
8704.21.29	Mitsubishi <sup>a1</sup>	Strada	3-seater, 2498cc diesel engine	2-box design	Pick-up	4865 x 1785 x 1655 / 2570 kg	MT	four-wheel drive	Anti-theft device, engine immobilizer	Contractors/Business Owners	Imported	815,000-1,760,000

Sources:

a1/ sourced from company submissions and company website

Other information: TC research based on best information available from the internet

Notes:

<sup>1/</sup> Local Production discontinued in 2014

<sup>2/</sup> Local production discontinued in 2017

<sup>3/</sup> Ceased operation in March 2021

<sup>4/</sup> Ceased operation in March 2020

<sup>5/</sup> Local production discontinued in July, 2019

<sup>6/</sup> Local production discontinued in 2018

<sup>7/</sup> Local production discontinued in 2018

Price data sourced from Top Gear, Autodeals and company website. From lowest to highest price. With different time periods i.e., 2019/2021

For the purpose of determining like or directly competitive products only one variant is considered.




# Transposition of Imported Motor Vehicles

ANNEX H

DTI List	Transposition			Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017		
8703.10.90		8703.10.90	8703.10.90	exclude	Other golf cars
8703.21.10		8703.21.10	8703.21.11	exclude	CKD, go-karts, <1000cc
			8703.21.41	exclude	Other, go-karts, <1000cc
			8703.40.11	exclude	CKD, go-karts, gasoline electric
			8703.40.31	exclude	Other, go-karts, gasoline electric
			8703.60.11	exclude	CKD, go-karts, gasoline electric
			8703.60.31	exclude	Other, go-karts, gasoline electric
8703.21.21			8703.21.21	exclude	CKD, 4WD motor cars, <1000cc
8703.21.22		8703.21.22	8703.21.15	exclude	CKD, sedan, <1000cc
			8703.21.21	exclude	CKD
			8703.40.18	exclude	CKD, sedan, <1500cc
			8703.40.22	exclude	CKD, 4WD motor cars, <1500cc
			8703.60.18	exclude	CKD, sedan, <1500cc
			8703.60.22	exclude	CKD, 4WD motor cars, <1500cc
8703.21.23		8703.21.23	8703.21.15	exclude	
			8703.21.29	exclude	CKD, other than 4WD motor cars, <1000cc
			8703.40.18	exclude	
			8703.40.25	exclude	CKD, other than 4WD motor cars, <2000cc
			8703.60.18	exclude	
			8703.60.25	exclude	CKD, other than 4WD motor cars, <2000cc
8703.21.24		8703.21.24	8703.21.45	include	Other, sedan, <1000cc
			8703.21.51	include	Other, 4WD motor cars, <1000cc
			8703.40.61	exclude	Other, sedan, <1000cc
			8703.40.71	exclude	Other, 4WD motor cars, <1000cc
			8703.60.61	exclude	Other, sedan, <1000cc
			8703.60.71	exclude	Other, 4WD motor cars, <1000cc
8703.21.29		8703.21.29	8703.21.45	include	Sedan
			8703.21.59	include	Other, other than 4WD motor cars, <1000cc
			8703.40.61	exclude	Sedan
			8703.40.81	exclude	Other, other than 4WD motor cars, <1000cc
			8703.60.61	exclude	Sedan
			8703.60.81	exclude	Other, other than 4WD motor cars, <1000cc
8703.21.30		8703.21.30		exclude	Questionable tariff lines
8703.21.31		8703.21.31	8703.21.12	exclude	CKD, ATV, <1000cc
			8703.21.13	exclude	CKD, Ambulance, <1000cc
			8703.21.14	exclude	CKD, Motor-homes, <1000cc
			8703.21.30	exclude	CKD, Other Motor cars other than FWD, <1000cc
			8703.40.12	exclude	CKD, ATV
			8703.40.13	exclude	CKD, Ambulance
			8703.40.14	exclude	CKD, hearses
			8703.40.15	exclude	CKD, prison vans
			8703.40.16	exclude	CKD, Motor-homes, <2000cc
			8703.40.27	exclude	CKD, other, <2000cc
			8703.60.12	exclude	CKD, ATV
			8703.60.13	exclude	CKD, Ambulance
			8703.60.14	exclude	CKD, hearses
			8703.60.15	exclude	CKD, prison vans
			8703.60.16	exclude	CKD, Motor-homes, <2000cc
			8703.60.27	exclude	CKD, other, <2000cc
8703.21.39		8703.21.39	8703.21.12	exclude	CKD
			8703.21.13	exclude	CKD
			8703.21.14	exclude	CKD
			8703.21.30	exclude	CKD
			8703.40.12	exclude	CKD
			8703.40.13	excluded	CKD
			8703.40.14	exclude	CKD
			8703.40.15	exclude	CKD
			8703.40.16	exclude	CKD
			8703.40.27	exclude	CKD
			8703.60.12	exclude	CKD
			8703.60.13	exclude	CKD
			8703.60.14	exclude	CKD
			8703.60.15	exclude	CKD
			8703.60.16	exclude	CKD
			8703.60.27	exclude	CKD
8703.21.54				exclude	not in AHTN 2007, 2012, and 2017
8703.21.59			8703.21.59	include	Other, other than 4WD motor cars, <1000cc
8703.21.90		8703.21.90		exclude	Questionable tariff lines
8703.21.91		8703.21.91	8703.21.43	exclude	Other, ambulances, <1000cc
			8703.40.36	exclude	Other, ambulances, >3000cc
			8703.60.36	exclude	Other, ambulances, >3000cc
8703.21.99		8703.21.99	8703.21.42	exclude	Other, ATV, <1000cc
			8703.21.90	include	Other, other motor cars other than FWD, <1000cc
			8703.40.32	exclude	Other, ATV, <1000cc






# Transposition of Imported Motor Vehicles

# ANNEX H

DTI List	Transposition			Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017		
			8703.40.41	exclude	Other,hearses, <1000cc
			8703.40.51	exclude	Other, prison vans, <1000cc
			8703.40.91	exclude	Other,other, <1000cc, hybrid
			8703.60.32	exclude	Other,ATV, <1000cc
			8703.60.41	exclude	Other,hearses, <1000cc
			8703.60.51	exclude	Other, prison vans, <1000cc
			8703.60.91	exclude	Other,other, <1000cc, hybrid
8703.22.11		8703.22.11	8703.22.17	exclude	CKD, sedan, >1000cc - 1500cc
			8703.22.21	exclude	CKD,FWD motor cars, >1000cc - 1500cc
			8703.22.29	exclude	CKD, motor cars other than FWD, >1000cc - 1500cc
			8703.40.18	exclude	CKD, sedan, < 1500cc
			8703.40.22	exclude	CKD,motor cars FWD, < 1500cc
			8703.40.25	exclude	CKD, motor cars other than FWD, <2000cc
			8703.60.18	exclude	CKD, sedan, < 1500cc
			8703.60.22	exclude	CKD,motor cars FWD, < 1500cc
			8703.60.25	exclude	CKD, motor cars other than FWD, <2000cc
8703.22.19		8703.22.19	8703.22.47	Include	Other, sedan, >1000cc - 1500cc
			8703.22.51	Include	Other, motor cars FWD, >1000cc - 1500cc
			8703.22.59	Include	Other, motor cars other than FWD, >1000cc - 1500cc
			8703.40.62	exclude	Other, sedan, >1000cc - 1500cc, hybrid
			8703.40.72	exclude	Other, motor cars FWD, >1000cc - 1500cc, hybrid
			8703.40.82	exclude	Other, motor cars other than FWD, >1000cc - 1500cc, hybrid
			8703.60.62	exclude	Other, sedan, >1000cc - 1500cc, hybrid
			8703.60.72	exclude	Other, motor cars FWD, >1000cc - 1500cc, hybrid
			8703.60.82	exclude	Other, motor cars other than FWD, >1000cc - 1500cc, hybrid
8703.22.20		8703.22.20		exclude	Questionable tariffines
8703.22.21		8703.22.21	8703.22.11	exclude	CKD, Go karts, >1000cc - 1500cc
			8703.22.12	exclude	CKD, ATV, >1000cc - 1500cc
			8703.22.13	exclude	CKD, Ambulance, >1000cc - 1500cc
			8703.22.14	exclude	CKD, hearses, >1000cc - 1500cc
			8703.22.15	exclude	CKD, prison vans, >1000cc - 1500cc
			8703.22.16	exclude	CKD, Motor-homes, >1000cc - 1500cc
			8703.22.30	exclude	CKD
			8703.40.11	exclude	CKD, Go-kart
			8703.40.12	exclude	CKD, ATV
			8703.40.13	exclude	CKD, Ambulance
			8703.40.14	exclude	CKD, hearses
			8703.40.15	exclude	CKD, prison vans
			8703.40.16	exclude	CKD, Motor-homes, <2000cc
			8703.40.27	exclude	CKD, other, <2000cc
			8703.60.11	exclude	CKD, Go-kart
			8703.60.12	exclude	CKD, ATV
			8703.60.13	exclude	CKD, Ambulance
			8703.60.14	exclude	CKD, hearses
			8703.60.15	exclude	CKD, prison vans
			8703.60.16	exclude	CKD, Motor-homes, <2000cc
			8703.60.27	exclude	CKD, other, <2000cc
8703.22.29		8703.22.29	8703.22.11	exclude	CKD
			8703.22.12	exclude	CKD
			8703.22.13	exclude	CKD
			8703.22.14	exclude	CKD
			8703.22.15	exclude	CKD
			8703.22.16	exclude	CKD
			8703.22.30	exclude	CKD
			8703.40.11	exclude	CKD
			8703.40.12	exclude	CKD
			8703.40.13	exclude	CKD
			8703.40.14	exclude	CKD
			8703.40.15	exclude	CKD
			8703.40.16	exclude	CKD
			8703.40.27	exclude	CKD
			8703.60.11	exclude	CKD
			8703.60.12	exclude	CKD
			8703.60.13	exclude	CKD
			8703.60.14	exclude	CKD
			8703.60.15	exclude	CKD
			8703.60.16	exclude	CKD
			8703.60.27	exclude	CKD
8703.22.30			8703.22.30	excluded	CKD, other, >1000cc - 1500cc
8703.22.47			8703.22.47	Include	Other, sedan, >1000cc - 1500cc
8703.22.51			8703.22.51	Include	Other, motor cars FWD, >1000cc - 1500cc
8703.22.59			8703.22.59	Include	Other, motor cars other than FWD, >1000cc - 1500cc
8703.22.90					
		8703.22.91	8703.22.43	exclude	Other, ambulances, >1000cc - 1500cc
			8703.40.34	exclude	Other, ambulances, >1000cc - 1500cc
			8703.60.34	exclude	Other, ambulances, >1000cc - 1500cc
8703.22.99		8703.22.99	8703.22.41	exclude	Other, Go-karts, >1000cc - 1500cc




# Transposition of Imported Motor Vehicles

# ANNEX H

DTI List	Transposition			TLs that are not in either of AHTN 2007, AHTN 2012, and AHTN 2017	Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017			
			8703.22.42		exclude	Other, ATV, >1000cc - 1500cc
			8703.22.44		exclude	Other, Hearses, >1000cc - 1500cc
			8703.22.45		exclude	Other, Prison vans, >1000cc - 1500cc
			8703.22.90		include	Other, other, >1000cc - 1500cc
			8703.40.31		exclude	Other, Go-karts
			8703.40.33		exclude	Other, ATV, >1000cc
			8703.40.42		exclude	Other, Hearses, >1000cc - 1500cc
			8703.40.52		exclude	Other, Prison vans, >1000cc - 1500cc
			8703.40.92		exclude	Other, other, >1000cc - 1500cc, hybrid
			8703.60.31		exclude	Other, Go-karts
			8703.60.33		exclude	Other, ATV, >1000cc
			8703.60.42		exclude	Other, Hearses, >1000cc - 1500cc
			8703.60.52		exclude	Other, Prison vans, >1000cc - 1500cc
			8703.60.92		exclude	Other, other, >1000cc - 1500cc, hybrid
8703.23.16				8703.23.16	exclude	not in AHTN 2007, 2012, and 2017
8703.23.17				8703.23.17	exclude	not in AHTN 2007, 2012, and 2017
8703.23.21		8703.23.21	8703.23.12		exclude	CKD, Hearses, >1500cc - 3000cc
			8703.40.14		exclude	CKD, Hearses
			8703.60.14		exclude	CKD, Hearses
8703.23.22			8703.23.22		exclude	CKD, Sedan, >1800cc - 2000cc
8703.23.23			8703.23.23		exclude	CKD, Sedan, >2000cc - 2500cc
8703.23.24			8703.23.24		exclude	CKD, Sedan, >2500cc
8703.23.29		8703.23.29	8703.23.52		exclude	Other, Hearses
			8703.40.43		exclude	Other, Hearses, >1500cc - 1800cc
			8703.40.44		exclude	Other, Hearses, >1800cc - 2000cc
			8703.40.45		exclude	Other, Hearses, >2000cc - 2500cc
			8703.40.46		exclude	Other, Hearses, >2500cc - 3000cc
			8703.60.43		exclude	Other, Hearses, >1500cc - 1800cc
			8703.60.44		exclude	Other, Hearses, >1800cc - 2000cc
			8703.60.45		exclude	Other, Hearses, >2000cc - 2500cc
			8703.60.46		exclude	Other, Hearses, >2500cc - 3000cc
8703.23.31		8703.23.31	8703.23.13		exclude	CKD, Prison vans, >1500cc - 3000cc
			8703.40.15		exclude	CKD, Prison vans
			8703.60.15		exclude	CKD, Prison vans
8703.23.32			8703.23.32		exclude	CKD, Motor cars FWD, >1800cc - 2000cc
8703.23.33			8703.23.33		exclude	CKD, Motor cars FWD, >2000cc - 2500cc
8703.23.34			8703.23.34		exclude	CKD, Motor cars FWD, >2500cc
8703.23.35			8703.23.35		exclude	CKD, Motor cars other than FWD, >1500cc - 2000cc
8703.23.36			8703.23.36		exclude	CKD, Motor cars other than FWD, >2000cc
8703.23.39		8703.23.39	8703.23.53		exclude	Other, Prison vans, >1500cc - 3000cc
			8703.40.53		exclude	Other, Prison vans, >1500cc - 1800cc
			8703.40.54		exclude	Other, Prison vans, >1800cc - 3000cc
			8703.60.53		exclude	Other, Prison vans, >1500cc - 1800cc
			8703.60.54		exclude	Other, Prison vans, >1800cc - 3000cc
8703.23.40		8703.23.40	8703.23.14		exclude	CKD, Motor-homes, >1500cc - 3000cc
			8703.23.54		exclude	Other, Motor-homes, >1500cc - 3000cc
			8703.40.16		exclude	CKD, Motor-homes, <2000cc
			8703.40.17		exclude	CKD, Motor-homes, >2000cc
			8703.40.57		exclude	Other, Motor-homes, >1500cc - 2000cc
			8703.40.58		exclude	Other, Motor-homes, >2000cc
			8703.60.16		exclude	CKD, Motor-homes, <2000cc
			8703.60.17		exclude	CKD, Motor-homes, >2000cc
			8703.60.57		exclude	Other, Motor-homes, >1500cc - 2000cc
			8703.60.58		exclude	Other, Motor-homes, >2000cc
8703.23.41			8703.23.41		exclude	CKD, Other, >1500cc - 2000cc
8703.23.42			8703.23.42		exclude	CKD, Other, > 2000cc
8703.23.43				8703.23.43	exclude	not in AHTN 2007, 2012, and 2017
8703.23.44				8703.23.44	exclude	not in AHTN 2007, 2012, and 2017
8703.23.45				8703.23.45	exclude	not in AHTN 2007, 2012, and 2017
8703.23.51		8703.23.51	8703.23.21		exclude	CKD, Sedan, >1500cc - 1800cc
			8703.23.31		exclude	CKD, Motor cars FWD, >1500cc - 1800cc
			8703.23.35		exclude	CKD, Motor cars other than FWD, >1500cc - 1800cc
			8703.40.19		exclude	CKD, Sedan, >1500cc - 2000cc
			8703.40.23		exclude	CKD, Motor cars FWD, >1500cc - 2000cc
			8703.40.25		exclude	CKD, Motor cars other than FWD, >1500cc - 2000cc
			8703.60.19		exclude	CKD, Sedan, >1500cc - 2000cc
			8703.60.23		exclude	CKD, Motor cars FWD, >1500cc - 2000cc
			8703.60.25		exclude	CKD, Motor cars other than FWD, >2000cc
8703.23.52		8703.23.52	8703.23.22		exclude	CKD, Sedan, >1800cc - 2000cc
			8703.23.32		exclude	CKD, Motor cars FWD, >1800cc - 2000cc
			8703.23.35		exclude	CKD
			8703.40.19		exclude	CKD
			8703.40.23		exclude	CKD
			8703.40.25		exclude	CKD
			8703.60.19		exclude	CKD
			8703.60.23		exclude	CKD
			8703.60.25		exclude	CKD




# Transposition of Imported Motor Vehicles

ANNEX H

DTI List	Transposition			TLs that are not in either of AHTN 2007, AHTN 2012, and AHTN 2017	Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017			
8703.23.53		8703.23.53	8703.23.23		exclude	CKD, Sedan, >2000cc - 2500cc
			8703.23.33		exclude	CKD, Motor cars FWD, >2000cc - 2500cc
			8703.23.36		exclude	CKD, Motor cars other than FWD, >2000cc
			8703.40.21		exclude	CKD, Sedan, >2000cc
			8703.40.24		exclude	CKD, Motor cars FWD, >2000cc
			8703.40.26		exclude	CKD, Motor cars other than FWD, >2000cc
			8703.60.21		exclude	CKD, Sedan, >2000cc
			8703.60.24		exclude	CKD, Motor cars FWD, >2000cc
			8703.60.26		exclude	CKD, Motor cars other than FWD, >2000cc
8703.23.54		8703.23.54	8703.23.24		exclude	CKD, Sedan, >2500cc
			8703.23.34		exclude	CKD, Motor cars FWD, >2500cc
			8703.23.36		exclude	CKD
			8703.40.21		exclude	CKD
			8703.40.24		exclude	CKD
			8703.40.26		exclude	CKD
			8703.60.21		exclude	CKD
			8703.60.24		exclude	CKD
			8703.60.26		exclude	CKD
8703.23.55			8703.23.55		include	Other, Sedan, >1500cc - 1800cc
8703.23.56			8703.23.56		include	Other, Sedan, >1800cc - 2000cc
8703.23.57			8703.23.57		include	Other, Sedan, >2000cc - 2500cc
8703.23.58			8703.23.58		include	Other, Sedan, >2500cc
8703.23.61		8703.23.61	8703.23.55		include	Other, Sedan, >1500cc - 1800cc
			8703.23.61		include	Other, Motor cars FWD, >1500cc - 1800cc
			8703.23.65		include	Other, Motor cars other than FWD, >1500cc - 1800cc
			8703.40.63		exclude	Other, Sedan, >1500cc - 1800cc, hybrid
			8703.40.73		exclude	Other, Motor cars FWD, >1500cc - 1800cc, hybrid
			8703.40.83		exclude	Other, Motor cars other than FWD, >1500cc - 1800cc, hybrid
			8703.60.63		exclude	Other, Sedan, >1500cc - 1800cc, hybrid
			8703.60.73		exclude	Other, Motor cars FWD, >1500cc - 1800cc, hybrid
			8703.60.83		exclude	Other, Motor cars other than FWD, >1500cc - 1800cc, hybrid
8703.23.62		8703.23.62	8703.23.56		include	Other, Sedan, >1800cc - 2000cc
			8703.23.62		include	Other, Motor cars FWD, >1800cc - 2000cc
			8703.23.66		include	Other, Motor cars other than FWD, >1800cc - 2000cc
			8703.40.64		exclude	Other, Sedan, >1800cc - 2000cc
			8703.40.74		exclude	Other, Motor cars FWD, >1800cc - 2000cc
			8703.40.84		exclude	Other, Motor cars other than FWD, >1800cc - 2000cc
			8703.60.64		exclude	Other, Sedan, >1800cc - 2000cc
			8703.60.74		exclude	Other, Motor cars FWD, >1800cc - 2000cc
			8703.60.84		exclude	Other, Motor cars other than FWD, >1800cc - 2000cc
8703.23.63		8703.23.63	8703.23.57		include	Other, Sedan, >2000cc - 2500cc
			8703.23.63		include	Other, Motor cars FWD, >2000cc - 2500cc
			8703.23.67		include	Other, Motor cars other than FWD, >2000cc - 2500cc
			8703.40.65		exclude	Other, Sedan, >2000cc - 2500cc
			8703.40.75		exclude	Other, Motor cars FWD, >2000cc - 2500cc
			8703.40.85		exclude	Other, Motor cars other than FWD, >2000cc - 2500cc
			8703.60.65		exclude	Other, Sedan, >2000cc - 2500cc
			8703.60.75		exclude	Other, Motor cars FWD, >2000cc - 2500cc
			8703.60.85		exclude	Other, Motor cars other than FWD, >2000cc - 2500cc
8703.23.64		8703.23.64	8703.23.58		include	Other, Sedan, >2500cc
			8703.23.64		include	Other, Motor cars FWD, >2500cc
			8703.23.68		include	Other, Motor cars other than FWD, >2500cc
			8703.40.66		exclude	Other, Sedan, >2500cc
			8703.40.76		exclude	Other, Motor cars FWD, >2500cc
			8703.40.86		exclude	Other, Motor cars other than FWD, >2500cc
			8703.60.66		exclude	Other, Sedan, >2500cc
			8703.60.76		exclude	Other, Motor cars FWD, >2500cc
			8703.60.86		exclude	Other, Motor cars other than FWD, >2500cc
8703.23.65			8703.23.65		include	Other, Motor cars other than FWD, >1500cc - 1800cc
8703.23.66			8703.23.66		include	Other, Motor cars other than FWD, >1800cc - 2000cc
8703.23.67			8703.23.67		include	Other, Motor cars other than FWD, >2000cc - 2500cc
8703.23.68			8703.23.68		include	Other, Motor cars other than FWD, >2500cc
8703.23.71		8703.23.71	8703.23.41		exclude	CKD, other, >1500cc - 2000cc
			8703.40.27		exclude	CKD, other, < 2000cc
			8703.60.27		exclude	CKD, other, < 2000cc
8703.23.72		8703.23.72	8703.23.41		exclude	CKD
			8703.40.27		exclude	CKD
			8703.60.27		exclude	CKD
8703.23.73		8703.23.73	8703.23.42		exclude	CKD, other, >2000cc
			8703.40.28		exclude	CKD, other, >2000cc
			8703.60.28		exclude	CKD, other, >2000cc
8703.23.74		8703.23.74	8703.23.42		exclude	CKD
			8703.40.28		exclude	CKD
			8703.60.28		exclude	CKD
8703.23.91		8703.23.91	8703.23.71		include	Other, other
			8703.40.93		exclude	Other, other
			8703.60.93		exclude	Other, other




# Transposition of Imported Motor Vehicles

ANNEX H

DTI List	Transposition			TIs that are not in either of AHTN 2007, AHTN 2012, and AHTN 2017	Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017			
8703.23.92		8703.23.92	8703.23.72		include	Other, other
			8703.40.94		exclude	Other, other
			8703.60.94		exclude	Other, other
8703.23.93		8703.23.93	8703.23.73		include	Other, other
			8703.40.95		exclude	Other, other
			8703.60.95		exclude	Other, other
8703.23.94		8703.23.94	8703.23.74		include	Other, other
			8703.40.96		exclude	Other, other
			8703.60.96		exclude	Other, other
8703.24.10		8703.24.10	8703.24.11		exclude	CKD, ambulances
			8703.24.41		exclude	Other, ambulances
			8703.40.13		exclude	CKD, ambulances
			8703.40.36		exclude	Other, ambulances
			8703.60.13		exclude	CKD, ambulances
			8703.60.36		exclude	Other, ambulances
8703.24.15			8703.24.15		exclude	CKD, Sedan
8703.24.21		8703.24.21	8703.24.12		exclude	CKD, Hearses
			8703.40.14		exclude	CKD, Hearses
			8703.60.14		exclude	CKD, Hearses
8703.24.29		8703.24.29	8703.24.42		exclude	Other, Hearses
			8703.40.47		exclude	Other, Hearses
			8703.60.47		exclude	Other, Hearses
8703.24.30		8703.24.31	8703.24.13		exclude	CKD, Prison vans
			8703.40.15		exclude	CKD, Prison vans
			8703.60.15		exclude	CKD, Prison vans
8703.24.39		8703.24.39	8703.24.43		exclude	Other, Prison vans
			8703.40.55		exclude	Other, Prison vans
			8703.60.55		exclude	Other, Prison vans
8703.24.41		8703.24.41	8703.24.15		exclude	CKD, Sedan
			8703.24.21		exclude	CKD, Other motor cars
			8703.40.21		exclude	CKD, Sedan
			8703.40.24		exclude	CKD, Other motor cars
			8703.60.21		exclude	CKD, Sedan
			8703.60.24		exclude	CKD, Other motor cars
8703.24.42			8703.24.42		exclude	Other, Hearses
8703.24.45			8703.24.45		include	Other, Sedan
8703.24.49		8703.24.49	8703.24.15		exclude	CKD
			8703.24.29		exclude	CKD
			8703.40.21		exclude	CKD
			8703.40.26		exclude	CKD
			8703.60.21		exclude	CKD
			8703.60.26		exclude	CKD
8703.24.50		8703.24.50			exclude	Questionable tariffines
8703.24.51		8703.24.51	8703.24.45		include	Other, Sedan
			8703.24.51		include	Other, other motor cars
			8703.40.67		exclude	Other, Sedan
			8703.40.77		exclude	Other, other motor cars
			8703.60.67		exclude	Other, Sedan
			8703.60.77		exclude	Other, other motor cars
8703.24.59		8703.24.59	8703.24.49		include	Other, Sedan
			8703.24.59		include	Other, other motor cars
			8703.40.68		exclude	Other, Sedan
			8703.40.87		exclude	Other, other motor cars
			8703.60.68		exclude	Other, Sedan
			8703.60.87		exclude	Other, other motor cars
8703.24.60			8703.24.60		exclude	Questionable tariffines
8703.24.61			8703.24.61		include	Other, Other FWD
8703.24.69			8703.24.69		include	Other, Other
8703.24.70		8703.24.70	8703.24.14		exclude	CKD, Motor homes
			8703.24.44		exclude	Other, Motor homes
			8703.40.17		exclude	CKD, Motor homes
			8703.40.58		exclude	Other, Motor homes
			8703.60.17		exclude	CKD, Motor homes
			8703.60.58		exclude	Other, Motor homes
8703.24.89		8703.24.89	8703.24.30		exclude	CKD, Other
			8703.40.28		exclude	CKD, Other
			8703.60.28		exclude	CKD, Other
8703.24.90		8703.24.90			exclude	Questionable tariffines
8703.24.91		8703.24.91	8703.24.61		include	Other, other
			8703.40.97		exclude	Other, other
			8703.60.97		exclude	Other, other
8703.24.99		8703.24.99	8703.24.69		include	Other, other
			8703.40.98		exclude	Other, other
			8703.60.98		exclude	Other, other
8703.31.20		8703.31.20	8703.31.47		include	Other, Sedan
			8703.31.51		include	Other, Motor cars
			8703.31.59		include	Other, Motor cars




# Transposition of Imported Motor Vehicles

# ANNEX H

DTI List	Transposition			TLs that are not in either of AHTN 2007, AHTN 2012, and AHTN 2017	Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017			
			8703.50.61		exclude	Other, Sedan
			8703.50.62		exclude	Other, Sedan
			8703.50.71		exclude	Other, Motor cars
			8703.50.72		exclude	Other, Motor cars
			8703.50.81		exclude	Other, Motor cars
			8703.50.82		exclude	Other, Motor cars
			8703.70.61		exclude	Other, Sedan
			8703.70.62		exclude	Other, Sedan
			8703.70.71		exclude	Other, Motor cars
			8703.70.72		exclude	Other, Motor cars
			8703.70.81		exclude	Other, Motor cars
			8703.70.82		exclude	Other, Motor cars
8703.31.30			8703.31.30		exclude	CKD, other
8703.31.50		8703.31.50	8703.31.16		exclude	CKD, Motor homes
			8703.31.46		exclude	Other, Motor homes
			8703.50.16		exclude	CKD, Motor homes
			8703.50.56		exclude	Other, Motor homes
			8703.70.16		exclude	CKD, Motor homes
			8703.70.56		exclude	Other, Motor homes
8703.31.59		8703.31.59			exclude	Questionable tariffines
8703.31.89		8703.31.89	8703.31.11		exclude	CKD
			8703.31.12		exclude	CKD
			8703.31.14		exclude	CKD
			8703.31.15		exclude	CKD
			8703.31.30		exclude	CKD
			8703.50.11		exclude	CKD
			8703.50.12		exclude	CKD
			8703.50.14		exclude	CKD
			8703.50.15		exclude	CKD
			8703.50.27		exclude	CKD
			8703.70.11		exclude	CKD
			8703.70.12		exclude	CKD
			8703.70.14		exclude	CKD
			8703.70.15		exclude	CKD
			8703.70.27		exclude	CKD
8703.31.90		8703.31.90			exclude	Questionable tariffines
8703.31.99		8703.31.99	8703.31.41		exclude	Other, Go-kart
			8703.31.42		exclude	Other, ATV
			8703.31.44		exclude	Other, hearses
			8703.31.45		exclude	Other, Prison vans
			8703.31.90		include	Other, other
			8703.50.31		exclude	Other, Go-kart
			8703.50.32		exclude	Other, ATV
			8703.50.33		exclude	Other, ATV
			8703.50.41		exclude	Other, hearses
			8703.50.42		exclude	Other, hearses
			8703.50.51		exclude	Other, Prison vans
			8703.50.52		exclude	Other, Prison vans
			8703.50.91		exclude	Other, other
			8703.50.92		exclude	Other, other
			8703.70.31		exclude	Other, Go-kart
			8703.70.32		exclude	Other, ATV
			8703.70.33		exclude	Other, ATV
			8703.70.41		exclude	Other, hearses
			8703.70.42		exclude	Other, hearses
			8703.70.51		exclude	Other, Prison vans
			8703.70.52		exclude	Other, Prison vans
			8703.70.91		exclude	Other, other
			8703.70.92		exclude	Other, other
8703.32.10		8703.32.10	8703.32.11		excluded	Ambulance
			8703.32.51		exclude	Ambulance
			8703.50.13		exclude	Ambulance
			8703.50.35		exclude	Ambulance
			8703.70.13		exclude	Ambulance
			8703.70.35		exclude	Ambulance
8703.32.21		8703.32.21	8703.32.12		exclude	Hearses
			8703.50.14		exclude	Hearses
			8703.70.14		exclude	Hearses
8703.32.22			8703.32.22		exclude	CKD, Sedan
8703.32.23			8703.32.23		exclude	CKD, Sedan
8703.32.29		8703.32.29	8703.32.52		exclude	Hearses
			8703.50.43		exclude	Hearses
			8703.50.44		exclude	Hearses
			8703.50.45		exclude	Hearses
			8703.70.43		exclude	Hearses
			8703.70.44		exclude	Hearses
			8703.70.45		exclude	Hearses




# Transposition of Imported Motor Vehicles

ANNEX H

DTI List	Transposition			TIs that are not in either of AHTN 2007, AHTN 2012, and AHTN 2017	Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017			
8703.32.32			8703.32.32		exclude	CKD, Other motor cars
8703.32.33			8703.32.33		exclude	CKD, Other motor cars
8703.32.36			8703.32.36		exclude	CKD, Other motor cars
8703.32.39		8703.32.39	8703.32.53		exclude	Prison vans
			8703.50.53		exclude	Prison vans
			8703.50.54		exclude	Prison vans
			8703.70.53		exclude	Prison vans
			8703.70.54		exclude	Prison vans
8703.32.41			8703.32.41		exclude	CKD, Other
8703.32.42		8703.32.42	8703.32.21		exclude	CKD
			8703.32.22		exclude	CKD
			8703.32.31		exclude	CKD
			8703.32.32		exclude	CKD
			8703.50.19		exclude	CKD
			8703.50.23		exclude	CKD
			8703.70.19		exclude	CKD
			8703.70.23		exclude	CKD
8703.32.43		8703.32.43	8703.32.21		exclude	CKD
			8703.32.22		exclude	CKD
			8703.32.34		exclude	CKD
			8703.32.35		exclude	CKD
			8703.50.19		exclude	CKD
			8703.50.25		exclude	CKD
			8703.70.19		exclude	CKD
			8703.70.25		exclude	CKD
8703.32.44		8703.32.44	8703.32.23		exclude	CKD
			8703.32.33		exclude	CKD
			8703.50.21		exclude	CKD
			8703.50.24		exclude	CKD
			8703.70.21		exclude	CKD
			8703.70.24		exclude	CKD
8703.32.45				8703.32.45	exclude	not in AHTN 2007, 2012, and 2017
8703.32.49		8703.32.49	8703.32.23		exclude	CKD
			8703.32.36		exclude	CKD
			8703.50.21		exclude	CKD
			8703.50.26		exclude	CKD
			8703.70.21		exclude	CKD
			8703.70.26		exclude	CKD
8703.32.51			8703.32.51		exclude	Ambulance
8703.32.52		8703.32.52	8703.32.61		Include	Other, Sedan
			8703.32.62		Include	Other, Sedan
			8703.32.71		Include	Other, Motor cars
			8703.32.72		Include	Other, Motor cars
			8703.50.63		exclude	Other, Sedan
			8703.50.64		exclude	Other, Sedan
			8703.50.73		exclude	Other, Motor cars
			8703.50.74		exclude	Other, Motor cars
			8703.70.63		exclude	Other, Sedan
			8703.70.64		exclude	Other, Sedan
			8703.70.73		exclude	Other, Motor cars
			8703.70.74		exclude	Other, Motor cars
8703.32.53		8703.32.53	8703.32.61		Include	Other, Sedan
			8703.32.62		Include	Other, Sedan
			8703.32.74		Include	Other, Motor cars
			8703.32.75		Include	Other, Motor cars
			8703.50.63		exclude	Other, Sedan
			8703.50.64		exclude	Other, Sedan
			8703.50.83		exclude	Other, Motor cars
			8703.50.84		exclude	Other, Motor cars
			8703.70.63		exclude	Other, Sedan
			8703.70.64		exclude	Other, Sedan
			8703.70.83		exclude	Other, Motor cars
			8703.70.84		exclude	Other, Motor cars
8703.32.54		8703.32.54	8703.32.63		Include	Other, Sedan
			8703.32.73		Include	Other, Motor cars
			8703.50.65		exclude	Other, Sedan
			8703.50.75		exclude	Other, Motor cars
			8703.70.65		exclude	Other, Sedan
			8703.70.75		exclude	Other, Motor cars
8703.32.59		8703.32.59	8703.32.63		Include	Other, Sedan
			8703.32.76		Include	Other, Motor cars
			8703.50.65		exclude	Other, Sedan
			8703.50.85		exclude	Other, Motor cars
			8703.70.65		exclude	Other, Sedan
			8703.70.85		exclude	Other, Motor cars
8703.32.61			8703.32.61		Include	Other, Sedan
8703.32.62			8703.32.62		Include	Other, Sedan




# Transposition of Imported Motor Vehicles

ANNEX H

DTI List	Transposition			TIs that are not in either of AHTN 2007, AHTN 2012, and AHTN 2017	Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017			
8703.32.63			8703.32.63		Include	Other, Sedan
8703.32.71		8703.32.71	8703.32.41		exclude	CKD, other
			8703.32.42		exclude	CKD, other
			8703.50.27		exclude	CKD, other
			8703.70.27		exclude	CKD, other
8703.32.72		8703.32.72	8703.32.41		exclude	CKD, other
			8703.32.42		exclude	CKD, other
			8703.50.27		exclude	CKD, other
			8703.70.27		exclude	CKD, other
8703.32.73		8703.32.73	8703.32.43		exclude	CKD, other
			8703.50.28		exclude	CKD, other
			8703.70.28		exclude	CKD, other
8703.32.74			8703.32.74		Include	Other, other motor cars
8703.32.75			8703.32.75		Include	Other, other motor cars
8703.32.76			8703.32.76		Include	Other, other motor cars
8703.32.79		8703.32.79	8703.32.43		exclude	CKD, other
			8703.50.28		exclude	CKD, other
			8703.70.28		exclude	CKD, other
8703.32.82			8703.32.82		Include	Other, other
8703.32.83			8703.32.83		Include	Other, other
8703.32.91	8703.32.91	8703.32.60B	8703.32.54			
			8703.50.57		exclude	Motor homes
			8703.50.58		exclude	Motor homes
			8703.70.57		exclude	Motor homes
			8703.70.58		exclude	Motor homes
8703.32.92		8703.32.92	8703.32.81		Include	Other, other
			8703.32.82		Include	Other, other
			8703.50.93		exclude	Other, other
			8703.50.94		exclude	Other, other
			8703.70.93		exclude	Other, other
			8703.70.94		exclude	Other, other
8703.32.93		8703.32.93	8703.32.81		Include	Other, other
			8703.32.82		Include	Other, other
			8703.50.93		exclude	Other, other
			8703.50.94		exclude	Other, other
			8703.70.93		exclude	Other, other
			8703.70.94		exclude	Other, other
8703.32.94		8703.32.94	8703.32.83		Include	Other, other
			8703.50.95		exclude	Other, other
			8703.70.95		exclude	Other, other
8703.32.99		8703.32.99	8703.32.83		Include	Other, other
			8703.50.95		exclude	Other, other
			8703.70.95		exclude	Other, other
8703.33.10		8703.33.10	8703.33.11		exclude	Ambulances
			8703.33.51		exclude	Ambulances
			8703.50.13		exclude	Ambulances
			8703.50.36		exclude	Ambulances
			8703.70.13		exclude	Ambulances
			8703.70.36		exclude	Ambulances
8703.33.21		8703.33.21	8703.33.12		exclude	Hearses
			8703.50.14		exclude	Hearses
			8703.70.14		exclude	Hearses
8703.33.29		8703.33.29	8703.33.52		exclude	Hearses
			8703.50.46		exclude	Hearses
			8703.50.47		exclude	Hearses
			8703.70.46		exclude	Hearses
			8703.70.47		exclude	Hearses
8703.33.22			8703.33.22		excluded	CKD,Sedan
8703.33.31		8703.33.31	8703.33.13		exclude	Prison vans
			8703.50.15		exclude	Prison vans
			8703.70.15		exclude	Prison vans
8703.33.32			8703.33.32		excluded	CKD,Sedan
8703.33.33			8703.33.33		excluded	CKD, Motor cars
8703.33.39		8703.33.39	8703.33.53		exclude	Prison vans
			8703.50.55		exclude	Prison vans
			8703.70.55		exclude	Prison vans
8703.33.40	8703.33.40				exclude	Questionable tariffines
8703.33.41	8703.33.41	8703.33.43	8703.33.21		exclude	CKD,Sedan
8703.33.42	8703.33.42		8703.33.31		exclude	CKD, Motor cars
8703.33.43			8703.50.21		exclude	CKD,Sedan
			8703.50.24		exclude	CKD, Motor cars
			8703.70.21		exclude	CKD,Sedan
			8703.70.24		exclude	CKD, Motor cars
8703.33.44		8703.33.44	8703.33.21		exclude	CKD,Sedan
			8703.33.33		exclude	CKD, Motor cars
			8703.50.21		exclude	CKD,Sedan
			8703.50.26		exclude	CKD, Motor cars




# Transposition of Imported Motor Vehicles

ANNEX H

DTI List	Transposition			TLs that are not in either of AHTN 2007, AHTN 2012, and AHTN 2017	Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017			
			8703.70.21		exclude	CKD,Sedan
			8703.70.26		exclude	CKD, Motor cars
8703.33.45		8703.33.45	8703.33.22		exclude	CKD,Sedan
			8703.33.32		exclude	CKD, Motor cars
			8703.50.21		exclude	CKD,Sedan
			8703.50.24		exclude	CKD, Motor cars
			8703.70.21		exclude	CKD,Sedan
			8703.70.24		exclude	CKD, Motor cars
8703.33.49		8703.33.49	8703.33.22		exclude	CKD,Sedan
			8703.33.34		exclude	CKD, Motor cars
			8703.50.21		exclude	CKD,Sedan
			8703.50.26		exclude	CKD, Motor cars
			8703.70.21		exclude	CKD,Sedan
			8703.70.26		exclude	CKD, Motor cars
8703.33.51			8703.33.51		exclude	Ambulance
8703.33.52			8703.33.52		exclude	Hearses
8703.33.53		8703.33.53	8703.33.61		Include	Other, Sedan
			8703.33.71		Include	Other, Motor cars
			8703.50.66		exclude	Other, Sedan
			8703.50.76		exclude	Other, Motor cars
			8703.70.66		exclude	Other, Sedan
			8703.70.76		exclude	Other, Motor cars
8703.33.54		8703.33.54	8703.33.61		Include	Other, Sedan
			8703.33.80		Include	Other, Motor cars
			8703.50.66		exclude	Other, Sedan
			8703.50.86		exclude	Other, Motor cars
			8703.70.66		exclude	Other, Sedan
			8703.70.86		exclude	Other, Motor cars
8703.33.55		8703.33.55	8703.33.62		Include	Other, Sedan
			8703.33.72		Include	Other, Motor cars
			8703.50.67		exclude	Other, Sedan
			8703.50.77		exclude	Other, Motor cars
			8703.70.67		exclude	Other, Sedan
			8703.70.77		exclude	Other, Motor cars
8703.33.57				8703.33.57	exclude	not in AHTN 2007, 2012, and 2017
8703.33.59		8703.33.59	8703.33.62		Include	Other, Sedan
			8703.33.80		Include	Other, Motor cars
			8703.50.67		exclude	Other, Sedan
			8703.50.87		exclude	Other, Motor cars
			8703.70.67		exclude	Other, Sedan
			8703.70.87		exclude	Other, Motor cars
8703.33.61			8703.33.61		Include	Other, Sedan
8703.33.62			8703.33.62		Include	Other, Sedan
8703.33.70		8703.33.70	8703.33.14		exclude	Motor homes
			8703.33.54		exclude	Motor homes
			8703.50.17		exclude	Motor homes
			8703.50.58		exclude	Motor homes
			8703.70.17		exclude	Motor homes
			8703.70.58		exclude	Motor homes
8703.33.71			8703.33.71		Include	Other, Motor cars
8703.33.72			8703.33.72		Include	Other, Motor cars
8703.33.80			8703.33.80		Include	Other, Motor cars
8703.33.89		8703.33.89	8703.33.40		exclude	CKD, Other
			8703.50.28		exclude	CKD, Other
			8703.70.28		exclude	CKD, Other
8703.33.90			8703.33.90			
8703.33.91		8703.33.91	8703.33.90		Include	Other, Other
			8703.50.96		exclude	Other, Other
			8703.50.97		exclude	Other, Other
			8703.70.96		exclude	Other, Other
			8703.70.97		exclude	Other, Other
8703.33.99		8703.33.99	8703.33.90		Include	Other, Other
			8703.50.96		exclude	Other, Other
			8703.50.97		exclude	Other, Other
			8703.70.96		exclude	Other, Other
			8703.70.97		exclude	Other, Other
8703.40.63			8703.40.63		exclude	Sedan
8703.40.65			8703.40.65		exclude	Sedan
8703.40.68			8703.40.68		exclude	Sedan
8703.40.74			8703.40.74		exclude	Motor cars
8703.40.75			8703.40.75		exclude	Motor cars
8703.40.76			8703.40.76		exclude	Motor cars
8703.40.77			8703.40.77		exclude	Motor cars
8703.40.87			8703.40.87		exclude	Motor cars
8703.60.17			8703.60.17		exclude	Motor homes
8703.60.63			8703.60.63		exclude	Sedan
8703.70.97			8703.70.97		exclude	Other, other






# Transposition of Imported Motor Vehicles

# ANNEX H

DTI List	Transposition			TLs that are not in either of AHTN 2007, AHTN 2012, and AHTN 2017	Remarks	Specification
	AHTN 2007	AHTN 2012	AHTN2017			
8703.80.19			8703.80.19		exclude	CKD, other
8703.80.98			8703.80.98		exclude	Other, Motor cars
8703.90.11		8703.90.11	8703.40.13		exclude	Ambulances
			8703.40.34		exclude	Ambulances
			8703.40.35		exclude	Ambulances
			8703.40.36		exclude	Ambulances
			8703.50.13		exclude	Ambulances
			8703.50.34		exclude	Ambulances
			8703.50.35		exclude	Ambulances
			8703.50.36		exclude	Ambulances
			8703.60.13		exclude	Ambulances
			8703.60.34		exclude	Ambulances
			8703.60.35		exclude	Ambulances
			8703.60.36		exclude	Ambulances
			8703.70.13		exclude	Ambulances
			8703.70.34		exclude	Ambulances
			8703.70.35		exclude	Ambulances
			8703.70.36		exclude	Ambulances
			8703.80.13		exclude	Ambulances
			8703.80.93		exclude	Ambulances
8703.90.12		8703.90.12	8703.40.11		exclude	Go-karts
			8703.40.31		exclude	Go-karts
			8703.50.11		exclude	Go-karts
			8703.50.31		exclude	Go-karts
			8703.60.11		exclude	Go-karts
			8703.60.31		exclude	Go-karts
			8703.70.11		exclude	Go-karts
			8703.70.31		exclude	Go-karts
			8703.80.11		exclude	Go-karts
			8703.80.91		exclude	Go-karts
8703.90.18			8703.90.18		excluded	CKD
8703.90.19			8703.90.19		excluded	CKD
8703.90.44	8703.90.44	8703.90.50	8703.90.17		exclude	CKD
8703.90.50			8703.90.18		exclude	CKD
8703.90.51	8703.90.51A	8703.90.70A	8703.90.99A		exclude	MVDP
8703.90.70	8703.90.51B	8703.90.70B	8703.90.99B		exclude	MVDP
	8703.90.51C	8703.90.70C	8703.90.97		Include	Sedan
			8703.90.98		Include	Motor cars
			8703.90.99C		Include	Other, other
8703.90.52	8703.90.52A, same					
8703.90.54	8703.90.54A, same					
8703.90.80		8703.90.80	8703.90.11		exclude	CKD
			8703.90.12		exclude	CKD
			8703.90.13		exclude	CKD
			8703.90.14		exclude	CKD
			8703.90.15		exclude	CKD
			8703.90.16		exclude	CKD
			8703.90.19		exclude	CKD
8703.90.90		8703.90.90				
8703.90.99		8703.90.90A	8703.90.99A		exclude	MVDP
		8703.90.90B	8703.90.99B		exclude	MVDP
		8703.90.90C	8703.90.91		exclude	Go-kart
			8703.90.92		exclude	Atv
			8703.90.93		exclude	Ambulances
			8703.90.94		exclude	Hearses
			8703.90.95		exclude	Prison vans
			8703.90.96		exclude	Motor homes
			8703.90.99C		Include	Other, other
		8704.21.19	8704.21.19		exclude	CKD
		8704.21.29	8704.21.29		Include	Other




## List of 56 Tariff Lines for Product Consideration

Annex I

No.	AHTN 2017 Codes	Description
1	8703.21.45	Other, sedan, <1000cc
2	8703.21.51	Other, 4WD motor cars, <1000cc, gasoline
3	8703.21.59	Other, other than 4WD motor cars, <1000cc
4	8703.21.90	Other, other motor cars other than FWD, <1000cc
5	8703.22.47	Other, sedan, >1000cc - 1500cc
6	8703.22.51	Other, motor cars FWD, >1000cc - 1500cc
7	8703.22.59	Other, motor cars other than FWD, >1000cc - 1500cc
8	8703.22.90	Other, other, >1000cc - 1500cc
9	8703.23.55	Other, Sedan, >1500cc - 1800cc
10	8703.23.56	Other, Sedan, >1800cc - 2000cc
11	8703.23.57	Other, Sedan, >2000cc - 2500cc
12	8703.23.58	Other, Sedan, >2500cc
13	8703.23.61	Other, Motor cars FWD, >1500cc - 1800cc
14	8703.23.62	Other, Motor cars FWD, >1800cc - 2000cc
15	8703.23.63	Other, Motor cars FWD, >2000cc - 2500cc
16	8703.23.64	Other, Motor cars FWD, >2500cc
17	8703.23.65	Other, Motor cars other than FWD, >1500cc - 1800cc
18	8703.23.66	Other, Motor cars other than FWD, >1800cc - 2000cc
19	8703.23.67	Other, Motor cars other than FWD, >2000cc - 2500cc
20	8703.23.68	Other, Motor cars other than FWD, >2500cc
21	8703.23.71	Other, other
22	8703.23.72	Other, other
23	8703.23.73	Other, other
24	8703.23.74	Other, other
25	8703.24.45	Other, Sedan
26	8703.24.49	Other, Sedan
27	8703.24.51	Other, other motor cars
28	8703.24.59	Other, other motor cars
29	8703.24.61	Other, Other FWD
30	8703.24.69	Other, Other
31	8703.31.47	Other, Sedan
32	8703.31.51	Other, Motor cars
33	8703.31.59	Other, Motor cars
34	8703.31.90	Other, other
35	8703.32.61	Other, Sedan
36	8703.32.62	Other, Sedan
37	8703.32.63	Other, Sedan
38	8703.32.71	Other, Motor cars
39	8703.32.72	Other, Motor cars
40	8703.32.73	Other, Motor cars
41	8703.32.74	Other, Motor cars
42	8703.32.75	Other, Motor cars
43	8703.32.76	Other, Motor cars
44	8703.32.81	Other, other
45	8703.32.82	Other, other




## List of 56 Tariff Lines for Product Consideration

Annex I

46	8703.32.83	Other, other
47	8703.33.61	Other, Sedan
48	8703.33.62	Other, Sedan
49	8703.33.71	Other, Motor cars
50	8703.33.72	Other, Motor cars
51	8703.33.80	Other, Motor cars
52	8703.33.90	Other, Other
53	8703.90.97	Sedan
54	8703.90.98	Motor cars
55	8703.90.99C	Other, other
56	8704.21.29	Other



Asmapaduron



Thair P. Kumbay