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Committee on Safeguards

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

**NOTIFICATION PURSUANT TO ARTICLE 12.1(C)
OF THE AGREEMENT ON SAFEGUARDS**

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

PHILIPPINES

High-Density Polyethylene and Linear Low-Density Polyethylene pellets and granules

The following communication, dated 12 October 2022 and received on 18 October 2022, is being circulated at the request of the delegation of the Philippines.¹

Further to G/SG/N/6/PHL/19/Suppl.1 – G/SG/N/8/PHL/14 dated 24 September 2021 and pursuant to Article 12 and Article 9 of the WTO Agreement on Safeguards, the Permanent Mission of the Philippines to the WTO hereby notifies the Committee on Safeguards that a decision to apply a definitive safeguard measure on the importation of High-Density Polyethylene (HDPE) pellets and granules from various countries has been made.

1 SERIOUS INJURY OR THREAT CAUSED BY INCREASED IMPORTS

While the domestic HDPE industry suffered injury, as evidenced by deterioration in industry market share, sales, and profitability during the period of import surge, the overall impairment in its position was not of a degree that may constitute serious injury.

There exists an imminent threat of serious injury and significant overall impairment to the position of the domestic HDPE industry in the near future, as shown by:

- (a) significant rate of increase in HDPE importations in 2021, pointing to the high likelihood that substantially increased imports will continue into the near future;
- (b) the substantial freely disposable production capacities of top suppliers Malaysia, Thailand, Singapore, and Indonesia in the form of trade diversion from their primary export markets and the importance of the Philippines as an alternative market, indicating a high likelihood of substantially increased exports of HDPE to the Philippines in the near future; and
- (c) the significant deterioration in the overall position of the domestic HDPE industry during the period of import surge (i.e., declines in market share, sales, production, capacity utilization, and profits)

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

2 ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION

HDPE pellets and granules were imported into the Philippines in increased quantities both in absolute terms and relative to domestic production starting in the first semester of 2021. The increase in volume of imports was recent, sudden, sharp, and significant enough.

Following a dip in 2016, imports of HDPE pellets and granules increased by 29% in 2017 and by another 6% in 2018. In 2019, imports continued to grow. In 2020, imports declined by 5%. The decline is attributable to the intense economic disruptions caused by the COVID-19 global outbreak.

Import levels in 2019 and 2020 were thus considered "not normal" due to exceptional circumstances which influenced importations, namely the planned shutdown from October 2019 to March 2020 and the onset of the pandemic in 2020.

Since the POI is until June 2021, an evaluation of first semester imports over the POI showed that the 2021 volume was significantly greater than the following relevant benchmark figures: by 52% compared to import levels in 2018 and by 56% compared to average levels in 2015-2018. On average, import volumes in the first semester accounted for 50%, or half, of annual imports during the normal years of 2015-2018. Considering this historical pattern, there is a high likelihood that imports in 2021 would exhibit similar trend.

3 PRECISE DESCRIPTION OF THE PRODUCT INVOLVED

HDPE pellets and granules classified under ASEAN Harmonized Tariff Nomenclature (AHTN) Code 3901.20.00.

4 PRECISE DESCRIPTION OF THE PROPOSED MEASURE

The Order provides the imposition of the definitive general safeguard measure in the amount of Php1,338/MT for the first year, Php1,271/MT for the second year and Php1,208/MT for the third year of the implementation period. The amount of the measure shall be subject to regular review to give the DTI an opportunity to modify the amount of the duty if necessary.

5 DATE OF INTRODUCTION OF THE DEFINITIVE GENERAL SAFEGUARD MEASURE

The definitive general safeguard measure is scheduled to enter into force upon the issuance of the relevant Customs Memorandum Order by the Philippine Bureau of Customs or fifteen (15) days after the publication of the DTI Order in two (2) newspapers of general circulation, whichever comes earlier. The Order signed by the Secretary of the DTI on 30 September 2022 was published in two (2) newspapers of general circulation on 12 October 2022.

6 EXPECTED DURATION OF THE SAFEGUARD MEASURE

The safeguard measure shall be imposed on imported HDPE pellets and granules from various countries for a period of three (3) years.

7 EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

A definitive safeguard duty effective for three (3) years shall be imposed on imported HDPE pellets from various countries to encourage and challenge the local HDPE industry to be globally competitive. The amount of the safeguard duty to be imposed shall be Php1,338/MT for the first year, Php1,271/MT for the second year and Php1,208/MT for the third year of the implementation period.

8 MAJOR EXPORTING MEMBERS OF IMPORTS OF THE PRODUCT INVOLVED

Major exporting countries of imports of HDPE to the Philippines are Malaysia, Thailand, Saudi Arabia, Singapore, Indonesia and United Arab Emirates.

ANNEX**LIST OF DEVELOPING COUNTRIES AND SEPARATE CUSTOMS TERRITORIES EXCLUDED FROM THE IMPOSITION OF THE DEFINITIVE SAFEGUARD MEASURE ON THE IMPORTATION OF HIGH-DENSITY POLYETHYLENE PELLETS AND GRANULES**

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

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