

Department Administrative Order No.: 20-11
Series of 2020

**IN THE MATTER OF THE PRELIMINARY
DETERMINATION OF THE SAFEGUARD
MEASURES CASE ON THE IMPORTATION
OF MOTOR VEHICLES FROM VARIOUS
COUNTRIES**

**(AHTN Codes 8703 (Passenger Cars),
8704.21.19 and 8704.21.29 (Light
Commercial Vehicles)
(Safeguard Measures Case No. SG01-2020)**

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ORDER

The Philippine Metalworkers' Alliance (PMA), belonging to the motor vehicle industry filed a petition for safeguard measures on the importation of motor vehicles under AHTN Codes 8703 (passenger cars/vehicles), 8704.21.19 and 8704.21.29 (light commercial vehicles) from various countries.

The period of investigation covered imports from 2014 to 2018. Updated data for 2019 were also presented. For injury determination, the Department considered relevant information for the same period.

The Department, acting under Section 7 of RA 8800, the "Safeguard Measures Act" and on the basis of the submissions of interested parties and pieces of evidence made available to the Department, has established the existence of a causal link between the increased imports of the products under consideration and serious injury to the domestic industry.

Further, pursuant to Section 8 of RA 8800 which provides that "*in critical circumstances where a delay would cause damage which would be difficult to repair, and pursuant to a preliminary determination that increased imports are the substantial cause of serious injury to the domestic industry*", a provisional safeguard measure in the form of a cash bond amounting to ₱70,000/unit for passenger cars/vehicles under AHTN Code 8703 and ₱110,000/unit for light commercial vehicles under AHTN Codes 8704.21.19 and 8704.21.29, shall be imposed while the case is under formal investigation by the Tariff Commission for a period of 200 days from the date of issuance by the Bureau of Customs of an Order.

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Imported passenger cars/vehicles that are described as completely knocked -down (CKD), semi knocked-down (SKD), and used vehicles are excluded from the investigation. Also excluded are 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 US\$25,000 based on FOB price.

Likewise, imported light commercial vehicles that are described as completely knocked-down (CKD), semi knocked-down (SKD), and used vehicles are excluded from the investigation. Also excluded are special purpose vehicles such as ambulance, hearse, e-motor vehicles, and luxury cars that have high-end features that go above and beyond the average necessities amounting to more than US\$28,000 based on FOB price.

Imports originating from developing countries listed in Annexes "A and "B" covered by Rule 8.8 of the IRR of RA 8800 shall not be subject to the provisional safeguard measure.

Importers of passenger cars/vehicles and light motor vehicles from a country that is exempt from the safeguard duty 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.

Moreover, Rule 5.2 of the Implementing Rules and Regulations (IRR) of RA 8800 provides that *"the Secretary when establishing that the application of a safeguard measure will be in the public interest shall take into consideration the following factors; among others: x x x (ii) the extent to which such imposition will cause a shortage of a product under consideration in the domestic market"*.

It must be noted that buyers of motor vehicles retain their option to choose between the local and imported motor vehicles since imports will still be allowed. The imposition of a safeguard measure is not expected to cause a shortage of motor vehicles in the domestic market. It will provide a level playing field to enable the domestic industry to compete with imports. This will allow the expansion of the country's manufacturing base and generate more jobs for Filipinos. For these reasons, the Department has determined that it is in the public interest to impose the provisional safeguard measure.

WHEREFORE, IN VIEW THEREOF, the case records will be transmitted to the Tariff Commission for a formal investigation to determine whether or not there is a need to impose a definitive safeguard measure.

The non-confidential report of the preliminary safeguard measures investigation can be accessed at the DTI website: <https://bit.ly/prelim-motor-vehicles>

The notification and consultation requirements under Article 12 of the WTO Safeguards Agreement and Section 17 of RA 8800 and its IRR shall be complied with. Imports originating from ASEAN member states shall be governed by the provisions of Articles 11 and 23 of the ASEAN Trade in Goods Agreement (ATIGA).

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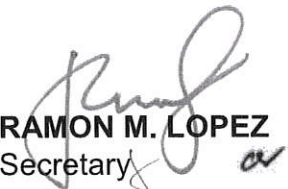
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Let this Order be published in two (2) newspapers of general circulation and let individual notices be sent to all interested parties including the country members concerned.

This Order shall take effect fifteen (15) days after publication or from the date of the issuance of relevant BOC-CMO, whichever comes earlier.

SO ORDERED.

29 December 2020


RAMON M. LOPEZ
Secretary

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ANNEX A

List of Developing Countries and Separate Customs Territories Excluded from the Imposition of Provisional Safeguard Measure on Passenger Cars/Vehicles

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
Ethiopia	Cote d' Ivoire		Nepal
Kenya	Equatorial Guinea		Pakistan
Lesotho	Gabon		Sri Lanka
Madagascar	Gambia, The		
Malawi	Ghana		
Mauritius	Guinea		
Mozambique	Guinea, Bissau		
Namibia	Liberia		
Reunion	Mali		
Rwanda	Mauritania		
Seychelles	Niger		
Somalia	Nigeria		
South Africa	Sao Tome & Principe		
Sudan	Senegal		
Swaziland	Sierra Leone		
Tanzania	Togo		
Uganda			
Zambia			
Zimbabwe			

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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 Turkey Turkmenistan Ukraine Uzbekistan Yugoslavia, Fed. Rep.	Bahrain Iran, Islamic Rep. Iraq Israel Jordan Kuwait Lebanon Oman Qatar Saudi Arabia Syrian Arab Rep. United Arab Emirates West Bank & Gaza Yemen, Rep.	Anguilla Antigua & Barbuda Argentina Aruba Bahamas Barbados Belize Bermuda Bolivia Brazil British Virgin Is. Cayman Is. 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 Is. 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 Is. 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 Malaysia Marshall Islands Micronesia, Fed. Sts. Midway Is. Mongolia Myanmar Nauru New Caledonia Niue Northern Marianas Is. Palau Papua New Guinea Pitcairn Is. Samoa Singapore Solomon Islands Tokelau Tonga Tuvalu Vanuatu Viet Nam Wake Is. Wallis & Futuna Is.

ANNEX B

List of Developing Countries and Separate Customs Territories Excluded from the Imposition of Provisional Safeguard Measure on Light Commercial Vehicles

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
Ethiopia	Cote d' Ivoire		Nepal
Kenya	Equatorial Guinea		Pakistan
Lesotho	Gabon		Sri Lanka
Madagascar	Gambia, The		
Malawi	Ghana		
Mauritius	Guinea		
Mozambique	Guinea, Bissau		
Namibia	Liberia		
Reunion	Mali		
Rwanda	Mauritania		
Seychelles	Niger		
Somalia	Nigeria		
South Africa	Sao Tome & Principe		
Sudan	Senegal		
Swaziland	Sierra Leone		
Tanzania	Togo		
Uganda			
Zambia			
Zimbabwe			

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

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