

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.

OFFICE OF THE SECRETARY

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).

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 *a*

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

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

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 Netherlands Antilles Nicaragua Norfolk Is. Panama Paraguay Peru Puerto Rico St. Helena St. Kitts & Nevis St. Lucia St. Pierre & Miquelon St. Vincent & the Grenadines Suriname Trinidad & Tobago Turks & 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 Indonesia Johnston Is. Kiribati Korea, Dem. Rep. Korea, 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 People's Republic of China Pitcairn Is. Samoa Singapore Solomon Islands Tokelau Tonga Tuvalu Vanuatu Viet Nam Wake Is. Wallis & Futuna Is.