

DEPARTMENT OF TRADE AND INDUSTRY

SAFEGUARD MEASURES CASE NAME:

APPLICATION OF CORRUGATING MEDIUM INDUSTRY

PUBLIC VERSION

SGM CASE NO. : SG01-2025

DATE : 11 February 2025

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

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

I. INTRODUCTION

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

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

A. The Philippine Industry's Petition

A.1 Parties to the Petition - Domestic Industry/Petitioner

Section 4 (f) of RA 8800 defines "domestic industry" as referring to the "*domestic producers, as a whole, of like or directly competitive products manufactured or produced in the Philippines or those whose collective output of like or directly competitive products constitutes a major proportion of the total production of those products*".

Rule 4.1 of the Implementing Rules and Regulations (IRRs) of RA 8800 further provides that: "*(1) in the case of a domestic producer which also imports the product under consideration, only its domestic production of the like or directly competitive product shall be treated as part of the domestic production, or (2) in the case of a domestic producer which produces more than one product, only that portion of its production of the like or directly competitive product may be treated as part of such domestic industry*".

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

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

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

A.2 Legal Standing

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

“SECTION 6. Initiation of Action Involving General Safeguard Measure. — Any person, whether natural or juridical, **belonging to or representing a domestic industry may file with the Secretary a verified petition** requesting that action be taken to remedy the serious injury or prevent the threat thereof to the domestic industry caused by increased imports of the product under consideration.”

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

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

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

Source: PULPAPEL

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

A.3 Importers and Exporters of Corrugating Medium

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

B. Role of the DTI under RA 8800 (The Safeguard Measures Act)

B.1 Examination of Evidence to Justify Initiation of Investigation

In establishing whether there is sufficient evidence to justify the initiation of the investigation, the Secretary relied on Section 6 paragraph 3 of RA 8800 and its IRRs. The said provision provides, *"the Secretary shall review the accuracy and adequacy of the evidence adduced in the petition to determine the existence of a prima facie case that will justify the initiation of a preliminary investigation within five (5) days from receipt of the petition."*

B.2 Documents Received/Gathered by DTI

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

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

II. THE PROCESS OF INITIATION OF INVESTIGATION

A. Acceptance of the Petition

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

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

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

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

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

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

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

B. Decision to Initiate

Rule 6.4 a. of the IRRs of RA 8800 provides that, *"the Secretary shall, within five (5) calendar days from the date of his letter of acceptance of the properly documented application referred to in Rule 6.3.d, examine the accuracy and adequacy of the evidence submitted to determine the existence of a prima facie case that will justify the initiation of a preliminary investigation. In assessing the sufficiency of evidence provided in the application, the Secretary shall satisfy himself that based on the documents available to him, he can determine that the increased imports of the product under consideration are the substantial cause of the serious injury or threat thereof to the domestic producers of the product under consideration".*

III. SAFEGUARD MEASURES: PARAMETERS FOR EVALUATION

A. The Concept and Purpose of Safeguards

Section 2 of RA 8800 provides that, *"the state shall promote the competitiveness of domestic industries and producers based on sound industrial and agricultural development policies, and the efficient use of human, natural and technical resources. In pursuit of this goal and in the public interest, the state shall provide safeguard measures to protect domestic industries and producers from increased imports which cause or threaten to cause serious injury to those domestic industries and producers."*

B. Relevant Provisions on Initiation of Investigation

Section 6 paragraphs 1 and 2 of RA 8800 states that, *"any person, whether natural or juridical, belonging to or representing a domestic industry may file with the Secretary a verified petition requesting that action be taken to remedy the serious injury or prevent the threat thereof to the domestic industry caused by increased imports of the product under consideration.*

The petition shall include documentary evidence supporting the facts that are essential to establish:

- (1) an increase in imports of like or directly competitive products;*
- (2) the existence of serious injury or threat thereof to the domestic industry;*
and
- (3) the causal link between the increased imports of the product under consideration and the serious injury or threat thereof".*

Rule 6.2 a. of the IRRs of RA 8800 further provides that, *"any person whether natural or juridical, belonging to or representing a domestic industry, may file a written application using a proforma protestant's questionnaire which shall include evidence of (i) an increase in the volume of imports of the like or directly competitive products, (ii) the existence of serious injury or threat thereof to the domestic industry; and (iii) a causal link between the increased imports of the product under consideration and the serious injury or threat thereof. The applicant shall submit four (4) copies of the application, including annexes, two (2) copies of which shall contain the non-confidential summaries of the information submitted"*.

IV. THE EVIDENCE PRESENTED BY THE INDUSTRY

A. The Product Subject of the Petition

Section 4 (h) of RA 8800 defines like product as *"a domestic product which is identical, i.e., alike in all respects to the imported product under consideration, or in the absence of such a product, another domestic product which, although not alike in all respects, has characteristics closely resembling those of the imported product under consideration"*.

Section 4 (e) of RA 8800 further provides, *"directly competitive product shall mean domestically produced substitutable products"*.

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

A.1 Domestic Product

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

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

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

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

A.1.1 Uses and Applications

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

A.1.2 Production Process

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

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2. Distribution Channel:

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

A.2 Imported Product

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

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

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

A.2.2 Tariff Schedule of Corrugating Medium

AHTN	Description	2022 Rates of Duty (%)							
		MFN	ATIGA	AIFTA	ACFTA	AJCEPA	AHKFTA	AKFTA	AANZFTA
4805	Other uncoated paper and paperboard, in rolls or sheets, not further worked or processed than as specified in Note 3 to this Chapter - Fluting Paper								
4805.19.10	--- Weighing more than 150 g/m ² but less than 225 g/m ²	7	0	5	5	0	0	0	0
4805.19.90	--- Other	7	0	5	5	0	7	0	0
4805.12.00	-- Straw fluting paper	7	0	5	7	0	7	0	0

Source: Classification based on The Philippine Tariff Finder (PTF) of the Tariff Commission. Retrieved from <http://tariffcommission.gov.ph/finder>

AHTN	ASEAN Harmonized Tariff Nomenclature
MFN	Most Favored Nation
ATIGA	ASEAN Trade in Goods Agreement
AIFTA	ASEAN-India Free Trade Area
ACFTA	ASEAN-China Free Trade Area
AJCEP	ASEAN-Japan Comprehensive Economic Partnership
AHKFTA	ASEAN-Hong Kong, China Free Trade Area
AKFTA	ASEAN-Korea Free Trade Area
AANZFTA	ASEAN-Australia-New Zealand Free Trade Area

B. Comparison between Imported and Domestic Product

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

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

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

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

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

C. Period of Investigation

The POI covers imports of corrugating medium from 2019 to 2023. The domestic corrugating medium industry's overall performance during the POI is also evaluated to establish whether the increased imports are the substantial cause of the serious injury to the domestic industry.

D. Determination of Increased Volume of Imports

Rule 7.2 a. of the IRRs of RA 8800 provides that *“the Secretary shall essentially determine whether there has been an increase in the volume of imports, in particular, either in absolute terms or relative to production in the Philippines, The Secretary shall evaluate import data for the last five (5) years preceding the application to substantiate claims of significant increase in import volume. Provided, however, that in some cases, the period may be adjusted to cover a shorter period, if necessary, in order to take into account other considerations that will ensure the appropriateness of the chosen period, e.g. seasonality of product, availability of data or facility in verification of data.”*

D.1 Volume of Imports

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

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

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

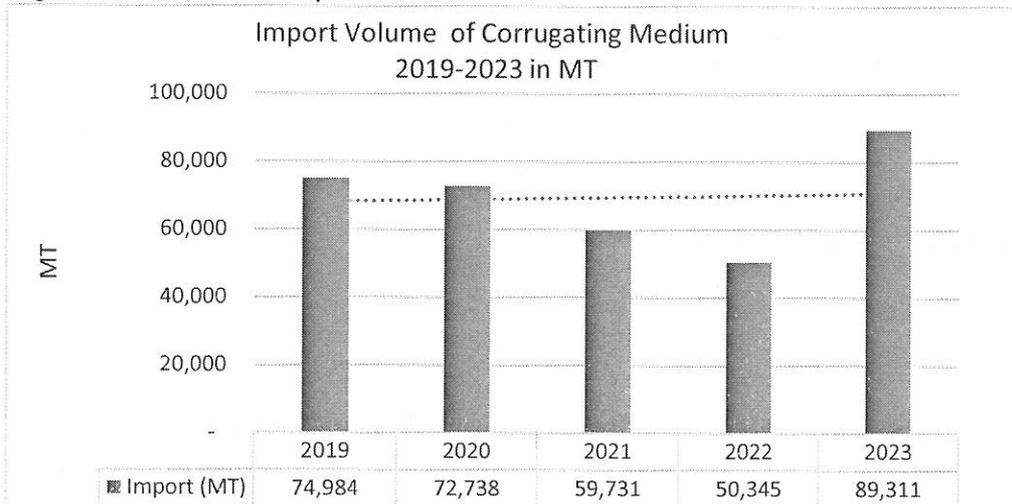
D.1.1. Absolute Terms - Import Volume – Corrugating Medium

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

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

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

Figure 1: Volume of Imports



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

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

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

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

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

COUNTRY	PERIOD OF INVESTIGATION (POI) – 2019 to 2023										Imports (MT) 2024 (Jan-Jun)	% Share
	Imports (MT) 2019	% Share	Imports (MT) 2020	% Share	Imports (MT) 2021	% Share	Imports (MT) 2022	% Share	Imports (MT) 2023	% Share		
Australia	30,562	40.76%	20,727	28.50%	7,188	12.03%	525	1.04%	12,310	13.78%	93	0.10%
Indonesia	3,901	5.20%	2,826	3.89%	1,024	1.71%	6,062	12.04%	14,988	16.78%	17,622	18.96%
Japan	6,624	8.83%	20,194	27.76%	23,711	39.70%	35,496	70.51%	40,792	45.67%	38,051	40.94%
Viet Nam	3,129	4.17%	4,189	5.76%	11,366	19.03%	5,779	11.48%	13,78%	12.79%	1,657	1.78%
Total Major Sources	44,216	58.97%	47,936	65.90%	43,289	72.47%	47,863	95.07%	79,512	89.03%	57,422	61.77%
Total Other Sources	30,767	41.03%	24,802	34.10%	16,442	27.53%	2,482	4.93%	9,799	10.97%	35,533	38.23%
Grand Total	74,984	100%	72,738	100%	59,731	100%	50,345	100%	89,311	100%	92,955	100%

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

Country	2019	% Share	2020	% Share	2021	% Share	2022	% Share	2023	% Share	2024 Jan- June	% Share
United Arab Emirates (UAE)	6,463	8.62%	1,383	1.90%	1,740	2.91%	-	-	626	0.70%	-	-
Austria	76	0.10%	50	0.07%	-	-	-	-	-	-	-	-
Belgium	-	-	72	0.10%	-	-	-	-	-	-	17	0.02%
Canada	249	0.33%	-	-	216	0.36%	-	-	-	-	-	-
PROC	8	0.01%	27	0.04%	39	0.07%	60	0.12%	2,398	2.68%	30,576	32.89%
Germany	-	-	-	-	41	0.07%	-	-	-	-	-	-
Spain	144	0.19%	-	-	-	-	-	-	-	-	-	-
Finland	-	-	148	0.20%	1,178	1.97%	73	0.14%	1,723	1.93%	394	0.42%
India	-	-	-	-	-	-	-	-	81	0.09%	66	0.07%
Italy	-	-	-	-	-	-	-	-	-	-	17	0.02%
Republic of Korea	1,626	2.17%	385	0.53%	1,610	2.70%	-	-	239	0.27%	555	0.60%
Malaysia	1,360	1.81%	3,036	4.17%	2,882	4.82%	-	-	-	-	129	0.14%
Netherlands	70	0.09%	104	0.14%	-	-	-	-	-	-	-	-
Poland	-	-	191	0.26%	-	-	-	-	-	-	-	-
Russian Federation	1,026	1.37%	829	1.14%	1,526	2.55%	1,122	2.23%	-	-	-	-
Sweden	1,964	2.62%	2,944	4.05%	1,150	1.93%	1,063	2.11%	532	0.60%	213	0.23%
Singapore	-	-	-	-	-	-	-	-	0.0002	0.0000002%	21	0.02%

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

Source: Bureau of Customs (BOC-SAD)

D.2. Relative Terms

D.2.1 Corrugating Medium

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

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

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

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

*Figures indexed due to confidentiality

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

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

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

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

D.3 Top 10 Importers and Exporters of Corrugating Medium

D.3.1 Top 10 Importers of Corrugating Medium

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

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

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

D.3.2 Top 10 Exporters of Corrugating Medium

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

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

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

V. EVIDENCE OF SERIOUS INJURY

Rule 3.1 of the IRRs of RA 8800 provides that, “a general safeguard measure under Chapter II of these IRRs shall apply where there is an increase in the quantity of a product being imported, whether absolute or relative to the domestic production, which is determined to be a substantial cause of serious injury or threat thereof to the domestic industry”.

Section 4 (o) of RA 8800 also provides that, “a serious injury shall mean a significant impairment in the position of the domestic industry after evaluation by competent authorities of all relevant factors of an objective and quantifiable nature having a bearing on the situation of the industry concerned. In particular, the rate and amount of the increase in imports of the product concerned in absolute and relative terms, the share of the domestic market taken by increased imports, changes in levels of sales, production, productivity, capacity utilization, profit and losses, and employment”.

Section 12 of RA 8800 further provides that, “in reaching a positive determination that the increase in the importation of the product under consideration is causing serious injury or threat thereof to a domestic industry producing like products or directly competitive products, all relevant factors having a bearing on the situation of the domestic industry shall be evaluated. These shall include, in particular, the rate and amount of the increase in imports of the products concerned in absolute and relative terms, the share of the domestic market taken by the increased imports, and changes in the level of sales, production, productivity, capacity utilization, profits and losses, and employment.

Such positive determination shall not be made unless the investigation demonstrates on the basis of objective evidence, the existence of the causal link between the increased imports of the product under consideration and serious injury or threat thereof to the domestic industry. When factors other than increased imports are causing injury, such injury shall not be attributed to increased imports.”

A. Share of the Domestic Industry

Market Size and Share

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

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

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

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

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

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

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

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

B. Sales, Production, Ending Inventory and Capacity Utilization

B.1 Domestic Sales

Table 7: Domestic Sales Volume and Value

Year	Sales Volume (MT)*	% Increase (Decrease)	Sales Value (Php Million)*	% Increase (Decrease)
2019	100	-	100	-
2020	81	(18.51)	77	(22.97)
2021	93	14.63	113	47.04
2022	101	8.65	139	22.43
2023	100	(1.86)	123	(11.67)

Source: Domestic Industry

*Figures indexed due to confidentiality

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

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

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

B.2. Export Sales

Table 8: Export Sales Volume and Value

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

Source: Domestic Industry -- UPPC only

*Figures indexed due to confidentiality

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

B.3 Production

Table 9: Total Production

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

Source: Domestic Industry

*Figures indexed due to confidentiality

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

B.4 Finished Goods Inventory

Table 10: Finished Goods Inventory

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

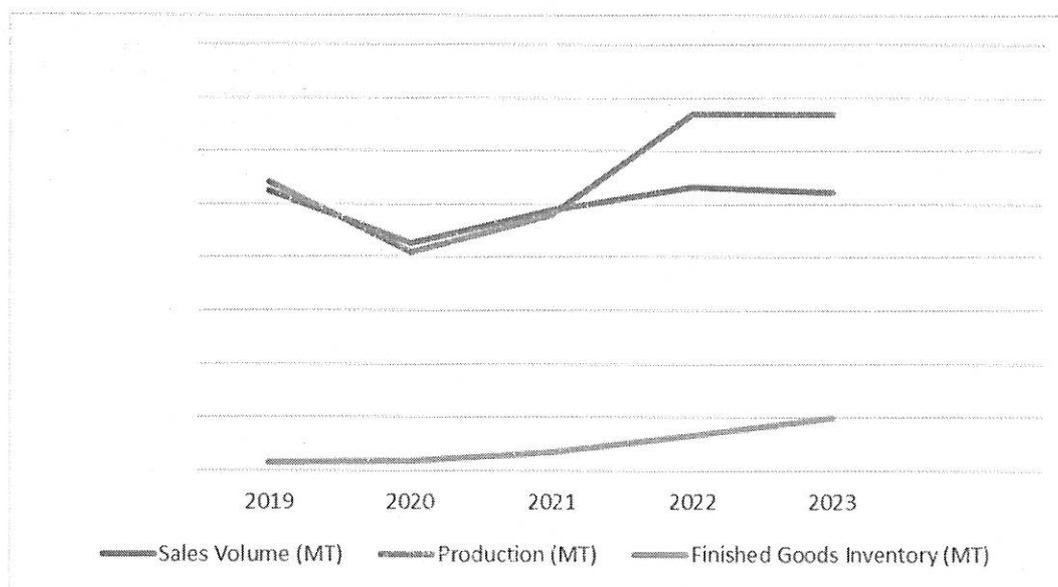
Source: Domestic Industry

*Figures indexed due to confidentiality

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

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

Figure 2: Sales, Production and Finished Goods Inventory Volume



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

B.4 Capacity Utilization

Table 11: Capacity Utilization

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

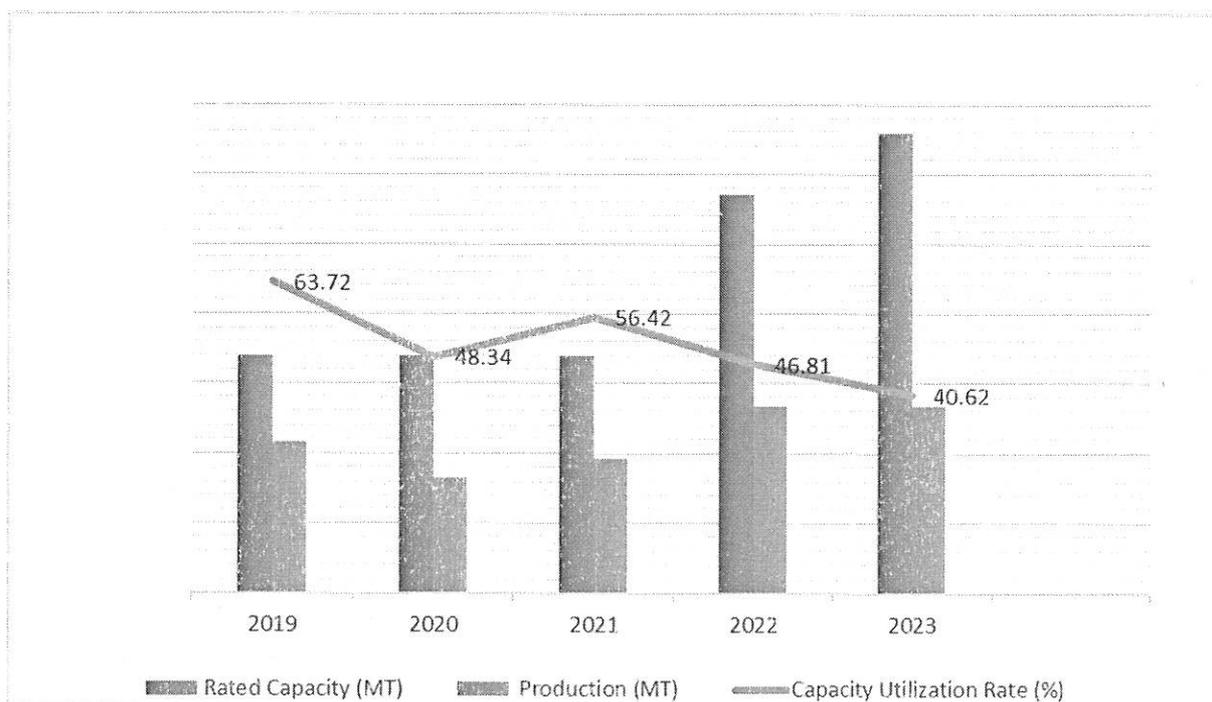
Source: Domestic Industry

*Figures indexed due to confidentiality

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

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

Figure 3: Rated Capacity, Production and Utilization Rate



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

C. Financial Performance/ Profitability

C.1 Profit and Loss

Table 12: Operating Profit (Loss) – M Php

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

Source: Domestic Industry

*Figures indexed due to confidentiality

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

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

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

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

C.2 Return on Sales

Table 13: Return on Sales

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

Source: Domestic Industry

*Figures indexed due to confidentiality

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

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

D. Employment and Labor Productivity

D.1 Employment

Table 14: Employment

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

Source: Domestic Industry

*Figures indexed due to confidentiality

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

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

D.2 Productivity

Table 15: Productivity

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

Source: Domestic Industry

*Figures indexed due to confidentiality

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

E. Price Effects

E.1 Cost to Produce

Table 16: Cost to Produce per MT

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

Source: Domestic Industry

*Figures indexed due to confidentiality

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

E.2 Price Undercutting

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

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

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

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

Source: * Domestic Industry

**BOC – SAD

E.3 -Price Depression

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

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

Table 18: Price Depression

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

Source: Domestic Industry

*Figures indexed due to confidentiality

E.4 Price Suppression

Price suppression refers to the extent by which the imported product prevents the domestic producer from increasing its selling price to a level that will allow full recovery of its cost of production

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

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

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

Source: Domestic Industry

*Figures indexed due to confidentiality

L. Other Adverse Effects

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

a) Environmental Impact — More solid waste in landfills

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

b) Social Impact — Potential job loss

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

c) Economic Impact — Lesser income tax contribution

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

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

M. Other Causes of Injury

Price-Conscious Market

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

High Operation Cost

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

Foreign Capacity Expansions

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

VI. FINDINGS AND CONCLUSIONS

A. Volume of Imports

A.1 In Absolute Terms

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

A.2 In Relative Terms

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

B. Serious Injury

B.1. Market Size and Share

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

B.2. Domestic Sales Volume and Value

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

B.3 Production

a. Total Production

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

b. Capacity Utilization

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

c. Inventories

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

d. Cost to Produce

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

B.4 Profitability

a. Profit and Loss

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

b. Return on Sales

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

B.5 Employment, Salaries and Wages

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

B.6 Productivity

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

B.7 Prices

a. Price Undercutting

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

b. Price Depression

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

c. Price Suppression

- There is no price suppression during the POI.

VII. CAUSATION

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

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

VIII. ADJUSTMENT PLAN

The domestic industry submitted its adjustment plan to undertake improvement to increase production capacity while also improving efficiency and cost of production. One of the members of PULPAPEL is currently undertaking or plans to undertake the projects and initiatives to help optimize existing assets, ensure the viability of upcoming investments, and improve competitiveness versus products for which safeguards are being sought.

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

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

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

IX. THE WORLD TRADE ORGANIZATION AGREEMENT ON SAFEGUARDS

Article XIX (Emergency Action on Imports of Particular Products) of the General Agreement on Tariffs and Trade (GATT) 1994 provides that: *“If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.”*

The WTO Appellate Body in **Argentina – Footwear and Korea – Certain Dairy Products** established that safeguard measures may be applied only when the prerequisites of Article XIX of GATT 1994 and the conditions of the Agreement on Safeguards are clearly demonstrated.

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

IX. a. Unforeseen Development

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

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

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

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

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

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

IX. b. Notification Requirement

Article 12.1 of the WTO Agreement on Safeguards states that a Member shall immediately notify the Committee on Safeguards upon:

- (a) initiating an investigatory process relating to serious injury or threat thereof and the reasons for it;

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

Article 11 of the ATIGA provide provisions on the Notification as follows:

"Article 11 - Notification Procedures

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

- (a) which may nullify or impair any benefit to the other Member States, directly or indirectly under this Agreement; or*
- (b) when the action or measure may impede the attainment of any objective of this Agreement.*

2. x x x

3. A Member State shall make a notification to Senior Economic Officials Meeting (SEOM) and the ASEAN Secretariat before effecting such action or measure referred to in paragraph 1 of this Article. Unless otherwise provided in this Agreement, notification shall be made at least sixty (60) days before such an action or measure is to take effect. A Member State proposing to apply an action or measure shall provide adequate opportunity for prior discussion with those Member States having an interest in the action or measure concerned."

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

X. RECOMMENDATIONS

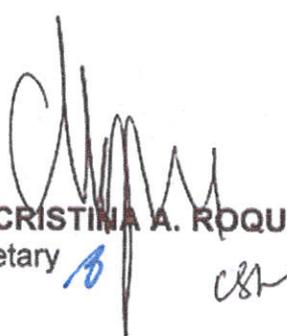
Based on the above findings, there are indications that increased imports of corrugating medium are the substantial cause of serious injury to the domestic industry in terms of loss of market share, declining domestic sales, utilization rate, reduction in labor productivity, incurred losses, and increased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

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

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

SO ORDERED.

11 February 2025


MA. CRISTINA A. ROQUE
Secretary  

ANNEX A

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

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

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

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

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

ANNEX B

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

43	JF HILLEBRAND PHILIPPINES INC.
44	JFORD IMPORT & EXPORT TRADING
45	KOU FU COLOR PRINTING CORP.
46	LAGUNA SOUTHWOODS PRODUCTS INC
47	LAM HONG PAPER PRODUCTS CO. INC.
48	LIMKETKAI MANUFACTURING CORPORATION
49	MALINTA CORRUGATED BOXES
50	MANONE NON SPECIALIZED WHOLESALE
51	MASTER CORRUGATED BOARDMAKERS INC
52	MEGA FASTWORK INTERNATIONAL CORP.
53	MEHITABEL INC.
54	METER KING INC
55	METRO ACE INNOVPLAS CORP.
56	METRO PAPER CONVERTER PHILS CORP.
57	MICROSEMI SEMICONDUCTORS MANILA
58	MIESTO INTERNATIONAL FOODS CORP
59	MINDANAO CORRUGATED FIBREBOARD INC
60	MORK TRADING INCORPORATED
61	NERUBIAN CONSUMER GOODS TRADING
62	NESTLE CABUYAO FACTORY
63	NIKKOSHI PHILIPPINES CORPORATION
64	OCEANLINK CONSUMER GOODS TRADING
65	OPENSEAS INC
66	P1 PAPER CORPORATION
67	PHILIPPINE INTERNATIONAL DEV'T INC.
68	PHILIPPINE INTERNATIONAL TRADING
69	PHILIPPINE MANUFACTURING CO. OF
70	PIONEER FLOAT GLASS MANUFACTURING
71	PIVOT-HAWKS MANILA INC
72	PPMC PACKAGING MFG CORPORATION
73	PRECISION CRESTEC INC.
74	PRIME PACIFIC CONSUMER GOODS TRDNG
75	PRIMELINE PAPER SALES INC
76	PRINT UNIVERSE GRAPHICS & PACKAGING
77	PRINT4U INC
78	RENRENLE CORPORATION
79	REPUBLIC CORRUGATED CARTONS & ALCOH
80	ROCA MERCHANDISING
81	SANITARY CARE PRODUCTS ASIA INC.
82	SANYO DENKI PHILIPPINES INC.
83	SC BROTHERS PACKAGING CORP
84	SD PRINTSHOP
85	SHIMANO (PHILIPPINES) INC.
86	SHIN-ETSU MAGNETICS PHILIPPINES INC
87	SIEMENS POWER OPERATIONS INC.

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