

1. THE APPLICANTS

Photocopy this worksheet before you start so you can complete it for each relevant producer.

Please give details for each of the Philippine producer/s by or on whose behalf this application is made.

1.1 Name: Holcim Philippines Inc.

1.2 Address: 7F Two World Square, McKinley Hill, Fort Bonifacio, Taguig City

1.3 Phone: (632) 459-3333

1.4 1.4 Fax n/a

1.5 Email Address: zoe.sibala@lafargeholcim.com

1.6 Names and titles of contact people for this case.

Zoe Verna Sibala – Head, Strategy

Atty. Belinda Dugan – General Counsel and Corporate Secretary

1.7 Ownership details. Submit articles of incorporation; SEC registration etc.

Shareholding structure:

Union Cement Holdings Corp:	60.55%
B.V. Holderfin:	18.11%
Sumitomo Osaka Cement Co. Ltd	9.22%
Cemco Holding, Inc.	7.08%
Public	5.04%

1.8 Details of company accounting year.

Calendar year

1.9 Briefly list all products manufactured and/or sold.
(Continue on separate sheet if needed)

Cement: OPC Type 1 Cement, Blended Cement Type 1P, Masonry Cement

Aggregates

Dry Mix: Skim Coat, Tile Adhesive

1.10 Describe your distribution channels

The Company distributes its cement in three (3) ways.

- a. *Source Plant => Dealer/ Wholesaler => Project/ End-user/ Customer*
 - *A Dealer/ Wholesaler, also known as a Distributor, secures cement directly from the Company to serve a project/ end-user/ customer.*
- b. *Plant => Dealer/ Wholesaler => Retailer => End-user/ Customer*
 - *A Dealer/ Wholesaler, also known as a Distributor, secures cement directly from the Company and sells to a Retailer (a smaller hardware) to serve an end-user/ customer.*
 - *A Dealer/ Wholesaler's customer is the Retailer, while the latter is the end-user.*
- c. *Plant => Retailer => End-user/ Customer*
 - *A Retailer secures cement directly from the Company and sells straight to serve an end-user/ customer.*

1.11 Describe your production process. Provide flowchart of manufacturing operations. Please refer to Annex A.

2. OTHER PHILIPPINE PRODUCER/S

Photocopy this worksheet before you start so you can complete it for each relevant producer.

Please give details for each of the Philippine producer/s by or on whose behalf this application is made.

2.1 Name _____

2.2 Address _____

2.3 Phone: (632) _____ 2.4 Fax _____

Email Address: _____

2.5 Briefly, list all products manufactured and/or sold.

Written expressions from Philippine producer/s of support for the application, or opposition to it, should be attached to the application.

To show clearly the position regarding support and opposition, complete the form before this page.

The collective output of Philippine producers expressly supporting the application must be 25% or more of the total Philippine production of like products during the most recent period of not less than six (6) months. Moreover, producers supporting the application must account for at least 50% of the total Philippine production of those producers supporting or opposing the application in writing.

2a SUMMARY OF PHILIPPINE PRODUCERS

Total Philippine Domestic Production of Like or Directly Competitive Products for the past Three (3) Years (During the period To)

The period is the most recent representative period immediately preceding the date of herein protest.

Domestic production of **like products** by those Philippine producers who have, in writing, *supported* the Application.

Producer:	Quantity
Producer:	
	Total A

Domestic production of **like products** by those Philippine producers who have, in writing, *supported* the Application.

Producer:	Quantity
Producer:	
	Total B

Domestic production of **like products** by those Philippine producers who have, in writing, *supported* the Application.

Total domestic production (i.e. Total A + Total B)	Total C
Total A as % of Total C	%

3. THE PRODUCT

- 3.1 Please describe the allegedly dumped product.
(Submit samples (if possible), brochures, catalogues and specifications)

Imported cement products are mainly General Use cement categorized as:

- a) OPC Type 1: For use when general properties specified for any other type are not required. This type of cement has high compressive strength, workability and compatible to common admixtures in the market. In addition, this normally comes in bulk form and mainly used in ready mix concrete applications serving projects such as high rise buildings, bridges, roads, concrete mat foundations, and the like.*
- b) Blended Cement Type 1P: Portland – Pozzolan Cement: This is a general purpose cement with mineral additives. It can be used in the construction of floor slabs, columns, walls and pavements.*
- c) Relevant HS Codes*

HS Code: 2523 29 90

HS Code: 2523 90 00

NOTE: The Tariff Commission, Bureau of Customs, customs brokers or consultants can provide the correct tariff classifications.

- 3.3 Please describe the **like products** produced by Philippine industry.
(Submit samples (if possible), brochures, catalogues and specifications)

Philippine cement manufacturers produce various types of cement depending on its application and each type is produced in accordance with a specific ASTM and PNS standard. Cement types available in the country are:

- a) OPC Type 1 – ASTM C 150 / PNS 07*
- b) OPC Type 2 – ASTM C150 / PNS 07*
- c) Blended Cement Type 1P – ASTM C595 / PNS 63*
- d) Masonry Cement – ASTM C91 Type N, Type S, Type M*

- 3.4 Explain how the products produced by the Philippine industry are **like the allegedly dumped products**, including physical characteristics, end use, methods of manufacture and marketing system.

- *Imported cement products are used for the same industrial application as locally-produced cement. These also comply with the same industry standards (ASTM and PNS) and have the same tariff classification. Imported cement is not subject to any import duty. However, DTI has imposed a safeguard duty on imported cement for a period of three years commencing October 2019.*

- *Manufacturing process for both imported and locally-produced cement is the same using the same major ingredient (clinker made from limestone)*
- *Distribution process for imported cement is also the same as locally produced cement which is going through either wholesale dealers or retailers*

NOTE: If the products you manufacture are not identical to the allegedly dumped products, please give details and explain how you consider that they closely resemble or are substitutable with the imported products. Describe any differences in nature or end-use between the imported products and your product.

4 SOURCE/S OF THE IMPORTED PRODUCT

4.1 Name the **countries of export** of the allegedly dumped product

- Vietnam

Disregard countries which the allegedly dumped products pass through in transit. For example, if the products are made in Country A and pass through Country B without further significant processing, the country of export is Country A and the normal values in the Country A domestic market would be used.

4.2 State the other countries known to be exporting the allegedly dumped products to the Philippines.

- China
- Thailand
- Indonesia
- Taiwan
- Japan
- South Korea
- Pakistan

4.3 If action is sought against several countries, demonstrate that these countries collectively account for more than 7% of total imports of the allegedly dumped products, if individually they comprise less than 3% of total imports

4.4 Provide the names and addresses of the overseas producers and/or exporters supplying the allegedly dumped products

Exporter	Exporter's Address
Campha Cement Joint Stock Company	Cam Pha District, Quang Ninh province, Vietnam
Thang Long Cement Joint Stock Company	Le Loi Commune- Hoanh Bo district- Quang Ninh province, Vietnam
Vicem Haiphong Cement Company Limited	Trang Kanh, Minh Duc Town, Thuy Nguyen District, Hai Phong City, Vietnam
Vicem Tam Diep Cement One Member Company Limited	Duong Chi Lang 27 Nam Son Ninh Binh - Đồng Bằng Sông Hồng, Vietnam
Vissai Ninh Binh Joint Stock Company	Gian Khau Industrial Zone, Gia Vien District, Ninh Binh Province
Vicem Ha Long Cement	Thong Nhat village, Hoanh Bo district, Quang Ninh province

Source: Market research

- 4.5 Give the names and addresses of any known importers of the imported products and describe the nature of their business, e.g. wholesaler, retailer.

Importer	Importer's Address	Classification
Philcement Corporation	Freeport Area of Bataan, Mariveles, Bataan	Wholesaler
Fortem Cement	Rm 908 China Plaza Condo, 1017 Tambacan St., Sta. Cruz, Brgy 298, Manila	Wholesaler
Cohaco Merchandise	2246 Chino Roces Avenue, Makati City	Contractor, Wholesaler
NGC Land Corporation	250 Ibuna Street San Juan City	Contractor, Wholesaler
Davao Multibuild Corp	34 Monteverde St., Davao City, Davao del Sur	Trader / Wholesaler
Cebu Grand Dragon Marketing Corporation	Near Trilong Plastikan P. Suico Street 6014 Mandaue City, Cebu	Wholesaler
Golden Orient Ship Management and Agencies Inc.	5F NISA Building, 50 Polaris Street, Poblacion, Makati City	Wholesaler
Iloilo Grand Emperor Trading Corp	Coastal Road, Brgy Balabago, Jaro, Leganes, Iloilo	Wholesaler
Marlusa Construction Supply	39 Mabini St, Iloilo City Proper, Iloilo City	Wholesaler
Pabaza Import & Export Inc.	2304 Nac Tower 32nd Street Bonifacio Global City Taguig, Taguig, Philippines	Wholesaler
St. John Paul Countertrade Corp.	AACI Building, Araneta St. Tangub Highway, Bacolod City	Wholesaler
Summit Koncrete Products Corp.	Km. 12 Diversion Road 8000 Davao City	Wholesaler
Saygin Construction Supply		Wholesaler
Dequina Construction		Wholesaler
Champion Cement Inc.		Wholesaler
Aggemlux Trading		Wholesaler

Source: Market research

- 4.6 Indicate when the allegedly dumped products began causing injury.

Imported cement brought in by traders from Vietnam significantly increased from million tons in 2015 to almost million tons in 2019. Overall, total imported cement brought in by traders gained an estimated market share of 2019 from just in 2015 by offering significantly lower prices. Despite the implementation of safeguard duty on imported cement in September 2019, imported cement continue to be sold at much lower prices further pushing prices downward.

Source: Internal market research

5 EXPORT PRICE

5.1 Provide the **export price** of the allegedly dumped product

This is the price paid by the importer for the product adjusted by costs relating to its exportation. This is the price at which the product left the exporting country (normally ex-factory level). There is a different method for calculating the export price if the exporter and importer are related – it is described in 5.2 below.

The average 2020 FOB prices from these Vietnamese manufacturers who are allegedly dumping cement are:

Exporter	Export Price FOB (USD/MT)
Campha Cement Joint Stock Company	50.47
Thang Long Cement Joint Stock Company	49.60
Vicem Haiphong Cement Company Limited	49.88
Vicem Tam Diep Cement One Member Company Limited	49.88
Vissai Ninh Binh Joint Stock Company	42.83
Vicem Ha Long Cement Joint Stock Company	48.69

Source: Department of Trade and Industry – Bureau of Import Services (DTI-BIS)

To the extent possible, please provide this information for each product, type or model of allegedly dumped product (photocopy extra sheets if necessary).

Submit evidence to support the export prices e.g. price lists, commercial invoices, sales correspondence and other satisfactory evidence.

It may be necessary to estimate these prices from the best information available to you, but please give evidence to support the prices given.

Are the importer and exporter related? If so, sales may not be at arm's length.

5.2 Please explain why the sales are not at arm's length, if this is the case, and why this means that prices may not be reliable for determining dumping.

N/A

5.3 Construct an export price and provide evidence of the price for the allegedly dumped product at the first point of resale to an independent purchaser in the Philippines and any costs incurred between exportation and that sale.

Work out the constructed export price by taking the first arm's length transaction in the importing country and deducting all duties and taxes, cost, charges or expenses, and a provision for profit incurred after exportation. Please refer to the next page for the procedure for deriving the constructed export price.

DEDUCTIVE EXPORT PRICE ESTIMATE

Model / Type: PCB 40 cement in 40kg bag produced by Vicem Ha Long Cement
exported to Cagayan de Oro

1. PRICE AT FIRST POINT OF RESALE IN THE PHILIPPINES	₱ 165.0
DEDUCTIONS TO ACCOUNT FOR:	
2. Importer's profit on Resale in the Philippines	₱ 13.6
3. Freight in the Philippines	₱ 4.2
4. Further processing in the Philippines (if any)	₱ 0.0
5. Broker's Fees	₱ 0.1
6. Philippines Customs Duty (safeguard duty)	₱ 10.0
7. General, Selling and Administrative Costs ¹	₱ 5.0
8. Others (if any, please specify) - VAT	₱ 17.7
9. TOTAL INCURRED FOR ALL ACTIVITIES IN THE PHILIPPINES (2 to 8)	₱ 50.5
10. IMPORTER'S PURCHASE PRICE (1 minus 9)	₱ 114.5
11. Freight to the Philippines	₱ 14.6
12. Insurance to the Philippines	₱ 2.0
13. Others (if any, please specify)	₱ 0.0
14. TOTAL EXPORT CHARGES (11 to 13)	₱ 16.5
15. DEDUCTIVE EXPORT PRICE (10 minus 14)	₱ 97.9
16. ESTIMATED F.O.B. EXPORTER'S SELLING PRICE (Line 15 above divided by the exchange rate of currency of exporting country)	USD 48.7

Source: Internal market survey, internal market research, DTI-BIS

¹ Incurred in reselling the products in the Philippines. Please ensure that they do not include any of the costs referred to on 3, 5, 6, and 8.

6 NORMAL VALUES

6.1 Please state the normal value for the allegedly dumped product on the domestic market in the country of origin.

Please specify the level of trade (e.g. manufacturer to wholesaler, wholesaler to retailer, etc.) and remember to provide prices for each product, model or type.

If it is not possible to establish normal value in the country of origin, base the value on:

- **Constructed Value** in the country of export; or
- **Export Sales** made to a third country by the exporter; or
- If none of the above are possible, establish the value from the best information available to you

NOTE: The Bureau of Import Services (BIS) can advise on establishing normal values in situations where domestic sales are not appropriate to use.

	Domestic		
	VND/bag	VND/MT	USD/MT
SRP in Ho Chi Minh, Vietnam	78,000 - 90,000	1,560,000 - 1,800,000	67.2 - 77.4
Deductions	15,600 - 18,000	304,000 - 351,000	13.1 - 15.1
10% of SRP as tax	7,800 - 9,000	156,000 - 180,000	6.7 - 7.7
5% of SRP as the estimated logistics cost	3,900 - 4,500	78,000 - 90,000	3.4 - 3.9
5% of SRP as the estimated distributors margin	3,500 - 4,050	70,000 - 81,000	3.0 - 3.5
Calculated Normal Value (FOB ex-Ha Long Port, Vietnam)	63,000 - 72,000	1,260,000 - 1,450,000	54.1 - 62.3

Source: Official report of the Department of Trade and Industry - Bureau of Import Services, (DTI-BIS)

The calculated normal value is based on the official report of the Department of Trade and Industry - Bureau of Import Services (DTI-BIS) for various cement manufacturers. It includes margin of distributors who source cement in bags directly from the manufacturer's plant. Like-for-like normal value is expressed in USD/ton to eliminate the difference in bag sizing of the relevant product between Vietnam and Philippines.

6.2 Please give evidence such as price lists or invoices for any value given in item 6.1 above

(If possible, submit evidence to support the normal value e.g. price list, commercial invoices, discount schedules, commercial attaché reports and other satisfactory evidence.)

Please refer to Annex B, the official report of DTI-BIS in its letter addressed to the Cement Manufacturers Association of the Philippines (CeMaP) showing the actual cement prices per brand and type in Vietnam.

- 6.3 Please state any factors affecting the comparability of prices for export sales and domestic sales, e.g. quantities sold, conditions and terms of sales, level of trade, taxation or physical differences.

Cement bags in Vietnam are sold in 50kg bags while Philippines sells in 40kg bags. However, analysis above is presented in USD/MT values in the above analysis to account for this difference and make the comparison like-for-like.

- 6.4 What amounts should be allowed for the factors in item 6.3 above?

None

- 6.5 Describe how estimates were determined and the information on which they were based on such other factors considered – the differences in technology, equipment, labor, raw material costs, or for economies of scale.

The Company estimated similar distribution cost and distributor's margin. The above estimates did not consider differences in production cost, technology, labor, etc. between Vietnam and Philippine cement.

- 6.6 If there are other producers/sellers of the allegedly dumped product in the domestic market of the country of export, please provide names and addresses.

Other Cement Exporters in 2020
An Viet Nam International
Cong TY TNHH Hoang Yen HD
Chinfon Cement Corp
Long Son Company Limited Thanh Hoa
Nam Anh Trade and Export JSC
Nam Phuong IMEX Import & Export
NCL Trading JSC
Nhuan Phat TST Co Ltd
OMANCO Material Vietnam
Phuc Son Cement Co Ltd
SCG International Corporation
Vietnam Trading Services And Import
Vietnam Trading Services And Import Export Limited Company

Source: DTI-BIS

7 DUMPING MARGIN

- 7.1 Show the difference between the normal value and export price of each product, type or model of the allegedly dumped product or article. Please ensure that the normal value and export prices are expressed in the same currency.

Careful and fair comparison must be made between the export price and the normal value. As much as possible, adjustments are to be made at the same level of trade and for sales made at the same time allowing for adjustments to the normal by taking into account factors that may affect price comparability.

The assessment of dumping margin can be made by:

- Comparing the weighted average of export prices with the corresponding weighted average of normal values, or
- Comparing export prices and normal values on a transaction to transaction basis.

INJURY

In order to investigate claims of serious injury or threat thereof, the Bureau of Import Services must have evidence showing:

- The volume of imports of allegedly dumped product;
- The effect of the allegedly dumped product on prices in the the Philippine market;
- The economic impact of the volume of imports of allegedly dumped product on the Philippine industry.

All information provided to support claims of injury unless specifically requested must cover the last three (3) years immediately preceding the date of the protest.

It is important for applications to show a **causal link** between alleged dumping and the alleged injury. For example, a decrease in local production and sales may be causally linked to an increase in imports of the allegedly dumped product.

You may believe that although your industry is not currently suffering injury, there will be injury if the dumping is not stopped. Your application will then be based on **threat of injury**.

When the Bureau of Import Services makes a determination of **threat of injury** it does so on the basis of guidelines set down in Section I of RA 8752.

- A determination must be based on facts, not merely on allegation, conjecture or remote possibility. The change in circumstances which will create a situation in which the dumping will cause injury must clearly be foreseen and imminent.

In considering the injury factors set out in this Act, the Bureau will take account of the following key factors among others, in determining that a **threat of injury exists**:

- The likelihood of substantially increased imports;
- The exporters' capacity to increase dumped exports in the Philippine market;
- Whether the prices of imports are having a significant effect on prices in the Philippines
- Inventories of the products being investigated

None of these factors alone will necessarily give decisive guidance to the determination, but taken together, must lead to the conclusion that further dumped exports are imminent and that, unless protective action is taken, material injury could occur.

Your application should have enough information to permit the Bureau to assess the claims in terms of these guidelines.

After 60 days from initiation of investigation, provisional anti-dumping duties can be applied at any time, provided there is reasonable cause to believe that the products are dumped and causing injury, and provided such action is necessary to prevent injury being caused during the remaining period of investigation. If you think this situation applies to your industry, then you should request that provisional duties be imposed.

8 INCREASED IMPORT VOLUME

8.1 State quantities of imports of the allegedly dumped product.

Estimated Imports
in 000 mt

	2017	2018	2019	H1 2020
Vietnam				

Based on internal market research

8.2 State dollar value of imports of the allegedly dumped product.

Dutiable Value
in USD

Month	2017	2018	2019	H1 2020
Jan	21,173,549	17,532,517	30,815,545	21,482,304
Feb	19,112,803	10,271,492	21,745,201	20,064,317
Mar	26,851,643	11,838,753	28,302,690	27,313,867
Apr	16,301,982	23,928,559	34,117,974	10,479,859
May	21,496,820	21,164,191	30,907,309	18,092,184
Jun	14,688,707	18,425,878	18,564,577	31,930,759
Jul	12,135,925	27,168,428	17,558,941	
Aug	12,998,146	18,923,437	16,617,233	
Sep	17,004,747	20,058,363	24,806,202	
Oct	10,459,900	33,550,722	14,246,943	
Nov	20,513,550	26,188,320	15,854,436	
Dec	1,566,600	29,023,935	n/a	
Total	194,304,371	258,074,596	253,537,051	129,363,289

Source: Bureau of Customs – Reports of Import Entries

9 PRICE EFFECTS

- 9.1 Outline the extent to which the allegedly dumped products are price undercutting like domestic products.

Remember to provide information on price effects for each model, product or type of alleged dumped product, and for each exporter named in the application. Ex-factory prices should, where possible, be compared with prices ex-importers store (excluding any distribution costs).

For the calculation of price effect, the basis is a 50kg PCB 40 bag sold in Ho Chi Minh City by Vicem Ha Long.

- 9.2 Outline the extent to which the allegedly dumped products are causing **price depression**.

Average Prices (VAT-in)					Variation	
	2017	2018	2019	2020	19 v 17	H1 20 v H1 19
Q1						
Q2						
Q3						
Q4						
FY						

Prices have been declining by _____ of 2016 levels. While some price increase was pushed out in late 2018 to partially recover production cost escalations, price increase was later rolled back to remain competitive as imported cement continued to sell at much lower prices. In 2019, average price was _____ than 2016. Prices in 2020 continue to push downwards as pressures on imports increase coupled by slowing demand due to the Covid-19 pandemic. Second quarter 2020 prices are _____ than the same period last year.

- 9.3. Outline the extent to which the allegedly dumped products are causing **price suppression**.

Provide supporting evidence such as details of increases in production costs and selling and administration costs, and any information on your pricing policy and history.

Cost per Ton Growth Rates	2017 v 2016	2018 v 2017	2019 v 2017	H1 2020 v H1 2019
Production Cost			2.6%	-3%
Selling, General & Administrative (SGA) Cost			-19%	-2%
Ave. Ex-Plant Prices (VAT-in)				
Inflation	2.9%	5.2%	2.5%	2.5%

Production costs have been rising year-on-year, often times much higher than inflation particularly in 2017 and 2019. This was primarily driven by higher fuel and coal prices which affected power and freight rates which are key production costs in manufacturing cement. On the other hand, the Company has continually reduced the selling price of cement to remain competitive against lower-priced imports. While some price increase was passed on to the market in 2019, this was still insufficient to cover production cost increases in the past two years. While cost of production inputs declined in 2020 due to the global slowdown in demand, total production cost is still higher due to low production volumes.

Key Financial Figures (In Php / ton)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Net Sales Price	-	-	-	-		
Key Production Inputs						
Coal					7%	-24%
Petcoke					13%	-11%
Power					-3%	-2%
Clinker					5%	0%

10 ECONOMIC IMPACT

Complete the following injury summary for domestic sales of the like product for the most recent three (3) years available, if possible month or by quarter.

Table should show the consolidated figures of all the producers by or for whom this application is made. Please state if the table covers different accounting years, and if so, identify the different accounting years for each producer.

Injury Summary (2017-H1 2020)

Based on Audited Consolidated Financial Statement (Segment reporting: Cement)

Key Financial Figures (in Mn PhP)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Net Sales Value					-2%	-27%
COGS					-1%	-24%
Distribution Cost					-13%	-31%
Production Cost					2%	-22%
Gross Profit					-4%	-35%
SG&A					-19%	-22%
Marketing & Sales					-23%	-28%
Administration					-17%	-18%
Depreciation & Amortization					-3%	64%
Operating EBIT	-	-	-	-	0%	-55%

Per Unit:

Based on Audited Consolidated Financial Statement (Segment reporting: Cement)

Key Financial Figures (in PhP / ton)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Net Sales					-1%	-9%
COGS					-1%	-5%
Distribution Cost					-13%	-14%
Production Cost					3%	-3%
Gross Profit					-3%	-19%
SG&A					-19%	-2%
Marketing & Sale					-22%	-10%
Administration					-17%	2%
Depreciation & Amortization					-2%	104%
Operating EBIT	-	-	-	-	1%	-44%

Our profitability has been on a decline mainly on account of the Company's inability to pass on production cost increases to the market. While the Company has implemented significant cost reduction initiatives across the operations, these were still insufficient to cover for the significant decline in revenues and capital investments made to improve overall operations. Revenue decline was driven both by the lower sales volumes and price despite the market growing by from 2017 to 2019.

The impact of the injury was attributed to a) Price effect brought by the Company's inability to increase prices to recover costs leading to a lower net sales value of PhP , and b) Sales volume effect where the company tons of sales from customers who have shifted to lower priced imports. This is equivalent to PhP .

The overall impact was a reduction Php _____ or _____ of the Company's potential EBIT in 2019.

Key Financial Figures (In Mn PhP)	Variation	Price effect	Volume effect	Impact of Injury
	19 v 17			
Volume (in '000 tons)				
Net Sales Value				
Operating EBIT				

Sales volumes in the first half of 2020 were affected by lockdown implemented by the government starting from second half of March until end of May. The Company shut down its Luzon plants (3 out of 5 cement plants) in March to comply with government-mandated lockdown measures. As the quarantine measures eased, the company slowly re-opened the plants with the necessary health and safety protocols in place. However, in the periods where the Company's cement plants were shut down and subsequently gradually resumed operations, imported cement continued to land unabated, even reaching _____ tons in June.

As demand slowed down, the Company further reduced prices to remain competitive. First half EBITDA dropped _____ compared to the same period last year. Decline was mainly attributed to lower revenues.

Complete the following cost of production of the product under protest for the most recent 3 years available.

Raw Materials

Conversion Cost

Specify

Direct Labor

Factory Overhead

Variable Expense

Fixed Expense

Raw material costs

Cost (In Mn PhP)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Limestone					7%	-39%
Coal					8%	-48%
Local					8%	-59%
Imported					8%	-37%
Pet Coke					63%	-47%
Power					-1%	-26%
Clinker					4%	-19%
Local					7%	-33%
Imported					-9%	50%

Cost of goods sold

Cost of Goods Sold (in Mn PhP)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Distribution Cost					-13%	-31%
Production Cost					2%	-22%
Raw Materials					-6%	-1%
Direct Labor					3%	-12%
Manuf. overhead variable					6%	-37%
Fixed Cost					9%	-26%
Cost of goods sold	-	-	-	-	-1%	-24%

10.1 OUTPUT

10.1.1 Provide details of any decline in the industry's output of the **like product** for the Philippine market

a. *Deceleration in volume sales growth as trader imports increased.*

The Company's 2019 revenues have declined by _____ in 2019 compared to 2017 despite the market growing by around _____ within this period. This is due to combined impact of lower volumes and lower price. The revenues in the first half of 2020 continue to decline further by _____ against the same period last year with sales volumes and prices on the same downward trend.

	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Domestic Production volumes (mio MT)						
Year-on-Year growth, %						
Domestic Sales volumes (mio MT)						
Year-on-Year growth, %						
Trader Import Landings* (mio MT)						
Year-on-Year growth, %						

Note: Trader imports data is based on internal market research

b. *Decrease in revenues 2017-2019 due to import-driven decline in prices*

	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Domestic Production volumes (mio MT)						
Domestic Sales volumes (mio MT)						
Average Price (PhP/bag) - VAT-in						
Domestic Sales Revenue (Mn PhP)						
Year-on-Year growth, %					-2%	-27%

10.2 RAW MATERIALS USAGE

10.2.1 Indicate the utilization for each major raw materials used for production of the like product.

Consumption Quantity (In k tons)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Limestone					2%	-35%
Coal					1%	-31%
Local					0%	-45%
Imported					2%	-15%
Pet Coke					45%	-41%
Power (Mwh)					2%	-24%
Clinker					-1%	-19%
Local					2%	-30%
Imported					-19%	68%

10.2.2 State whether the specific raw material is imported or locally produced

Coal – local and imported

Petcoke – local and imported

Clinker – local and imported

10.3 SALES

10.3.1 Provide details of any decline in the industry's sales of the **like product** for the last three (3) years.

	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Domestic Production volumes (mio MT)						
Trader Import Landings* (mio MT)						

**Based on internal market research*

Industry demand has increased by around in 2019 compared to 2017. Demand grew only slightly in 2019 driven by the delayed approval of the national budget. Despite this, trader imports continue to increase their volumes by further reducing price while the Company's volumes declined.

10.3.2 Explain any lost sales due to direct competition from the imported product.

a. Subdued sales growth:

While demand increased in 2018, sales revenue growth was lower due to lower prices. Sales volumes further declined in 2019 as the Company opted to maintain sales at a certain price level to maintain profitability at the expense of volume

					Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Domestic Production volumes (mio MT)						
Year-on-Year growth, %						
Domestic Sales volumes (mio MT)						
Year-on-Year growth, %						
Trader Import Landings* (mio MT)						
Year-on-Year growth, %						

- b. Estimated lost sales due to direct competition from the product: with aggressive pricing, importers have taken into incumbents' potential sales.

Market share started to decline before 2017 as the share of imported cement increased. The Company also took an optimal price position to maintain a certain level of profitability that resulted in lost volumes as customers shifted to lower-priced imports. Declining share of customers' wallet resulted in a continued decline in market share.

					Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Domestic Sales volumes (mio MT)						
Domestic MS,%						
Volumes lost to imports* (mio MT)						

*Volume equivalent of market share lost vs 2015, before import surge

Customer sales volumes from the Company's top 10 customers were lost mainly to imports particularly in Central Luzon and Mindanao

Top 10 customers	Sales Volume (in mio MT)			Share in National Sales		
	2017	2019	H1 2020	2017	2019	H1 2020
Luzon						
Visayas						
Mindanao						
Total Top 10 Holcim						
Total Holcim						

- 10.3.3 Give copies of any correspondence or cancelled orders from the industry's customers showing they are buying the goods from other sources.

The Company has no documentary evidence of bids lost to imports but only track the declining volumes and share of customer's wallet based on actual sales visits.

- 10.3.4 Provide a schedule of volume and value of export sales over the most recent three (3) years available, if possible by month or by quarter.

The Company is not exporting cement.

10.4 MARKET SHARE

- 10.4.1 Provide evidence of the size of the Philippine market, preferably by volume, but otherwise by value.

					Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Domestic Sales volumes (mio MT)						
Trader Import Landings* (mio MT)						

*Based on internal market research

- 10.4.2 Compare the market share of domestic industry with the share held by imports of the allegedly dumped product and imports from other sources.

The Company continued to lose its share of the market while Vietnam imports continued to gain market share. The Company had to let go of price-sensitive customers who wanted the company to match prices offered by importer-traders to maintain a certain level of profitability that is aligned with shareholder expectations. Total market share lost since 2017 is while importers gained within this period. In the first half of 2020, traders gained against the same period last year.

Estimated Market Share				
	2017	2018	2019	H1 2020
Domestic Sales volumes (in %)				
Trader Imports* (in %)				

*Based on internal market research

10.5 PROFITS

- 10.5.1 Explain how the **gross** and **net profit** on the domestic sales of **like product** has been affected.

This explanation should be consistent with changes in gross and net profit shown on page 14 above.

- a. *Subdued volume sales growth: Reduced sales revenue was driven by both lower sales volume as well as lower prices. Price-sensitive customers have shifted to imports as the Company tried to limit price reduction to maintain profitability within shareholder expectations.*

					Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Domestic Production volumes (mio MT)						
Year-on-Year growth, %						
Domestic Sales volumes (mio MT)						
Year-on-Year growth, %						
Domestic Sales Revenue (Mn PhP)						
Year-on-Year growth, %					-2%	-27%

b. Price suppression – low import price has forced local cement manufacturers to reduce prices despite the continued increase in prices of key production inputs.

Key Financial Figures (In Php / ton)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Net Sales Price	-	-	-	-		
Key Production Inputs						
Coal					7%	-24%
Petcoke					13%	-11%
Power					-3%	-2%
Clinker					5%	0%

c. The market price reduction came alongside increasing input costs.

- Variable costs have been increasing in the last two years as (1) global fuel and coal prices have increased back to normal levels: (2) peso volatility has affected imported raw materials and other inputs costs.

Production Cost (in PHP/ton)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Distribution Cost					-13%	-14%
Production Cost					3%	-3%
Raw Materials					-5%	23%
Direct Labor					4%	9%
Manuf. overhead variable					7%	-21%
Fixed Cost					10%	-8%
Total Production Cost	-	-	-	-	-1%	-5%

Key Commodity and Currency Index

	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Crude Oil Index (USD/BBL)	54.75	45.33	61.72	38.49	6%	-34%
Coal Index (USD/MT)	88.46	101.12	69.30	81.69	-11%	-12%
Exchange Rate (PHP/USD)	50.40	52.44	50.70	49.85	0%	-3%

Sources: Bloomberg, Central Bank of the Philippines and internal estimates

- Energy inputs (fuel, coal and electricity) represent about 70% of cement manufacturers' total costs.
 - Major imported materials such as coal, gypsum, and equipment parts have become more expensive due to peso depreciation and rising sea freight costs.
 - Despite currency depreciation (which should raise the price of imported cement) trader importers have priced way below market average.
- d. Inability to adjust prices to account for higher input costs has impacted the company's profitability

- *Trend in the past three years: increasing trader imports while local players continue to reduce production costs to mitigate declining sales volumes and prices. Cost-mitigating measures continue to be implemented to partially offset impact of rising production variable costs. This included reduction of personnel and equipment investments needed to improve production efficiency. The decrease in cost of goods sold in H1 2020 mainly attributable to lower volumes produced due to stoppage of operations. Other than lower volumes (sold, transported and produced) cost of goods sold was lower driven by lower fixed cost, lower energy cost from renegotiated procurement prices, as well as lower freight costs.*

**Year-on-Year Change in Revenue, Price, Production Costs, Gross Profit
(In Million PhP)**

Key Financial Figures (In Mn PhP)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Net Sales Value					-2%	-27%
COGS					-1%	-24%
Distribution Cost					-13%	-31%
Production Cost					2%	-22%
Gross Profit					-4%	-35%
SG&A					-19%	-22%
Marketing & Sales					-23%	-28%
Administration					-17%	-18%
Depreciation & Amortization					-3%	64%
Operating EBIT	-	-	-	-	0%	-55%

**Year-on-Year Change in Revenue, Price, Production Costs, Gross Profit
(In PhP / MT)**

Key Financial Figures (In PhP / ton)	Full Year				Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Net Sales					-1%	-9%
COGS					-1%	-5%
Distribution Cost					-13%	-14%
Production Cost					3%	-3%
Gross Profit					-3%	-19%
SG&A					-19%	-2%
Marketing & Sale					-22%	-10%
Administration					-17%	2%
Depreciation & Amortization					-2%	104%
Operating EBIT	-	-	-	-	1%	-44%

10.6 PRODUCTIVITY

- 10.6.1 Show how productivity has been affected in the most recent three (3) years, monthly or quarterly if possible

Remember to state the basis used for measuring productivity (e.g. Production per worker, or per period etc.)

	2017	2018	2019	H1 2020
Kiln Utilization				
Finish Mill Utilization				

Kiln utilization measures the kiln efficiency through its total output against the actual capacity. The output of the kiln is clinker which is a key ingredient for cement. On the other hand, finish mill utilization measures the cement mill efficiency through the total cement output generated against the capacity.

In the last two (2) years, cement production has been below targets in spite of the increasing industry demand. This has resulted to higher plant operating costs since the equipment are under-utilized. The new cement mills that the company installed were largely under-utilized because of lower volumes.

Kiln and Finish Mill utilization in the first half of 2020 were lower by and , respectively against the same period last year driven by the community quarantines in the second quarter and reduced sales volumes.

The Company reduced personnel from in 2017 to in 2019 as it streamlined activities, postponed investments and reduced marketing activities to cope with declining revenues.

10.7 RETURN ON INVESTMENTS

- 10.7.1 Show return on shareholders' funds or return on assets, or a similar appropriate measure of return on investment, in terms of net profit for the most recent three (3) years available.

Significant cost reduction initiatives were implemented including delaying major plant maintenance work particularly in 2019 to be able to mitigate declining prices. Delivery services were reduced shifting customers to pick up directly from the plant in order to further cut costs.

The Company managed to improve its profitability in 2019 but has come at the expense of lower volumes. This is evidenced by lower volumes sold in 2019 and higher volumes gained by importers.

In 000 Php	2017	2018	2019	H1 2020
Profit (Loss)	2,689,798	2,545,393	3,589,642	2,580,660
Add: non-controlling interest net	1,313	982	2,341	2,312
(A) Controlling interest in net inc	2,688,485	2,544,411	3,587,301	2,578,348
(B) Shareholder's Equity	22,354,748	25,273,161	27,769,609	28,182,285
(C) Total Assets	35,587,572	47,196,241	44,827,909	43,685,501
Return of Equity (A/B)	12%	10%	13%	9%
Return on Assets (A/C)	8%	5%	8%	6%

10.7.2 Provide details of how any allocation of shareholder's funds or assets has been made to like or directly competitive product.

The Company's business is mainly in cement manufacturing. A large portion of its asset base is mainly in its cement business.

Cement in 000 PhP	2017	2018	2019	H1 2020
Assets	28,249,318	37,089,069	37,134,595	43,685,501
Liabilities	7,483,328	9,863,298	8,749,988	15,503,216
Net Assets	20,765,990	27,225,771	28,384,607	28,182,285

10.8 USE OF PRODUCTION CAPACITY

10.8.1 State the industry's production capacity for the most recent three (3) years available, if possible on a monthly or quarterly basis, for the like product.

Explain the basis for this assessment, e.g. machine capacity, number of shifts, and state the units of measurement, for example, tons, meters, liters.

The kiln production capacity, also known as clinker capacity, is the total capacity of four (4) fully integrated cement plants. Finish mill capacity or cement mill capacity is the total cement grinding capacity of the four integrated plants and one (1) cement grinding plant.

					Variation	
	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Kiln Capacity (mio MT)						
Finish Mill Capacity (mio MT)						
Kiln Production (mio MT)						
Finish Mill Production (mio MT)						

The Company has underutilized its cement production capacity as it reduced its volumes in the periods 2017-2019. Cement production is scheduled based on sales demand and the company had to do economic stoppages of its mills as demand declined despite investments in new mills in 2019. The Company has increased its capacities in 2020 with the completion of some of its projects, however it has not been fully optimized with the decrease in sales in the first half.

10.8.2 What has been the industry's capacity utilization rate for the periods specified above?

	2017	2018	2019	H1 2020
Kiln Utilization				
Finish Mill Utilization				

11 OTHER ADVERSE EFFECTS

11.1 Please give evidence to support claims of injurious effects (actual or potential) in any of the following areas for the most recent three (3) years:

- Cash flow – specify cash inflows and cash outflows
- Inventories – volume and value
- Employment
- Wages
- Growth
- Ability to raise capital
- Investments

Declining EBITDA remains the key driver in decreasing operating cash flows

• Cash Flow

The Company had negative cash flows in 2019 to finance investments in new cement mills to increase its cement production capacity. With lower volumes, these new mills were under-utilized thereby limiting its contribution to the company's cash flows. This has also resulted in higher payback period and lower return on these investments which impacts the Company's ability to request for additional funding for future capacity investments.

As of June 30, 2020, all third party loan payables in the first half of the year were paid in full including settlement of an outstanding loan from a related party resulted in the decrease in cash.

Net Cashflows (in 000 PhP)	2017	2018	2019	H1 2020
Provided by operating activities	4,418,867	5,155,297	6,158,495	2,374,932
Growth y-o-y	-46%	17%	19%	-61%
From Investing & financing	-4,598,775	-1,698,626	-8,607,757	-2,422,365
Net inc. (dec) in cash	-179,908	3,456,671	-2,449,262	-47,433

• Inventories

	2017	2018	2019	H1 2020	19 v 17	H1 20 v H1 19
Inventories - cement (in k tons)					3%	-18%
Cost of inventory (Mn PhP)					-10%	-17%
Days Inventory					-10%	-26%

- Employment and Wages

	2017	2018	2019	H1 2020
Total Personnel Cost (Mn PHP)				
Headcount				
Employee Productivity (k PHP)				
Salary increase	3%	5%	3%	2%

- Growth

	2017	2018	2019	H1 2020	Variation	
Estimated Industry Demand					19 v 17	H1 20 v H1 19
Domestic Sales volumes (mio MT)						
Trader Import Landings* (mio MT)						

	2017	2018	2019	H1 2020
Estimated Market Share				
Domestic Sales volumes (in %)				
Trader Imports* (in %)				

*Trader Import Landings and Market Share data is based on internal market research

- Ability to raise capital

Proliferation of traded imports makes it difficult to raise capital as volatile market conditions result in uncertainty over future cash flows.

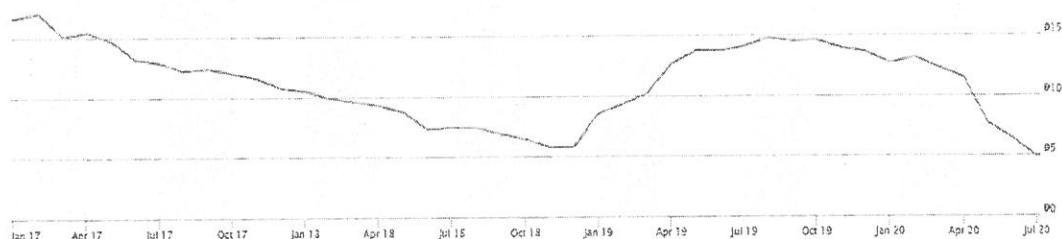


Figure Holcim Share Price January 2017 to July 2020

Source: Market Watch

- *Decline in EBITDA is impacting the Company's cash generation and ability to generate an acceptable return on new investments*
- *Current share price trend, low Return on Invested Capital performance which is below corporate expectations makes additional capital allocation for Philippines not a priority for the Group. This is impacting the Company's ability to expand in the Philippines despite the positive outlook on future cement demand.*

11.2 Comment on the impact made by the alleged margin of dumping, and any other factors affecting domestic prices.

The key impact of dumping has been on the Company's declining revenues resulting in lower profitability. With declining prices and declining profit margins, the Company reduced its sales to price-sensitive customers as it was unable to match the unsustainably low prices offered by importers.

12 OTHER CAUSES OF INJURY

Please comment on factors other than the allegedly dumped product that have injured, or are injuring the industry. These factors could include:

None

13 IMPORTS BY THE INDUSTRY

If the industry has imported the subject product in the past three (3) years please provide:

- Full description of the product

Imported cement products are mainly General Use cement categorized as:

a) OPC Type 1: For use when general properties specified for any other type are not required. This type of cement has high compressive strength, workability and compatible to common admixtures in the market. In addition, this normally comes in bulk form and mainly used in ready mix concrete applications serving projects such as high rise buildings, bridges, roads, concrete mat foundations, and the like.

b) Blended Cement Type 1P: Portland – Pozzolan Cement: This is a general purpose cement with mineral additives. It can be used in the construction of floor slabs, columns, walls and pavements.

HS Code: 2523 29 90

HS Code: 2523 90 00

- Details of each shipment (including dates of importation, supplier, country of origin, volume and value (FOB and CIF))

Estimated Imports from Vietnam
in 000 mt

	2017	2018	2019	H1 2020
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
Total	-	-	-	-

* Based on internal market research

- An explanation why the industry has imported the subject product.

Regional supply-demand imbalances and plant maintenance schedules were the primary reasons for the industry's importation in the earlier years. However, growing overcapacity in the region from newer and more efficient plants attracted lower cost cement into the Philippines. Domestic freight rates in the Philippines were also substantially higher than international freight rates making the cost of moving cement across regions almost at the same cost level as importing cement from Vietnam.

Growing over-capacity in the region particularly in Indonesia, Thailand and Vietnam, has prompted these countries to look for offshore markets to increase the utilization of their new plants. The archipelagic nature of the Philippines that increased logistical cost in moving cement across the country created an opportunity for importers to bring in cheaper cement into the country.

RA 8752 - ANTI DUMPING ACT OF 1999

Application to initiate a Dumping investigation

I hereby apply to initiate an investigation into the dumping of (product)
Ordinary Portland Cement and Blended Hydraulic Cement

From (Country of Origin)

Vietnam

In support of this application, I attached evidence of:

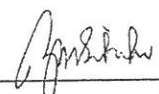
- (i) Dumping
- (ii) Injury to the industry, and
- (iii) A causal link between the allegedly dumping and alleged injury.

And such information as is reasonably available to me in relation the matters referred to in RA 8752, the Philippine Anti-Dumping Act of 1999.

This application is made by Holcim Philippines Inc. on behalf of the Philippine industry producing like product or article to those subject to the application, and is supported by producers of like product or article whose collective output constitutes:

- (a) Twenty five percent (25%) or more of the total Philippine production of like product produced for domestic consumption (during the most recent representative period, being not less than six months); and
- (b) More than fifty percent (50%) of the total production of like product produced for domestic consumption by those Philippine producers who have, in writing, expressed support for or opposition to the application.

Furthermore, I certify that the information contained in this application are accurate and complete to the best of my knowledge.

Signature 
Name Zoe Verna Sibala
Position VP - Strategy
Date 25 November 2020

YES!

You have reached the end of the applicant's questionnaire.

Please make sure you compile your application using the numbering system used in this questionnaire.

Have you signed the application? Yes

Have you covered everything in the checklist? Yes

Have you prepared two (2) copies of a non-confidential summary or version of your application and its attachments, to be made available upon request to any interested party if an investigation is initiated? Yes

Hold on to your questionnaire, it will be useful if further questions arise during a dumping investigation.

Please send the application for an investigation to:

THE DIRECTOR

Bureau of Import Services
Department of Trade and Industry

Address: 3rd Floor, Tara Building
389 Sen. Gil Puyat Avenue,
Makati City

Telephone No: 896-4430/403-1418

Fax No: 896-4431

Email: LuisCatibayan@dti.gov.ph
bis_irmd@dti.gov.ph