STAFF REPORT
(Public Version)

In the Matter of the Petition for Extension of Safeguard Measure on the Importation of Figured Glass (AHTN Nos. 7003.12.20, 7003.12.90, 7003.19.20 & 7003.19.90), Float Glass (AHTN Nos. 7005.21 20, 7005.21 90, 7005.29.20 & 7005.29 90), and Glass Mirror (AHTN Nos. 7009.91.00 & 7009.92.00)

(SG Investigation Nos. 01-2006, 02-2006 & 03-2006)

Tariff Commission
25 July 2006

INTRODUCTION

1. **Background**

On 14 April 2004, the Secretary of the Department of Trade and Industry (DTI), following the positive findings of the Tariff Commission (herein referred to as the "Commission"), issued the Department Order imposing definitive safeguard duties for a period of three (3) years on glass products imported from various countries as shown hereunder:

AHTN Code	Product	Safeguard Duty ₱/MT		
		1st year	2nd year	3rd year
7003.12.20 7003.12.90 7003.19.20 7003.19.90	Figured Glass	2,655	2,520	2,394
7005.21 20 7005.21 90	Tinted Float Glass	5,850	5,560	5,280
7005.29 20 700529 90	Clear Float Glass	4,630	4,400	4,180
7009.91.00 7009.92.00	Glass Mirror	5,110	4,855	4,615

The imposition of the definitive safeguard duty will expire on 13 October 2006.

2. **Petition for Extension of the Safeguard Measures**

On 12 May 2006, Asahi Glass Philippines, Inc. (AGP) filed a petition to the Department of Trade and Industry-Bureau of Import Services (DTI-BIS) requesting the extension of the imposition of the safeguard duty on glass products. AGP cited the following reasons for the petition:

- more time to complete the implementation of its adjustment plan and become import competitive; and

- external factors, i.e., rise in power and fuel prices, overall transport costs and China's massive import demand which pushed up prices of most commodities, adversely affected their cost competitiveness.

On 17 May 200, the DTI Secretary endorsed the petition to the Commission for formal investigation. The endorsement was received on 21 June 2006, which likewise is the date when the Commission's formal investigation commenced.

3. **Role of the Commission**

Section 19 of RA 8800 (Safeguard Measures Acts) and its Implementing Rules and Regulations (IRRs) provides the legal basis for the Commission to conduct an investigation on the petition. The provision states:

"Section 19. Extension and Re-application of Safeguard Measures. (1) Subject to the review under Rule 16, an extension of the measure may be requested by the petitioner if the action continues to be necessary to prevent or remedy the serious injury and there is evidence that the domestic industry is making positive adjustment to import competition.

(2) The petitioner may appeal to the Secretary at least ninety (90) days before the expiration of the measure for an extension of the period by stating concrete reasons for the need thereof and a description of the industry's adjustment performance and future plan. The Secretary will immediately refer the request to the Commission. Following the procedures required under Section 9, the Commission shall then submit a report to the Secretary not later than sixty (60) days from its receipt of the request. Within seven (7) days from receipt of the report, the Secretary shall issue an order granting or denying the petition. In case an extension is granted, the same shall be more liberal than the initial application."

THE COMMISSION'S INVESTIGATION

1. Product Under Consideration

The products at issue are:

- Figured glass is a translucent glass having a repetitive pattern on one surface to permit light to pass through but diffuses it so that the objects are not clearly visible. It is designed for use as light diffuser in interior lighting. Thickness ranges from 3.0 mm to 6.0 mm, and with a maximum size of 72 inches by 48 inches. Figured glass is used primarily by residential and commercial construction industries, and the furniture making industry, as well as direct purchasers at retail level;

- Float glass is basically made from feldspar, dolomite, silica sand, soda ash, salt coke, calumite, cobalt oxide, and nickel sulfate. It is produced using the universal method for the manufacture of high-quality flat glass, i.e., the float process. It is used for the following applications: showcase windows; curtain walls; interior room partitions; exterior and interior window and door openings; huge scenic openings (glacade-suspended glass systems); decorative applications; furniture applications (tabletops, dressers, etc.); basic glass for mirrors, heat-treated safety glass, laminated glass, and ballistic glass; and basic glass for tinted mirrors, automotive and building tempered glass; and

- Glass mirror is made from top-of-the-line float glass chemically treated with silver through automatic sprayers to ensure evenness of reflection. It is copper-coated to prevent peeling, and backed by double paint coatings oven-cured to maintain durability through the years. Mirrors exude brilliant, distortion-free reflections. They are protectively sealed to prevent corrosion resulting from cyclic moisture and temperature changes.

In the original investigation, it was established that locally produced glass products are "like product" to imported glass. This element of product comparability having been established will no longer be discussed in the public hearing.

2. Domestic Industry Requirements

AGP is the only manufacturer of clear and tinted float glass in the Philippines and thus accounted for 100% of total domestic production of subject articles. This complies with Section 4(f) of the IRR of R.A. 8800 which, for purposes of determining serious injury or the threat thereof, defines "domestic industry" as "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 domestic production of these products."

3. **Period under Review**

The period under review is the period when the safeguard measure is in place, i.e., starting year 2003 up to the present or where latest data is available.

The Commission, in its evaluation, will compare the prevailing condition of domestic industry during the period under review and the original period of investigation (POI).

4. **Notifications**

The Notices of Formal Investigation and of Public Hearing/Consultations were published on 24 June 2006 and 18 July 2006, respectively, both in *Manila Standard* and *The Manila Times*. Individual notices were sent to all known interested parties and concerned government agencies and private entities.

The public hearing/consultation will be held on 31 July to 04 August 200, 9:00 am at the Tariff Commission office.

5. **Preliminary Conference**

The preliminary conference was held on 28 June 2006 at the Tariff Commission. In attendance were representatives from the petitioner (AGP), ComGlas Co., PKG Expert, Reno Glass Corp., Thailand Embassy, China Embassy, US Asean Business Council and Bureau of Import Services (BIS).

A Commission Order containing the matters taken up and agreed by the parties present during the conference/meeting was issued to all interested parties.

6. **Submission of Position Papers**

AGP submitted its position paper to the Tariff Commission on 11 July 2006. It alleges that the extension of the safeguard measure is necessary to prevent and/or remedy the serious injury being inflicted by the industry. Termination of the measure at this time would result in financial losses and derailing its adjustment effort towards global competition. The company needs at least four (4) more years to complete its adjustment plan adjust to import competition. Based on its recent study, there is an over capacity in the global production of float glass with total demand exceeding the saleable capacity of existing furnaces and more furnaces are being built to cover growth in demand. Import trends indicate that the Philippines will be flooded with cheaper imported float glass once the measure is terminated.

Other parties that submitted their written positions are:

- Asia Glass Palace, Inc. – restated its continuing opposition to the imposition of safeguard measure on glass products;

- Philippine Chamber of Glass and Aluminum Industry Sub-Committee on Glass Imports – opposed the continued imposition of safeguard measure.

- Malaysian Sheet Glass SDN. BHD – claimed that Malaysia should continue to be exempted from the imposition in case the extension is granted as Malaysian exports of glass products to the Philippines from 2004 to date still accounted for less than 3% of the Philippine total imports;

- Taipei Economic and Cultural Office, Taiwan, ROC – suggested that if the Philippines is seeking an extension of the measure on glass products, it shall be brought into conformity with WTO Agreement which included evidence that the domestic industry is making adjustment to import competition, and for an adequate opportunity for prior consultation with the affected exporting countries on the issue of trade compensation;

- Mr. Eric Manalang of PKG Expert – expressed interest opposing the petition on behalf of the Filipino consumer.

Based on the agreed schedule of activities, parties have until 07 August 2006 to submit their respective preliminary/supplemental position papers/documentary evidences on the petition.

VOLUME OF IMPORTS

1. **Figured Glass**

Table 1a. Volume Imports of Figured Glass

Year	1998	1999	2000	2001	2002	2003	2004	2005
Volume (MT)	4,035	6,685	8,092	6,183	9,795	5,874	4,044	2,662
Growth Rate (%)		66	21	(24)	58	(40)	(31)	(34)

Source of basic data: Import Entries
Note: Excludes imports of AGP

The import trends in 2003 to 2005 were declining. In the first year of imposition of safeguard measure (October 2003), imports dropped from 9,795 MT in 2002 to 5,874 MT in 2003 and further in 2004 and 2005. This resulted to negative growth rates of 40%, 31% and 34% in years 2003, 2004 and 2005, respectively.

China is the top country supplier of figured glass accounting for an average share of 69% from years 2003 to 2005. In the case of Thailand, there was a stable growth of imports from 383 MT in 2003 to 571 MT in 2005. Thailand ranked 2nd to China in 2004 and 2005 with import volumes of 681 and 571 MT, respectively. Indonesia, one of the *de minimis countries*, ranked 3rd with 16.08% share of imports in 2005.

Table 1b. Figured Glass Imports by Country Suppliers

Origin	2003			2004			2005		
	Volume (MT)	Share to Total Imports (%)	Rank	Volume (MT)	Share to Total Imports (%)	Rank	Volume (MT)	Share to Total Imports (%)	Rank
China	4,630	78.82	1	3,097	76.58	1	1,344	50.48	1
Korea*	456	7.76	2						
South Africa*	387	6.59	3	80	1.98	4	20	0.77	6
Thailand	383	6.52	4	681	16.84	2	571	21.45	2
Belgium	18	0.30	5						
Taiwan*				130	3.21	3	235	8.81	4
Vietnam*				56	1.39	5			
Indonesia*							428	16.08	3
USA							65	2.42	5
Total	5,874	100		4,044	100		2,662	100	

** countries excluded from the imposition of safeguard duty*

Table 2. Share of Imports to Domestic Production of Figured Glass

Year	Imports (MT)	Domestic Production (MT)	Share of Imports to Total Production (%)
2002	9.8	30.0	32.7
2003	5.9	31.1	18.9
2004	4.0	26.2	15.4
2005	2.7	18.6	14.3

Share of imports of figured glass against the domestic production is 32.7% in 2002, there was a large cut of share to 18.9% in 2003 which further decreased to 14.3% in 2005.

2. Float Glass

Table 3. Volume Imports of Float Glass

Year	Imports (MT)	Actual Inc/Dec (MT)	Growth Rate (%)
1998	11,334		
1999	18,191	6,857	60.50
2000	14,614	(3,577)	(19.66)
2001	18,432	3,818	26.13
2002	26,585	8,153	44.23
2003	19,792	(6,793)	(25.55)
2004	9,527	(10,265)	(51.86)
2005	7,448	(2,079)	(21.28)

Source of basic data: Import entries

Total imports of float glass decreased steadily over the period of relief with a sharp drop in the second year (2004). In the first year of imposition of the measure (2003), imports dropped from the surge level of 26,585 MT in 2002 to 19,792 MT in 2003. In 2004, imports plunged to a record low of 9,527 MT or 52% decline from 2003 level and the lowest in seven (7) years. Imports continued to fall in 2005 with a decline rate of 21%.

Float glass imports accounted for 29.35% of total domestic float glass production in 2002. This share gradually declined 21.51% in 2003 and further in 2004 and 2005 at 10.24% and 7.39%, respectively.

Table 4. Share of Imports to Domestic Production of Float Glass

Year	Imports (‘000 MT)	Domestic Production (‘000 MT)	Share of Imports to Total Production (%)
1998	11	84	13.10
1999	18	89	20.22
2000	15	91	16.48
2001	18	62	29.03
2002	27	92	29.35
2003	20	92	21.51
2004	10	93	10.24
2005	7	99	7.39

China and Indonesia were the top suppliers of tinted float glass in the country in 2003 to 2005. Combining their import volumes accounted for 78% of the total importation in 2003, 96% in 2004 and 89% in 2005.

With regard to clear float glass, leading the country of origin in 2005 is China followed by Indonesia. Taiwan and Pakistan, from nil or minimal level of clear float glass importation in 2003, exceeded the 3% threshold in 2004 and 2005. For this reason, DTI issued an Order dated 20 June 2006 amending the Department Order of 14 April 2004 to include Taiwan and Pakistan in the imposition of definitive safeguard duty.

3. Glass Mirror

There was a successive decline of glass mirror imports from 2002 to 2005 (Table 5). During this period, China, Indonesia, Thailand and Taiwan were the four (4) major country suppliers of glass mirrors in the country.

As shown in Table 6, share of imports to AGP's total domestic production of glass mirror accounted for 144% in 2002. Starting in 2003, the share gradually went down to 28% in 2005.

Table 5. Imports of Glass Mirror

Year	Total Imports (MT)	Growth Rate (%)
2002	4,851	-
2003	3,123	(36)
2004	2,065	(34)
2005	1,727	(16)

Source of basic data: 2002 – 2005 NSO trade statistics

Table 6. Share of Imports to Domestic Production of Glass Mirror

Year	Imports (MT)	Domestic Production (MT)	Share of Imports to Total Production (%)
2002	4,851	3,364	144
2003	3,123	5,636	55
2004	2,065	5,545	37
2005	1,727	6,227	28

Source of basic data: NSO and AGP

INITIAL DETERMINATION OF SERIOUS INJURY OR THREAT THEREOF

Rule 9.4 (c) of the IRRs of RA 8800 states that the Commission shall determine "the presence and extent of serious injury or the threat thereof to the domestic industry that produces like or directly competitive product."

Section 4(o) of R.A. 8800 defines "serious injury" as " a significant impairment in the position of a domestic industry after evaluation by competent authorities of all relevant factors of an objective and quantifiable nature having 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."

The Commission, in evaluating if the action continues to be necessary to prevent or remedy the serious injury and there is evidence that the domestic industry is making positive adjustment to import competition, shall compare the prevailing condition of domestic industry during the period under review and the original period of investigation (POI).

1. **Figured Glass**

1.1 Market Share

Table 7. Apparent Domestic Consumption and Market Shares

Year	% Share to Apparent Consumption	
	Domestic Industry\1	Imports\2
2002	69.3	30.7
2003	79.0	21.0
2004	84.3	15.7
2005	88.4	11.6

Sources: \1 - AGP
\2 - NSO Foreign Trade Statistics

1.2 Production and Sales

Table 8. Production and Sales

Year	Production (% Change)	Sales (% Change)
2003	3.7	6.7
2004	(15.76)	(0.9)
2005	(29.01)	(6.8)

Sources: AGP; Formal Investigation Report (SG Inv. No. 01-2003)

1.3 Capacity Utilization

Table 9. Actual Capacity Utilization

Year	Actual Utilization Rate (%)
2002	73.3
2003	76.0
2004*	48.1
2005	34.1

**- Cold Repair (16 June - 20 September 2004)*
Sources: AGP; Formal Investigation Report (SG Inv. No. 01-2003)

1.4 Cost of Production

Table 10. Cost to Produce and Sell

Particulars	% Change		
	2003-2004	2004-2005	2003-2005
Raw Materials	(0.32)	13.99	13.63
Direct Labor	34.07	18.65	59.07
Manufacturing Overhead	(8.06)	49.80	37.73
Cost of Production	(4.30)	38.00	32.06
Operating Expenses	(5.95)	43.87	35.30
Cost to Produce and Sell	(4.61)	39.07	32.65

Sources: AGP; Formal Investigation Report (SG Inv. No. 01-2003)

1.5 Profitability

Table 11. Statement of Income of AGP

Particulars	₽ ‘000			
	2002	2003	2004	2005
Sales Revenue	1,890,657	1,879,855	2,087,973	2,110,189
Cost of Sales	1,822,169	1,624,888	1,535,602	1,674,905
Gross Profit /(Loss)	68,488	254,967	552,371	777,545
Operating Expenses	446,346	138,130	340,350	393,762
Income/(Loss) from Operations	(377,858)	116,837	212,021	383,783
Other Income/(Expenses)- net:				
Interest Expenses (net)	(131,786)	(60,713)	(47,206)	(52,433)
Other Income/(Losses)	(342,987)	(88,144)	2,327	9,625
Income/(Loss) Before Tax	(852,631)	(32,020)	167,142	340,975
(Provision for tax)/Income tax benefit (net)	408,340	(4,455)	(13,149)	(14,201)
Net Income /(Loss)	(1,260,971)	(36,475)	153,993	326,774

Sources: AGP; Formal Investigation Report (SG Inv. No. 01-2003)

1.6 Employment

Table 12. Number of Employees

Year	% Change
2002	6.7
2003	1.6
2004	(49.2)
2005	3.0

Sources: AGP; Formal Investigation Report (SG Inv. No. 01-2003)

1.7 Productivity

Table 13. Labor Productivity

Year	% Change
2002	(8.39)
2003	2.07
2004	65.94
2005	(31.10)

Sources: AGP; Formal Investigation Report (SG Inv. No. 01-2003)

1.8 Return on Sales

Table 14. Return on Sales Based on Income from Operations

Year	Income from Operations (₱'000)	Sales Revenue (₱'000)	Return on Sales (%)
2002	(377,858)	1,890,657	(19.99)
2003	116,837	1,879,855	6.21
2004	212,021	2,087,973	10.15
2005	383,783	2,110,189	18.19

Sources: AGP; Formal Investigation Report (SG Inv. No. 01-2003)

1.9 Price Trends

Table 15. Domestic Selling Price versus Landed Cost of Imports (₱/MT)

Year	Difference between AGP's Selling Price less Landed Cost w/o Safeguard Duty\1	Safeguard Duty \2	Difference between AGP's Selling Price less Landed Cost w/ Safeguard Duty\3
2002	572	-	-
2003	1,579	-	-
2004	2,119	2,655	(536)
2005	1,374	2,520	(1,146)

\1 *Wtd Average; AGP's selling price less landed cost without SG*
\2 *DTI order dated 14 April 2004; effectivity of measure- 13 October 2003, CMO 24-2003.*
\3 *Wtd Average: AGP's selling price less landed cost with SG*

2. **Float Glass**

2.1 Market Share

Table 16. Estimated Apparent Consumption and Market Share

Year	% Share to Apparent Consumption	
	Domestic Industry	Imports
2002	66.3	33.7
2003	76.8	23.2
2004	88.1	11.9
2005	90.5	9.5

Sources: \1 - *AGP*
\2 - Import Entries

2.2 Production and Sales

Table 17. Production and Sales Output

Year	Production ('000MT) % Change	Sales ('000 MT)		
		Domestic % Change	Export % Change	Total % Change
2002	-	-		
2003	1.6	25.0	(21.9)	10.0
2004	6.1	7.0	(1.0)	5.2
2005	1.5	1.7	(82.7)	(16.4)

Sources: AGP; Formal Investigation Report (SG Inv. No. 02-2003)

2.3 Capacity Utilization

Table 18. Actual Capacity Utilization

Year	Actual Utilization (%)
2002	84.2
2003	85.6
2004	90.8
2005	92.2

Sources: AGP; Formal Investigation Report (SG Inv. No. 02-2003)

2.4 Cost of Production

Table 19. Cost to Produce and Sell (₱/MT)

Particulars	% Change		
	2003-2004	2004-2005	2003-2005
Clear Float:			
Raw Materials	6.45	24.72	32.76
Direct Labor	(0.56)	3.96	3.38
Manufacturing Overhead	(2.09)	17.18	14.74
Cost of Production	.22	18.71	18.97
Operating Expenses	(6.83)	48.86	38.69
Cost to Produce and Sell	(0.91)	23.25	22.13
Tinted Float:			
Raw Materials	16.30	24.44	44.72
Direct Labor	(18.40)	(22.36)	(36.64)
Manufacturing Overhead	4.23	22.86	28.05
Cost of Production	6.10	21.66	29.09
Operating Expenses	(6.91)	47.58	37.38
Cost to Produce and Sell	4.13	25.17	30.34

Sources: AGP; Formal Investigation Report (SG Inv. No. 02-2003)

2.5 Profitability

(same as Table 11)

2.6 Employment

Table 20. Number of Employees

Year	% Change
2002	-
2003	39.69
2004	(52.40)
2005	(11.63)

Sources: AGP; Formal Investigation Report (SG Inv. No. 02-2003)

2.7 Productivity

Table 21. Labor Productivity

Year	% Change
2002	-
2003	(27.27)
2004	122.96
2005	14.99

Sources: AGP; Formal Investigation Report (SG Inv. No. 02-2003)

2.8 Return on Sales

(same as Table 14)

2.9 Price Trends

Table 22. Domestic Selling Price versus Landed Cost of Imports (₱/MT)

Year	Difference (AGP's SP less LCWOSG) [/1]	Safeguard Duty [/2]	Difference (AGP's SP less LCWSG) [/3]
Clear Float:			
2002	1,268	-	-
2003	815	-	-
2004	1,138	4,630	(3,492)
2005	3,063	4,400	(1,337)
Tinted Float:			
2002	3,054	-	-
2003	2,948	-	-
2004	2,234	5,850	(3,616)
2005	3,057	5,560	(2,503)

/1 Wtd Average; AGP'sSP –AGP's Selling Price; LCWOSG – Landed Cost w/o Safeguard Duty
/2 DTI order dated 14 April 2004; effectivity of measure- 13 October 2003, CMO 24-2003
/3 .Wtd Average; LCWSG – Landed Cost with Safeguard Duty

3. **Glass Mirror**

3.1 Market Share

Table 23. Estimated Apparent Consumption and Market Share

Year	% Share to Apparent Consumption	
	Domestic Industry	Imports
2002	51.4	48.6
2003	61.2	36.4
2004	73.2	26.8
2005	72.6	27.4

Sources: \1 *- AGP*
\2 *- Import Entries*

3.2 Production and Sales

Table 24. Production and Sales Output

Year	Production ('000 MT) % Change	Sales ('000 MT)
		Domestic % Change
2002		
2003	64.7	36.1
2004	(1.78)	6.1
2005	12.7	(13.5)

Sources: AGP; Formal Investigation Report (SG Inv. No. 03-2003)

3.3 Capacity Utilization

Table 25. Actual Capacity Utilization

Year	Actual Utilization(%)
2002	40.2
2003	69.5
2004	67.0
2005	75.6

Sources: AGP; Formal Investigation Report (SG Inv. No. 03-2003)

3.4 Cost of Production

Table 26. Cost to Produce and Sell

Particulars	% Change		
	2003-2004	2004-2005	2003-2005
Raw Materials	(0.33)	5.29	4.95
Direct Labor	12.94	12.00	26.49
Manufacturing Overhead	17.87	121.73	161.35
Cost of Production	2.03	18.34	20.74
Operating Expenses	(17.24)	49.78	23.95
Cost to Produce and Sell	(0.24)	21.41	21.12

Sources: AGP; *Formal Investigation Report (SG Inv. No. 03-2003)*

3.5 Profitability

(same as Table 11)

3.6 Employment

Table 27. Number of Employees

Year	% Change
2002	
2003	26.9
2004	27.3
2005	4.8

Sources: AGP; Formal Investigation Report (SG Inv. No. 03-2003)

3.7 Productivity

Table 28. Labor Productivity

Year	% Change
2002	
2003	33.7
2004	(22.9)
2005	7.6

Sources: AGP; Formal Investigation Report (SG Inv. No. 03-2003)

3.8 Return on Sales

(same as Table 14)

3.9 Price Trends

Table 29. Domestic Selling Price versus Landed Cost of Imports (₱/MT)

Year	Difference AGP's Selling Price less Landed Cost w/o Safeguard Duty	Safeguard Duty1/	Difference AGP's Selling Price less Landed Cost w/ Safeguard Duty
2002	3,428	--	
2003	5,566	--	
2004	2,594	5,110	(2,516)
2005	3,911	4,855	(944)

1/ DTI order dated 14 April 2004; effectivity of measure - 13 October 2003, CMO 24-2003.

MONITORING OF THE ADJUSTMENT PLAN

Rule 4.1 (a) of the IRR to R.A. 8800 defines "Adjustment Plan" as an action which a domestic industry is required to submit, that describes a set of quantified goals, specific plans, and timetables that a concerned industry commits to undertake in order to facilitate positive adjustment of the industry to import competition.

> "The adjustment plan shall provide a clear quantification of its proposed goals and detail the efforts that the domestic industry and other concerned parties will make to place the domestic industry in a more competitive position. The goals shall be presented using objectively verifiable indicators that will cover the period for which safeguard measures are sought. Measures covering more than one year shall include specific efforts to be undertaken by the domestic industry for each year of progressive liberalization of the measure. It shall likewise include a time frame to enable the Commission to monitor their attainment over the specified period."

In compliance with the requirement of the law, AGP submitted its adjustment plans in 2003 which contained the following:

- Profitability improvement;
- Strengthening of manufacturing capability;
- Marketing improvements;
- Addition of new value-added products for the domestic and foreign markets;
- Streamlining of organization; and
- Propose to the government that, as provided under R.A.8800, funds derived from safeguard duties be used for the (a) development and installation of anti-pollution system to comply with the Clean Air Act; (b) logistical support to prevent circumvention of R.A. 8800 and to strengthen government's anti-smuggling effort, and; (c) other competitiveness-enhancing measures for local industries

On 09 August 2005, the Commission conducted a public hearing on the monitoring of the domestic industry pursuant to Section 16 of RA 8800 (Monitoring of the Domestic Industry). The Commission on 08 December 2005 submitted to the DTI its report of findings that the domestic flat glass industry has complied substantially with its commitments as stated in its adjustment plan. Among the specific efforts that have been undertaken by AGP to comply with its adjustment plan and thereby gain competitiveness *vis-a-vis* imports are the following:

- group purchase of raw materials to avail of discounts from strategic pricing;
- exploitation of substitution possibilities between imported and local strategic raw materials and modification of raw material mix, subject to technology constraints, to minimize costs;

- adoption of power mix scheme and change in fuel purchase method to mitigate fuel and power price increases;

- investment in maintenance and refurbishing, such as furnace cold repair, to gain better quality, higher yield, and improved fuel consumption, and enable production of a high-value product like solar glass;

- benchmarking with other affiliates to increase factory yield, improve product quality, maximize power and fuel consumption efficiency, increase truck utilization, and reduce breakages;

- adoption of computer systems to facilitate production planning and inventory management

- streamlining of organization and capability-building to enhance operational efficiencies; and

- fostering of closer relations with industrial users and consumers as well as enhancement of marketing and distribution strategies and initiation of mandatory product standards to increase market share.

-- end of the report --