



FEDERATION OF PHILIPPINE INDUSTRIES, INC.

THE VOICE OF INDUSTRY

Domestic Manufacturers Cry Foul Over Subsidized Imports from China

Urge DTI To Intervene, Seek WTO Action

Domestic Manufacturers are up in arms over the unrestricted influx into the country of cheap imports from the People's Republic of China saying these posed unfair competition to locally produced goods because their prices are kept low by numerous state subsidies in violation of World Trade Organization (WTO) rules.

Citing the recent move of the Bush Administration to apply U.S. anti-subsidy laws on certain Chinese imports, the Federation of Philippine Industries (FPI), which is the umbrella organization of the biggest Filipino industry associations, is urging the Department of Trade and Industry (DTI) to take similar steps to protect domestic manufacturers.

The U.S. Department of Commerce announced early this month the imposition of duties on Chinese producers on glossy, high quality papers used in books and magazines after validating a complaint filed by an American manufacturer of these products that its Chinese competitors receive state subsidies

“Chinese export prices are kept low because the exporter-companies benefit from low cost loans from state-owned banks as well as numerous grants and tax breaks given by various entities,” FPI president, Jesus Arranza, said in a letter to Trade and Industry Secretary Peter Favila.

To support his claim, Arranza pointed out to the DTI secretary that the Chinese government is giving 11% exports rebates on floor covering products such as HDF, wood floors and vinyl coated floors, which are being shipped to the Philippines in large quantities.

As another example, he added that galvanized coils and pre-painted galvanized coils, receive a 5% export rebate on top of the subsidized cost of zinc, the coating raw material, which the Chinese government makes available at US\$600 per metric ton lower than the bellwether London Metal Exchange (LME) prices.