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Konu: Filipinler /Buğday Unu/ Anti-Damping

Mersin, 01/12/2023

Sayın Üyemiz,

Ticaret Bakanlığından iletilen bir yazıda, Filipinler tarafından ülkemiz menşeli “Buğday Unu” ithalatına karşı 9 Ocak 2015 tarihinden bu yana bir anti-damping önlemi uygulandığı belirtilmektedir.

Anılan yazıda devamla, Filipinler Tarif Komisyonu (Komisyon) tarafından, Filipinler yerli sanayisine yapılan başvuru üzerine mezkûr önleme ilişkin bir nihai gözden geçirme soruşturmasının yürütülmekte olduğu ve söz konusu soruşturmada önlemin kaldırılmasının damping ve zararın devam etmesine veya yeniden meydana gelmesine yol açmasına sebep olup olmayacağının inceleneceği belirtilmiştir.

Bu çerçevede, Manila Ticaret Müşavirimiz tarafından iletilen 30 Kasım 2023 tarihli yazıda ilgili nihai gözden geçirme soruşturması kapsamında "Philippine Flour Millers, Inc" tarafından iletilen "Petition Letter" için kurumlarınca "Essential Facts" (Ek) raporunun yayımlandığı, 30 Kasım 2023 tarihli bu raporun 5 takvim günü süresince tarafların görüş ve değerlendirmelerine açık olduğu, görüşlerin TC.Assist@mail.tariffcommission.gov.ph e-posta adresine gönderilebileceği ve söz konusu 5 günlük sürenin uzatılmayacağı hususu yer almaktadır.

Bilgilerini rica ederim.

H. Okan ŞENEL
Genel Sekreter Yrd.

Ek: Attachment - Public Version of Essential Facts_2ndExpiry Review_30Nov2023



REPUBLIC OF THE PHILIPPINES
TARIFF COMMISSION

**ESSENTIAL FACTS
ON THE PETITION OF THE PHILIPPINE ASSOCIATION OF FLOUR
MILLERS, INC. FOR THE SECOND EXPIRY (SUNSET) REVIEW OF THE
ANTI-DUMPING DUTY IMPOSED AGAINST IMPORTATIONS OF
WHEAT FLOUR (AHTN 2022/2017 Subheadings 1101.00.11 and
1101.00.19) FROM THE REPUBLIC OF TÜRKIYE**

TCI (AD) No. AD-2023-ER2-WheatFlourTR



PUBLIC VERSION

COPY FOR: Exporters, Importers, and Other Interested Parties

30 November 2023

4th Floor, West Insula Condominium, 135 West Avenue, Quezon City, 1105 Philippines
Tel. Nos.: (632) 8926-8731 / (632) 8928-8419 / (632) 8936-3315 / (632) 8936-3318 • Telefax Number: (632) 8921-7960
Website: tariffcommission.gov.ph • Philippine Tariff Finder: finder.tariffcommission.gov.ph
Email Address: TC.Assist@mail.tariffcommission.gov.ph

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1. DETERMINATION OF LIKELIHOOD OF CONTINUATION OR RECURRENCE OF DUMPING

Section 19(b) of the IRRs of RA No. 8752 provides that the duration of the definitive anti-dumping duty shall not exceed five years from the date of its imposition unless the Commission has determined that the termination of the anti-dumping duty will likely lead to the **continuation or recurrence of dumping** and injury. Such a likelihood may be indicated, for example, by **evidence of continued dumping and injury** or **evidence that the removal of injury is partly or solely due to the existence of the duty** or **evidence that the circumstances of the foreign exporters, or market conditions, are such that these would indicate the likelihood of further injurious dumping**.

In assessing the likelihood of whether the termination of the anti-dumping duty of wheat flour imported from Türkiye will likely lead to the continuation or recurrence of dumping, the Commission evaluated the following factors:

1.1. Calculation of Dumping Margins

There were three identified exporters of Turkish wheat flour to the Philippines during the Period of Investigation (POI) for dumping determination (01 February 2022 to 31 January 2023), namely: Tekirdag Un Sanayi ve Ticaret Ltd. (Tekirdag), Turun Gida Sanayi ve Ticaret A.S. (Turun), and Bastak Analitik Cihazlar Ltd. Sti (Bastak).

Among the three aforesaid exporters, only Turun accomplished and submitted TC Form 6-B¹ to the Commission. The Commission verified the data submitted by Turun.

Turun is considered a major exporter of Turkish wheat flour during the POI. Based on import data collected from the Bureau of Customs (BOC), wheat flour exports of Turun totaled 2,768 MT, representing 64% of the total volume of wheat flour exports of Türkiye to the Philippines during the POI.

Table 1.1 Exports of Turkish Wheat Flour to the Philippines: 01 February 2022 – 31 January 2023

No.	Exporter	During POI for Dumping Determination	
		Volume of Exports to the Philippines (MT)	Share in Total Exports of Türkiye to the Philippines (%)
Participating Exporter			
1	<u>Turun</u>	2,768.00	64.42
Other Exporters			
1	<u>Tekirdag</u>		
2	<u>Bastak</u>		
Sub-Total: Other Exporters		1,529.00	35.58
Total: All Turkish Exporters		4,297.00	100.00

Source of basic data: BOC-EIEDs

Note: The Commission verified the BOC data against the submissions of Turun. Any difference in figures between the BOC import data and Turun's export volumes are attributable to the date of recording: the former is based on the dates of arrival in the Philippines while the latter is based on the dates of sale (e.g., date of contract, purchase order, order confirmation, invoice) which establish the material terms of sale.

¹ TC Form 6-B is the questionnaire for foreign exporters.

1.1.1 Export Price

Turun confirmed² that it exported wheat flour to the Philippines during the POI. It claimed that export sales were made to unaffiliated/independent Philippine importers and the export prices invoiced on the date of sale were at arm's length.

Based on its verification, the Commission found the prices reported by Turun reliable, hence export prices were calculated based directly on the actual gross FOB prices. These prices were adjusted to their ex-factory level by deducting all post-exportation charges³ incurred by Turun such as: inland freight and other local charges directly linked to the sale of goods (i.e., fortification, insurance and finance, international survey⁴ and packing cost).

Table 1.2 shows that the adjusted ex-factory export prices of wheat flour sold by Turun to the Philippines during the POI ranged from USD 353.50 – USD 541.00 per MT.

Table 1.2. Adjusted Ex-Factory Export Prices: Turun

Exporter / Product Type	Export Prices During POI for Dumping Determination (USD/MT)	
	Gross	Adjusted Ex-Factory
<u>Turun</u> 31-34% wet gluten wheat flour (hard flour)		

Source: TC Form 6-B as verified

1.1.2 Normal Value

Turun provided the Commission with its home market sales of wheat flour during the POI which are shown in Table 1.3.

Table 1.3. Domestic Sales of Wheat Flour in Türkiye: Turun

Exporter / Product Type	Like Product Sold in Home Market	During POI for Dumping Determination	
		Volume of Domestic Sales in Home Market (MT)	Ratio of Domestic Sales to Export Sales to the Philippines (%)
<u>Turun</u> 31-34% wet gluten wheat flour (hard flour)	31-34% wet gluten wheat flour (hard wheat flour)	948	34.24

Source: TC Form 6-B as verified

² Turun confirmed its exports of wheat flour to the Philippines during the POI at the Commission's virtual verification meeting held on 18 July 2023.

³ Philippine practice based on RA No. 8752 consistent with the WTO ADA

⁴ Includes export documentation costs and other related port charges.

The domestic selling prices of Turun were adjusted by deducting costs directly linked to the sale of subject product⁵, such as inland freight and packing cost, and adding the cost difference of raw materials used (wheat) for export sales and domestic sales in order to make the normal value comparable with the export prices on an ex-factory level.

Table 1.4 shows the adjusted ex-factory normal values of Turun based on its domestic selling prices of wheat flour sold in its home market of Türkiye during the POI. These adjusted ex-factory normal values ranged from USD 347.67 – USD 648.17 per MT.

Table 1.4. Adjusted Ex-Factory Normal Value: Turun

Exporter / Product Type	Domestic Prices During POI for Dumping Determination (USD/MT)	
	Gross Domestic Selling Prices	Adjusted Ex-Factory Normal Value
<u>Turun</u> 31-34% wet gluten wheat flour (hard wheat flour)		

Source: TC Form 6-B as verified

1.1.3 Dumping Margin

Consistent with the original investigation whereby Method 1 in the calculation of dumping margin was used pursuant to Section 11(l) of the IRRs of RA No. 8752⁶, the Commission calculated the dumping margin by comparing the weighted average export price over the POI with the weighted average of corresponding normal value over the POI (Table 1.5).

Table 1.5. Weighted Average Dumping Margin: Turun

Exporter / Product Type	Weighted Average Normal Value (NV) (USD/MT)	Weighted Average Export Price (EP) (USD/MT)	Dumping Margin	
			In Absolute Terms: NV-EP (USD/MT)	As a Percentage of EP (%)
(a)	(b)	(c)	(d) = (b)-(c)	(e) = (d)/(c) x 100
<u>Turun</u> 31-34% wet gluten wheat flour (hard flour)				9.37

⁵ Philippine practice based on RA No. 8752 consistent with the WTO ADA

⁶ "In accordance with the provisions governing fair comparison, the existence of a dumping margin during the period of investigation shall be established by the comparison of (1) a weighted average normal value with a weighted average of all comparable export transactions; or (2) x x x."

1.2 Likelihood of Occurrence of Dumping

Table 1.6. Volume of Dumped Imports: 01 February 2022 – 31 January 2023

Imports (in MT)					% Share of Dumped Imports to Total Philippine Wheat Flour Imports
From Türkiye			From Other Countries	Total	
Dumped	Non-Dumped	Total			
4,297	0	4,297	43,855	48,152	8.92

Source of basic data: BOC-EIEDs

2. DETERMINATION OF LIKELIHOOD OF CONTINUATION OR RECURRENCE OF INJURY

Section 19(b) of the IRRs of RA No. 8752 provides that the duration of the definitive anti-dumping duty shall not exceed five years from the date of its imposition unless the Commission has determined that the termination of the anti-dumping duty will likely lead to the **continuation or recurrence of dumping and injury**. Such a likelihood may be indicated by, for example, **evidence of continued dumping and injury** or **evidence that the removal of injury is partly or solely due to the existence of the duty** or **evidence that the circumstances of the foreign exporters, or market conditions, are such that these would indicate the likelihood of further injurious dumping**.

In assessing whether the measure should continue, the Commission is required to perform a forward-looking analysis. Recognizing that past trends might be indicative of future outcomes, the Commission has examined the Philippine wheat flour market and the economic condition of the domestic industry from 2020 to 2022 to provide context for the purposes of injury analysis.

The succeeding injury analysis is mainly based on the verified submissions of seven Philippine Association of Flour Millers, Inc. (PAFMIL) member companies since other local flour millers failed to submit questionnaire-responses despite efforts by the Commission in communicating with them to submit the required information. Hence, any reference to the domestic industry in this Section mainly refers to PAFMIL.

2.1 Industry Structure

The industry came into being in 1958. Since then, other players entered the flour milling business. Currently, a total of 22 wheat flour millers operates nationwide.

2.2 Apparent Domestic Consumption

Table 2.1. Apparent Domestic Consumption of Wheat Flour (MT): 2020-2022

Year	Imports ^{1/}			Production ^{4/}			Exports ^{1/}	Apparent Consumption	
	Türkiye	Other Countries	Total	PAFMIL ^{2/}	Other Millers ^{3/}	Total		Volume	% Change
2020	8,230	16,538	24,768			2,364,908	28,210	2,361,466	--
2021	6,550	21,901	28,451			2,386,868	26,720	2,388,599	1.15
2022	4,570	41,143	45,713			2,146,698	4,824	2,187,587	(8.42)

^{1/} Source: BOC-EIEDs

^{2/} Source: Actual production of PAFMIL member-companies

^{3/} Estimates based on the companies' monitored raw material wheat arrivals on file with the BOC

^{4/} Production volume was used instead of sales due to unavailability of domestic sales data of other millers

2.3 Volume Effects

2.3.1 Sales Volume

Table 2.2. Domestic Sales of Wheat Flour (MT): 2020-2022

Year	Domestic Sales (MT)	% Change
2020		--
2021		(0.96)
2022		(10.77)

Source: PAFMIL

2.3.2 Market Share

Table 2.3. Market Shares (%): 2020-2022

Year	Imports ^{1/} (MT)			PAFMIL Domestic Sales	Apparent Consumption (MT)	Market Share (%)				
	Türkiye	Other Countries	Total			Domestic Industry			Imports	
						PAFMIL	Other Millers	Total	Türkiye	Other Countries
2020	8,230	16,538	24,768		2,361,466			99.90	0.03	0.07
2021	6,550	21,901	28,451		2,388,599			99.89	0.02	0.09
2022	4,570	41,143	45,713		2,187,587			98.10	0.02	1.88

Source: ^{1/} BOC-EIEDs

2.4 Price Effects

2.4.1 Price Undercutting

Table 2.4. Domestic Selling Price vs. Landed Cost of Wheat Flour: 2020-2022

Year	Domestic Selling Price ^{1/} (PHP/MT) (a)	Landed Cost ^{2/} (PHP/MT) (b)		Undercutting Margin (PHP/MT) (c) = (a) – (b)	
		Türkiye		Türkiye	
		W/out AD duty	With AD duty	W/out AD duty	With AD duty
2020				7,228	6,522
2021				7,842	6,931
2022				9,839	8,101
Average				8,303	7,185
Undercutting Margin % = (c)/(a) x 100				31.95	27.65

Sources: ^{1/} PAFMIL

^{2/} BOC-EIEDs; exclusive of value-added tax (VAT)

2.4.2 Price Suppression

Table 2.5. Domestic Selling Price, Cost to Produce and Sell and Earnings Before Interest and Taxes: 2020-2022

Year	Domestic Selling Price		Cost to Produce and Sell		Earnings Before Income Tax	
	PHP/MT	% Change	PHP/MT	% Change	PHP/MT	% Change
2020		--		--		--
2021		7.07		10.34		(250.74)
2022		44.03		39.22		233.91

Source: PAFMIL

Table 2.6. Cost to Produce and Sell: 2020-2022

Cost Components	2020	2021	2022
Value (PHP/MT)			
Direct Raw Materials			
Direct Labor			
Manufacturing Overhead			
Cost of Production			
Selling & Administrative Expenses			
Cost to Produce and Sell (COPS)			
% Changes:			
Direct Raw Materials	--	12.11	44.64
Direct Labor	--	8.13	5.49
Manufacturing Overhead	--	0.90	18.67
Cost of Production	--	10.89	41.57
Selling & Administrative Expenses	--	4.92	14.65
Cost to Produce and Sell	--	10.34	39.22
% Share to Cost of Production:			
Direct Raw Materials	88.03	89.00	90.93
Direct Labor	1.66	1.62	1.20
Manufacturing Overhead	10.31	9.38	7.87
Total	100.00	100.00	100.00

Source: PAFMIL

Table 2.7. Average Landed Cost of Wheat Grain Imported From USA, Canada and Australia: 2019-2022

Year	Landed Cost (PHP/MT)	% Change
2020	13,791	--
2021	16,718	21.22
2022	25,090	50.07

Source of basic data: BOC-EIEDs

2.5 Profitability

2.5.1 Income from Operations

Table 2.8. Consolidated Profit and Loss Statement (in Million PHP): 2020-2022

Particulars	Year			% Change	
	2020	2021	2022	2020-21	2021-22
Sales Volume (MT)*				(1.71)	(12.47)
Sales Revenue				5	21
Less: Cost of Sales				8	26
Gross Profit /(Loss)				(22)	(31)
Less: Selling and Administrative Expenses				10	(1)
Other Income (Expenses) – Net				(29)	(40)
Income (Loss) from Operations				(70)	(195)
Finance Income (Expenses) – Net				(37)	(22)
Income (Loss) Before Income Tax				(72)	(223)
Gross Profit Ratio (%)				(25)	(43)

Source: PAFMIL

2.5.2 Return on Sales

Table 2.9. Return on Sales: 2020-2022

Year	Income (Loss) from Operations (PHP)	Sales Revenue (PHP)	Return on Sales (%)
2020			6.43
2021			1.86
2022			(1.45)

Source: PAFMIL

2.6 Other Factors

2.6.1 Production Volume

Table 2.10. Production (MT): 2020-2022

Year	Production (MT)	% Change
2020		--
2021		(2)
2022		(12)

Source: PAFMIL

2.6.2 Capacity Utilization

Table 2.11. Capacity Utilization: 2020-2022

Year	Effective Rated Capacity* (MT)		Actual Production (MT)	Utilization Rate (%)	% Change
	MT	% Change			
2020		-		55	--
2021		(0.4)		54	(2)
2022		(1.8)		48	(12)

Source: PAFMIL

* Annual nominal capacity x operational efficiency or runtime rate of the mills

2.6.3 Employment and Labor Productivity

Table 2.12. Employment: 2020-2022

Year	Number of Employees	Increase (Decrease)	
		Number	%
2020		--	--
2021		18	2.3
2022		170	21.3

Source: PAFMIL

Table 2.13. Labor Productivity: 2020-2022

Year	Number of Employees (a)	Actual Production (MT) (b)	Productivity (MT) (c) = (b) / (a)	% Change
2020			1,503	--
2021			1,445	(4)
2022			1,050	(27)

Source: PAFMIL

2.6.4 Finished Goods Inventory

Table 2.14. Ending Inventory of Finished Goods: 2020-2022

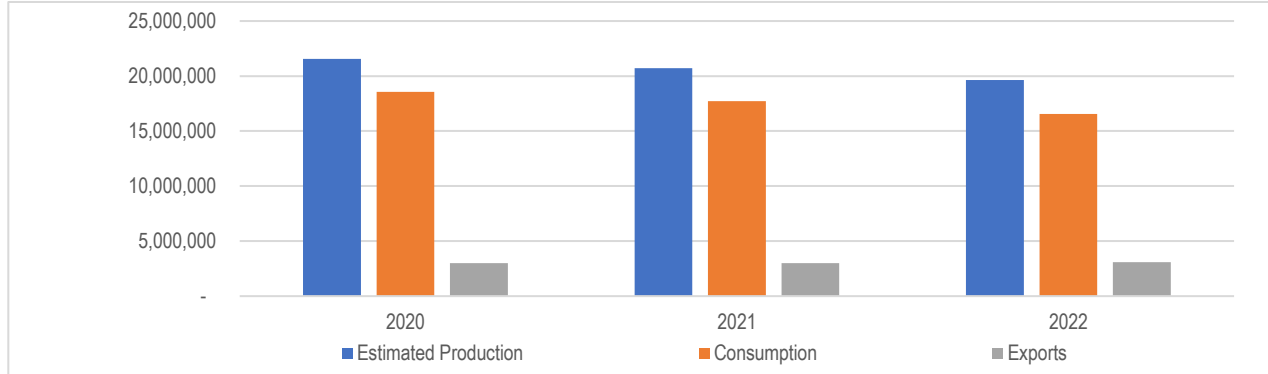
Year	Ending Inventory (MT) (a)	% Change of Ending Inventory (FG)	Cost of Goods Sold (PHP) (b)	Inventory Turnover Ratio (c) = (b) / (a)
2020		--		6.54
2021		(17)		8.72
2022		15		10.59

Source: PAFMIL

2.7 Likelihood of Recurrence of Injury

2.7.1 Production Capacities of Exporters and Spare Capacity Available in Türkiye

Figure 1. Estimated Production^{1/}, Estimated Domestic Consumption^{2/} and Exports^{3/} of Wheat Flour of Türkiye, In MT: 2020 to 2022



Notes: ^{1/} Türkiye 's annual production of wheat flour was estimated using data from Turkstat on Türkiye 's annual production and imports of wheat (raw material of wheat flour); this annual wheat supply was multiplied by the flour milling industry's average wheat recovery rate of 75%

^{2/} Difference of production and exports

^{3/} Source: www.trademap.org

2.7.2 Prices of Imports and Likelihood of Increase in Imports from Türkiye

Table 2.15. Domestic Selling Price vs. Landed Cost of Wheat Flour from Türkiye: 2020-2022

Year	Domestic Selling Price PHP/MT (a)	Landed Cost ^{2/} PHP/MT (b)		Undercutting Margin (PHP/MT) (c) = (a) – (b)	
		W/out AD duty	With AD duty	W/out AD duty	With AD duty
2020				7,228	6,522
2021				7,842	6,931
2022				9,839	8,101
Average				8,303	7,185
Undercutting Margin % = (c)/(a) x 100				31.95	27.65

Sources: ^{1/} PAFMIL

^{2/} BOC-EIEDs; exclusive of value-added tax (VAT)

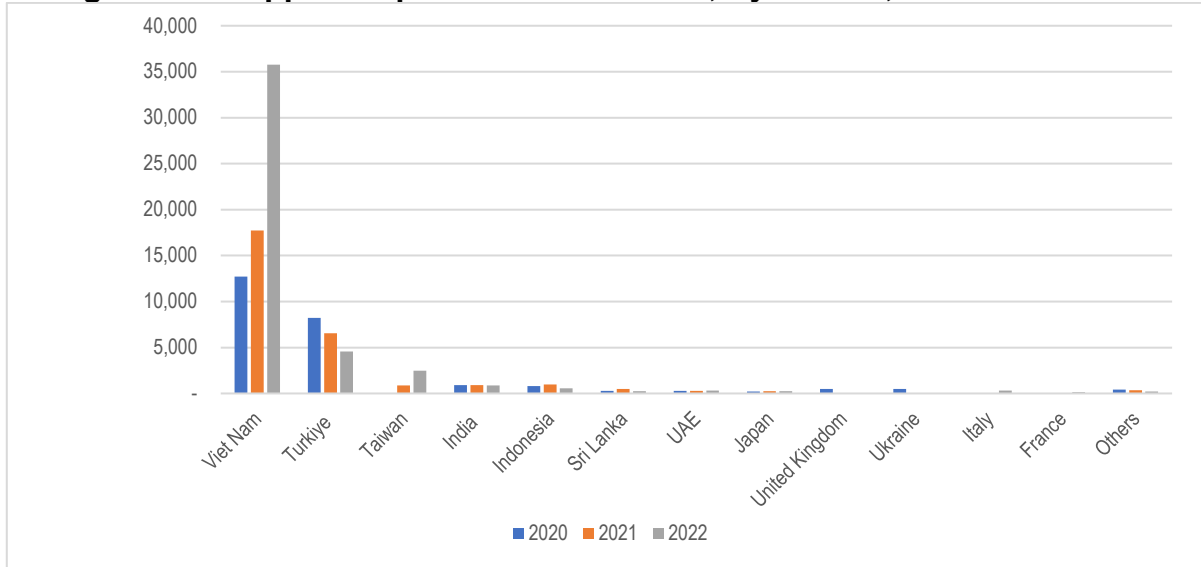
2.7.3 Status of the Philippines as Export Market for Wheat Flour from Türkiye

Table 2.16. Türkiye's Export Markets for Its Wheat Flour: 2018-2022

Rank	Country of Destination	Volume of Exports (In MT)						% Share
		2018	2019	2020	2021	2022	Total	
1	Iraq	1,616,111	1,362,159	1,344,541	1,283,981	1,255,877	6,862,669	43.86
2	Yemen	186,057	461,597	293,675	317,775	324,468	1,583,572	10.12
3	Syrian Arab Republic	353,887	336,546	199,895	288,436	337,330	1,516,094	9.69
4	Angola	223,819	175,031	163,664	142,848	76,667	782,029	5.00
5	Venezuela	27,331	91,307	156,290	110,226	168,638	553,792	3.54
6	Somalia	86,728	95,415	112,946	82,233	125,109	502,431	3.21
7	Benin	83,475	88,834	119,228	82,351	48,431	422,319	2.70
8	Djibouti	33,442	34,177	44,747	177,030	53,638	343,034	2.19
9	Ghana	50,720	54,453	64,771	69,521	46,251	285,716	1.83
10	Madagascar	98,594	74,171	51,752	10,900	13,147	248,564	1.59
11	Israel	41,946	77,085	39,774	18,382	26,015	203,202	1.30
12	Palestine, State of	32,658	985	44,785	54,481	59,611	192,520	1.23
13	Sierra Leone	31,360	21,251	23,262	52,433	49,567	177,873	1.14
14	Kenya	13,772	32,708	35,279	42,624	40,248	164,631	1.05
15	Cuba	30,000	40,000	-	40,000	41,123	151,123	0.97
16	Sri Lanka	-	1,460	6,815	-	135,855	144,130	0.92
17	Haiti	35,729	41,358	39,175	151	-	116,413	0.74
18	Equatorial Guinea	16,932	23,731	22,613	23,282	18,350	104,908	0.67
19	Eritrea	5,250	16,200	-	35,350	43,274	100,074	0.64
20	Indonesia	24,506	37,325	21,780	25	11,340	94,976	0.61
21	Libya, State of	14,729	14,989	14,281	17,060	25,961	87,020	0.56
22	Philippines	44,608	19,927	10,293	5,328	3,697	83,853	0.54
23	Afghanistan	5	5	25	43,798	23,557	67,390	0.43
24	Tanzania	12,385	9,086	17,383	17,107	8,491	64,452	0.41
25	Lebanon	19,742	13,955	13,579	530	15,155	62,961	0.40
Sub-Total		3,083,786	3,123,755	2,840,553	2,915,852	2,951,800	14,915,745	95.34
Total		3,308,651	3,261,265	2,990,411	2,999,702	3,085,189	15,645,218	100.00

Source: www.trademap.org

Figure 2. Philippine Imports of Wheat Flour, By Source, In MT: 2020-2022



Source: BOC-EIEDs

2.7.4 Turkish Exports to the Philippines and its Neighboring Countries in Asia

Table 2.17. Türkiye's Export Markets for Its Wheat Flour in Southeast Asia and other Neighboring Countries: 2018-2022

Rank	Country of Destination	Volume of Exports (In MT)					Total
		2018	2019	2020	2021	2022	
1	Indonesia	24,506	37,325	21,780	25	11,340	94,976
2	Philippines	44,608	19,927	10,293	5,328	3,697	83,853
3	Thailand	26,722	11,143	12,992	6,847	4,841	62,545
4	Myanmar	17,756	16,404	6,917	2,198	4,737	48,012
5	Malaysia	11,007	10,907	11,215	5,392	4,042	42,563
6	Singapore	5,273	5,693	8,069	4,330	2,541	25,906
7	Papua New Guinea	4,258	1,935	1,713	1,028	612	9,546
8	China	387	4,456	3,078	24	1	7,946
9	Korea, Republic of	1,574	1,618	1,257	1,254	1,426	7,129
10	Viet Nam	113	12	3,215	0	0	3,340
11	Hong Kong, China	531	769	498	474	306	2,578
12	Cambodia	28	0	0	0	0	28
13	Taipei, Chinese	0	24	0	0	0	24
14	Japan	3	0	0	1	0	4
Total		136,766	110,213	81,027	26,901	33,543	388,450
% Share of Philippines		33	18	13	20	11	

Source: www.trademap.org

----nothing follows----