

Title:

Southern Cross Cement Corporation vs. The Philippine Cement Manufacturers Corporation, Secretary of DTI, Secretary of Finance, and Commissioner of BOC (G.R. No. 158540)

Facts:

Petitioner Southern Cross Cement Corporation (Southern Cross), primarily financed by Japanese investors and involved in cement-related activities, faced adversity from the Philippine Cement Manufacturers Corporation (Philcemcor), representing domestic cement manufacturers with substantial foreign equity participation.

On May 22, 2001, Philcemcor claimed increased imports of gray Portland cement harmed the domestic industry, seeking provisional and definitive safeguard measures under the Safeguard Measures Act (RA 8800). The DTI, after preliminary inquiry, imposed a provisional duty of PHP 20.60 per 40-kg bag of cement for 200 days effective as of December 10, 2001.

On November 19, 2001, a formal investigation by the Tariff Commission started, leading to a detailed assessment, culminating in a March 13, 2002 report concluding that the industry had not sustained serious injury nor imminent threat thereof due to increased imports, hence recommending no definitive safeguard measures.

The DTI Secretary, disagreeing but constrained by the DOJ opinion, denied imposing the definitive safeguard measure. Philcemcor challenged this before the Court of Appeals, which on June 21, 2002, issued a writ of preliminary injunction against the DTI decision, maintaining the provisional measure, subsequently causing Southern Cross fiscal harm due to extended tariff imposition.

When the appeal and motions for reconsideration by Southern Cross persisted unresolved, the appellate court eventually ruled, remanding the case to the DTI Secretary for a final decision. In compliance, the DTI Secretary, on June 25, 2003, imposed definitive safeguard measures, prompting Southern Cross to seek Supreme Court relief, alleging erroneous jurisdiction and procedural violations.

Issues:

1. **Jurisdiction**: Whether the Court of Appeals or the Court of Tax Appeals has the proper jurisdiction over petitions regarding the DTI Secretary's decisions on safeguard measures.
2. **Nature of DTI Secretary's Decision**: Whether the factual determination of the Tariff Commission binds the DTI Secretary.

3. **Effect of Judicial Relief**: The impact and appropriateness of provisional relief such as TROs in safeguard measure impositions.

Court's Decision:

1. **Jurisdiction**: The Supreme Court decided that under Section 29 of the Safeguard Measures Act (SMA), the Court of Tax Appeals (CTA) has exclusive appellate jurisdiction over the DTI Secretary's decisions on safeguard measures, including non-imposition decisions. Interpreting otherwise would create an inconsistency contrary to legislative intent and statutory design.

2. **Nature of DTI Secretary's Decision**: The DTI Secretary can only enforce safeguard measures upon a positive final determination by the Tariff Commission. The statutory language and structure imply the binding nature of the Commission's findings on substantial injury due to imports, ensuring checks and balances within the statutory framework, and compliance with global trade obligations.

3. **Effect of Judicial Relief**: The Court did not grant the requested TRO against the safeguard measure imposition, aligning with legal stipulations that prohibit enjoining tax and tariff collections, thereby respecting the non-suspension of such measures during judicial review.

Doctrine:

1. **Jurisdiction and Authority**: The Court of Tax Appeals has sole jurisdiction over DTI Secretary's decisions related to safeguard measures.

2. **Binding Determinations**: Under RA 8800, the DTI Secretary's final decision on safeguard measures hinges on the Tariff Commission's positive final determination regarding import impacts.

3. **Non-Interference Principle**: Courts generally refrain from halting tax or tariff collections via injunctions unless statutorily mandated.

Class Notes:

1. **Key Elements**:

- Court of Tax Appeals (CTA) has exclusive jurisdiction over DTI Secretary rulings.
- Safeguard measure imposition requires binding positive determination from the Tariff Commission.
- Judicial review does not suspend tax/tariff impositions.

2. **Legal Statutes**:

- **Section 29, RA 8800**: Specifies CTA's jurisdiction over safeguard measures.
- **Section 5, RA 8800**: Conditions the DTI Secretary's power on Tariff Commission's positive determination.

Historical Background:

The case emerged against globalization's backdrop and local industry protection. Following the Philippines' participation in GATT and WTO, the Safeguard Measures Act provided local industries a mechanism against import surges damaging domestic productivity, reflecting the nation's strategic economic adaptations influenced by global trade policies and economic liberalization.

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This comprehensive case brief offers an in-depth understanding and analysis of the legal intricacies involving the interplay between globalization, local legislation, and the enforcement of trade and economic measures pertinent to domestic protection facilitated by the judiciary's interpretative role.