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Committee on Safeguards

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**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON
SAFEGUARDS ON TAKING A DECISION TO APPLY A SAFEGUARD MEASURE**

INDONESIA

Carpets and Other Textile Floor Coverings

Supplement

The following communication, dated and received on 9 November 2023, is being circulated at the request of the delegation of Indonesia.

Pursuant to Article 7.2 and Article 12.1(b) of the WTO Agreement on Safeguards, the Government of the Republic of Indonesia, hereby notifies the Committee on Safeguards of the investigation findings concerning the extension of a safeguard measure against the importation of Carpets and Other Textile Floor Coverings.

1 EVIDENCE THAT THE SAFEGUARD MEASURE CONTINUES TO BE NECESSARY TO PREVENT OR REMEDY SERIOUS INJURY OR THREAT THEREOF AND THAT THE INDUSTRY CONCERNED IS ADJUSTING

The Government of the Republic of Indonesia initiated an investigation on the extension of a safeguard measure on 18 August 2023 ([G/SG/N/6/IDN/35/Suppl.1](#)). The scope of the investigation was to decide whether the safeguard measure should be extended or not.

To determine whether the safeguard measure continues to be necessary to prevent or remedy serious injury or threat thereof and whether the industry is adjusting, the Investigating Authority (*Komite Pengamanan Perdagangan Indonesia/KPPI*) undertook a comprehensive analysis of a broad set of data from multiple sources: the evidence provided by the Applicant's member industries in their questionnaire replies and written submissions, the information provided by interested parties (importers, exporters, and other interested parties) in their written submissions, as well as information available to the Investigating Authority including statistical databases and relevant publications.

1.1 Economic performance of the Applicant

To assess the economic performance of the Applicant, the developments of imports, and other relevant data included in its assessment, the Investigating Authority assessed the data for the period 2020-2022 ("the investigation period").

Description	Unit	Year			Changes (%)		Trend (%)
		2020	2021	2022	20-21	21-22	20-22
Production	Index	100	102.9	99.7	2.89	(3.09)	(0.15)
Domestic Sales	Index	100	104.5	97.2	4.51	(6.97)	(1.40)
Productivity	Index	100	104.4	103.5	4.41	(0.90)	1.72
Utilization Capacity	Index	100	102.9	99.7	2.89	(3.09)	(0.15)
Profit	Index	100	77.9	77.8	(22.14)	(0.03)	(11.77)
Employment	Index	100	98.5	96.4	(1.46)	(2.22)	(1.84)
Inventory	Index	100	97.6	109.4	(2.43)	12.12	4.59

Source: Verification Result

- a) The Applicant's production decreased with a trend of 0.15% during the investigation period. The Applicant's production increased by 2.89% from 100 indexed point in 2020 to 102.9 indexed point in 2021 due to an increase in national consumption. Meanwhile, the Applicant's production decreased by 3.09% from 102.9 indexed point in 2021 to 99.7 indexed point in 2022.
- b) The Applicant's domestic sales decreased with a trend of 1.40% during the investigation period. The Applicant's domestic sales increased by 4.51% from 100 indexed point in 2020 to 104.5 indexed point in 2021. However afterward, the Applicant's domestic sales decreased by 6.97% from 104.5 indexed point in 2021 to 97.2 indexed point in 2022, due to the flood of imported goods from Viet nam, Malaysia, and Thailand which were previously exempted from the safeguard measure imposition.
- c) The Applicant strives to maintain its productivity levels and achieve a trend increase of 1.72%, by reducing the employment by 1.46% and 2.22 in 2021 and 2022, respectively.
- d) During the investigation period, the Applicant's utilization capacity decreased with a trend of 0.15%. The Applicant's utilization capacity increased by 2.89% from 100 indexed point in 2020 to 102.9 indexed point in 2021. Furthermore, the Applicant's utilization capacity decreased by 3.09% from 102.9 indexed point in 2021 to 99.7 indexed point in 2022.
- e) During the investigation period, the Applicant continued to experience a decline in profits with a trend of 11.77%. The decrease in profit was due to an increase in imports of the subject good in the domestic market.
- f) During the investigation period, the Applicant's employment decreased with a trend of 1.84%. This reduction in employment was due to the Applicant's effort to achieve cost efficiency.
- g) During the investigation period, the Applicant's inventory increased with a trend of 4.59%. The Applicant's inventory decreased by 2.43% from 100 indexed point in 2020 to 97.6 indexed point in 2021. Meanwhile, the Applicant's inventory increased by 12.12% from 97.6 indexed point in 2021 to 109.4 indexed point in 2022.

Description	Unit	Year			Changes (%)		Trend (%)
		2020	2021	2022	20-21	21-22	20-22
National Consumption	Index	100	107.9	112.7	7.99	4.34	6.15
Market Share of Imports	Index	100	51.4	133.4	(48.61)	159.58	15.50
Market Share of Applicant	Index	100	96.8	86.3	(3.22)	(10.84)	(7.11)
Market Share of Non- Applicant	Index	100	128.1	133.4	28.12	4.11	15.49
Market Share of Applicant and Non-Applicant	Index	100	104	97.2	4.05	(6.57)	(1.40)

Source: Verification Result

During the investigation period, the Applicant's market share decreased with a trend of 7.11% and both the Non-Applicant's market share and import's market share increased with a trend of 15.49% and 15.50% respectively. Even though the Non-Applicant's market share has increased, the consolidated data of both the Applicant's and Non-Applicant's market share has decreased with a trend of 1.40% during the investigation period.

1.2 Evidence that the industry concerned is adjusting

The domestic industry has conducted adjustment plans aiming at increasing its product innovation, installing new machinery production, and increasing employment skills. The realization of the structural adjustment program that has been carried out by the Applicant is as follows:

Description	Target	Realization
The Structural Adjustment Program	100%	48.66%

Source: Verification Result

2 INFORMATION ON WHETHER THERE IS AN ABSOLUTE INCREASE IN IMPORTS OR AN INCREASE IN IMPORTS RELATIVE TO DOMESTIC PRODUCTION

Description	Unit	Year			Changes (%)		Trend (%)
		2020	2021	2022	20-21	21-22	20-22
Volume of Imports	m ²	2,107,473	1,169,538	3,167,650	(44.51)	170.85	22.60
National Production	Index	100	105	100	5.11	(4.81)	0.03
Imports Relative to National Production	Index	100	53	150	(47.20)	184.53	22.57

Source: Statistics Indonesia, and Verification Result

Based on the table above, both imports in absolute and relative terms to the national production experienced an increase during the period of 2020-2022, with trends of 22.60% and 22.57%, respectively

3 PRECISE DESCRIPTION OF THE PRODUCT INVOLVED

"Carpets and other textile floor coverings under HS Codes Chapter 57 consists of 64 8-digit HS numbers under Indonesia Customs Tariff Book (BTKI) 2022.

4 IF THE FINAL MEASURE IS EXTENDED, A MEMBER IS ENCOURAGED TO PROVIDE A WRITTEN DESCRIPTION OF ANY PART OF THE IMPORTED PRODUCT THAT WILL NO LONGER BE SUBJECT TO THE MEASURE

Not applicable at this stage.

5 DESCRIPTION OF THE PROPOSED MEASURE

The proposed measure is in the form of a specific duty.

6 PROPOSED DATE OF INTRODUCTION OF THE MEASURE

The proposed extension of the safeguard measure will come into effect on 17 February 2024.

7 EXPECTED DURATION OF THE MEASURE

The expected duration of the proposed extension of the safeguard measure is three years.

8 PROPOSED DATE FOR THE REVIEW

Not Applicable.

9 EXPECTED TIMETABLE FOR PROGRESSIVE LIBERALIZATION OF THE MEASURE

The measure will continue being progressively liberalized, at regular intervals, at the beginning of each period of application as follows:

Period	Safeguard Duty (Rp/m ²)
1 st Year (17 February 2024 - 16 February 2025)	Rp 74,461/m ²
2 nd Year (17 February 2025 - 16 February 2026)	Rp 71,058/m ²
3 rd Year (17 February 2026 - 16 February 2027)	Rp 67,811/m ²

10 IF THE NOTIFICATION RELATES ONLY TO A FINDING OF SERIOUS INJURY OR THREAT THEREOF, AND DOES NOT RELATE TO A DECISION TO APPLY OR EXTEND A SAFEGUARD MEASURE

Pursuant to Article 7.2 and Article 12.1(b) of the WTO Agreement on Safeguards, The Government of the Republic of Indonesia hereby notifies the investigation findings concerning the extension of safeguard measures against the importation of Carpets and other textile floor coverings. This notification is made only for the findings of the investigation. Once the decision to extend the safeguard measure is made, it will be notified under Article 12.1(c) of the Agreement on Safeguards.

11 INFORMATION RELATING TO THE EXTENSION OF A SAFEGUARD MEASURE

11.1 Evidence that the industry concerned is adjusting and that the safeguard measure continues to be necessary to prevent or remedy threat of serious injury

Provided in item 1.2.

11.2 Reference to the WTO document that notified the initial application of the measure

Pursuant to Article 12.1(c) of the WTO Agreement on Safeguards, on 17 February 2021, the Government of the Republic of Indonesia notified the Committee on Safeguards regarding the decision to impose safeguard measures on the imports of Carpets and other textile floor coverings ([G/SG/N/8/IDN/27/Suppl.1](#) - [G/SG/N/10/IDN/27/Suppl.1](#) - [G/SG/N/11/IDN/24](#)).

11.3 Duration of the measure from initial application till the date at which it will be extended

The initial definitive safeguard measure is imposed for 3 years, from 17 February 2021 until 16 February 2024. The extension of the safeguard measure is proposed to be imposed for 3 years, until 16 February 2027.

11.4 Precise description of the measure in place prior to the date of extension

The initial definitive measure was notified on 17 February 2021 ([G/SG/N/8/IDN/27/Suppl.1](#) - [G/SG/N/10/IDN/27/Suppl.1](#) - [G/SG/N/11/IDN/24](#)).

12 INFORMATION RELATING TO EXPORTING MEMBERS THE MAJOR EXPORTING MEMBERS OF IMPORTS OF THE PRODUCT INVOLVED

The main exporting countries of the product concerned are Viet Nam, Türkiye, Malaysia, Japan, the People's Republic of China, and Thailand.

12.1 If there are any exporting Members to which the measure does not apply for any reason other than the application of Article 9.1, the names of such exporting Members and reasons for non-application of the measure

Not applicable.

13 INVITATION OF CONSULTATIONS

Members who have a substantial interest in the Subject Goods shall submit a written request of consultation within a period of 7 days from the date of circulation of this notification. All written requests must be sent both in a written letter and in electronic format and must indicate the name, address, e-mail address, phone, and fax number of the Members.

In accordance with Article 12.3 WTO Agreement on Safeguards the Government of the Republic of Indonesia is open for consultation in order to provide opportunities for those Members, consultation is scheduled to be held virtually no later than 1 December 2023.

The contact information for correspondence is:

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14 MEMBERS ARE ENCOURAGED TO ATTACH, IN AN ELECTRONIC FORM, PUBLICLY AVAILABLE DOCUMENT(S) CONTAINING THE RELEVANT DECISION(S) MADE BY THE COMPETENT AUTHORITY

The non-confidential version of the Final Report of this investigation can be found on the website of the Indonesian Safeguard Committee: <https://bit.ly/DokumenPenyelidikanKPPi>.
