



12 August 2022

(22-6187)

Page: 1/7

Committee on Safeguards

Original: English

**NOTIFICATION UNDER ARTICLE 12.1(B) OF THE AGREEMENT ON
SAFEGUARDS ON FINDING A SERIOUS INJURY OR THREAT
THEREOF CAUSED BY INCREASED IMPORTS
(EXTENSION OF THE EXISTING MEASURE)**

INDONESIA

Curtains (Including Drapes), Interior Blinds, Bed Valances, and Other Furnishing Articles

Supplement

The following notification, dated and received on 11 August 2022, 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 the investigation findings concerning the extension of a safeguard measure against the importation of Curtains (Including Drapes), Interior Blinds, Bed Valances, and Other Furnishing Articles.

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 28 April 2022 (G/SG/N/6/IDN/33/Suppl.1 - G/SG/N/14/IDN/4). The scope of the investigation was to decide whether the safeguard measure should be extended beyond 8 November 2022.

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 (users, importers, exporting producers and exporting country governments) 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 2019-2021 ('the investigation period').

Description	Unit	Year			Changes (%)		Trend (%)
		2019	2020	2021	19-20	20-21	19-21
Domestic Sales	Index	100	59.46	71.14	(40.54)	19.66	(15.65)
Production	Index	100	60.43	63.90	(39.57)	5.74	(20.06)
Inventory	Index	100	109.90	102.78	9.90	(6.47)	1.38

Source: Verification Result

During the investigation period 2019-2021, domestic sales experienced a downward trend of 15.65%. Along with the downward trend in domestic sales, the Applicant's production also experienced a downward trend of 20.06%. This is because, in 2021, the Applicant has not been able to increase their production and domestic sales significantly. Meanwhile, the domestic market is still flooded with imported goods.

In 2020, domestic sales decreased significantly by 40.54% compared to 2019, from 100 index points to 59.46 index points. In 2021, domestic sales increased by 19.66% compared to 2020, from 59.46 index points to 71.14 index points in the same period.

Production experienced a significant decline in 2020 by 39.57% compared to 2019, which was 100 index points to 60.43 index points. Then in 2021, in line with the increase in national consumption, production has increased by 5.74% compared to 2020, from 60.43 index points to 63.90 index points.

During the investigation period 2019-2021, Applicant's inventory experienced an increasing trend of 1.38%. This is due to the downward trend in domestic sales and production. In 2020, Applicant's inventory increased by 9.90% compared to 2019, from 100 index points to 109.90 index points. Then in 2021, Applicant's inventory decreased by 6.47% compared to 2020, from 109.90 index points to 102.78 index points.

Description	Unit	Year			Changes (%)		Trend (%)
		2019	2020	2021	19-20	20-21	19-21
Production	Index	100	60.43	63.90	(39.57)	5.74	(20.06)
Utilization Capacity	Index	100	60.43	63.90	(39.57)	5.74	(20.06)

Source: Verification Result

The decrease in the volume of production as explained above is a result of a decrease in utilization capacity with a trend of 20.06% during the investigation period 2019-2021. Furthermore, in 2020 the utilization capacity decreased significantly by 39.57% compared to 2019, from 100 index points to 60.43 index points. In 2021 the utilization capacity increase slightly by (konsisten dengan notifikasi lain) of 5.74% compared to 2020, from 60.43 index points to 63.90 index points.

Description	Unit	Year			Changes (%)		Trend (%)
		2019	2020	2021	19-20	20-21	19-21
Production	Index	100	60.43	63.90	(39.57)	5.74	(20.06)
Employment	Index	100	81.57	84.34	(18.43)	3.40	(8.16)
Profit/Loss	Index	(100)	(146.82)	(120.60)	46.82	(17.86)	9.82
Productivity	Index	100	74.09	75.77	(25.91)	2.27	(12.95)

Source: Verification Result

During the investigation period 2019-2021, the Applicant's employment decreased with a trend of 8.16%. In 2020, employment decreased by 18.43% compared to 2019, from 100 index points to 81.57 index points. In the same year, the Applicant made efficiency efforts by reducing the number

of employees, because the Applicant was still experiencing financial losses. Furthermore, in 2021, the number of employees increased by 3.40% compared to 2020, from 81.57 index points to 84.34 index points. This is due to an increase in the Applicant's production by 5.74% in the same year.

During the investigation period 2019-2021, the productivity of the Applicant experienced a downward trend of 12.95%. This was due to the decline in the trend of production volume which was greater than the decline in the trend of employment, which were 20.06% and 8.16%, respectively. In 2020 the Applicant's productivity has decreased by 25.91% compared to 2019, and in 2021 the Applicant's productivity has increased by 2.27% compared to 2020.

Description	Unit	Year			Changes (%)		Trend (%)
		2019	2020	2021	19-20	20-21	19-21
Domestic Sales	Index	100	59.46	71.14	(40.54)	19.66	(15.65)
Profit/Loss	Index	(100)	(146.82)	(120.60)	46.82	(17.86)	9.82

Source: Verification Result

During the 2019-2021 investigation period, domestic sales experienced a downward trend of 15.65%. In 2020, domestic sales decreased by 40.54% compared to 2019, from 100 index points to 59.46 index points. Then, in 2021, domestic sales increased by 19.66% compared to 2020. The increase in financial losses from (100) index points in 2019 to (146.82) index points in 2020 was a result of a decline in domestic sales. This happened because the Applicant sold their products at prices below production costs due to pressure on the selling prices of imported products. Then, in 2021 the financial loss was reduced by 17.86% compared to 2020, from (146.82) index points to (120.60) index points. Thus, during the 2019-2021 investigation period, the Applicant experienced an increase in financial losses with a trend of 9.82%.

Description	Unit	Year			Changes (%)		Trend (%)
		2019	2020	2021	19-20	20-21	19-21
National Consumption	Index	100	44.14	50.41	(55.86)	14.20	(29.00)
Market Share of Imports	Index	100	46.81	42.67	(53.19)	(8.84)	(34.68)
Market Share of Domestic Industries	Index	100	134.70	141.13	34.70	4.78	18.80

Source: Verification Result

During the 2019-2021 investigation period, national consumption decreased with a trend of 29.00%. In 2020, national consumption decreased significantly by 55.86% compared to 2019, namely from 100 indexed points to 44.14 indexed points. In 2021, national consumption has increased by 14.20% compared to 2020, from 44.14 indexed points to 50.41 indexed points.

During the investigation period 2019-2021, the market share of imports decreased with a trend of 34.68%. Meanwhile, in the same period, the market share of the Applicant has increased with a trend of 18.80%.

The purpose of the extension of the safeguard measure is to fulfill the Applicant's commitment to completing their structural adjustment program as well as recovering the serious injury. Even though the trend of Applicant's market share is increasing, the Applicant is still experiencing serious injury. The extension of the safeguard measure is necessary so that the Applicant can fulfill the commitments to complete the structural adjustment program and improve the performance of their industries.

Description	Unit	Year			Trend (%)
		2019	2020	2021	19-21
Applicant's Selling price per unit	index	100	107.85	109.85	4,81
Import's Price per Unit	index	53.07	87.52	105.21	40,80
Price Undercutting	index	46.93	43.31	9.88	n/a

Source: Verification Result

During the investigation period 2019-2021, the Applicant's selling price per unit and the import's price per unit increased with a trend of 4.81% and 40.80%, respectively. During the 2019-2021 investigation period, there was a price undercutting where the import's price per unit was below the Applicant's selling price per unit, making it difficult for the Applicant to increase domestic sales and make a profit.

Description	Unit	Year			Trend (%)
		2019	2020	2021	19-21
Applicant's Selling price per unit	Index	100	107.85	109.85	4,81
Applicant's cost of production	Index	101.20	110.82	111.89	5,15
Applicant's profit margin	Index	(1.20)	(2.97)	(2.04)	n/a
Import's price	Index	53.07	87.52	105.21	40,80

Source: Verification Result

Based on the table above, during the investigation period 2019-2021, price suppression occurred because the Applicant's production cost per unit is always above the Applicant's selling price per unit, while the highest price difference occurred in 2020, which was 2.97 index points. This causes the Applicant to continue to suffer financial losses.

1.2. Evidence that the industry concerned is adjusting

The Applicant has fulfilled some of its structural adjustment commitment program in order to be able to compete again with imported goods. However, due to the large presence of imported Curtains (Including Drapes), Interior Blinds, Bed Valances, and Other Furnishing Articles in the market causing the Applicant to not be optimal in fulfilling the structural adjustment program and causing delays in the recovery of the Applicant's injury. The realization of the structural adjustment program that has been carried out by the Applicant is as follows:

Products	Target	Realization
Curtains (Including Drapes), Interior Blinds, Bed Valances, and Other Furnishing Articles	100%	43.89%

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 (%)
		2019	2020	2021	19-20	20-21	19-21
Volume of Imports	Ton	2,843	587	612	(79.34)	4.10	(53.62)

Source: Indonesian Statistics (BPS)

As shown in the table above, the number of imports of the Subject Good during the investigation period experienced a downward trend of 53.62%. The downward trend in the volume of imports of the Subject Good during the 2019-2021 period occurred due to the decline in the volume of imports referred to in 2020 by 79.34%. This shows that the imposition of the definitive safeguard measure which has been in effect since 9 November 2019 is very effective. However, in 2021 the volume of imports of the Subject Good increased by 4.10% compared to 2020.

Description	Unit	Year			Changes (%)		Trend (%)
		2019	2020	2021	19-20	20-21	19-21
Volume of Imports	Ton	2,843	587	612	(79.34)	4.10	(53.62)
National Production	Index	100	62.32	65.79	(37.68)	5.57	(18.89)
Imports Relative to National Production	Index	100	33.16	32.69	(66.84)	(1.39)	(42.82)

Source: Indonesian Statistics (BPS)

Based on the table above, imports relative to national production during the 2019-2021 period experienced a downward trend of 42.82%. The downward trend in the imports relative to national production during the 2019-2020 period occurred due to the decline in the volume of imports in 2020 by 79.34%, as a result of the effective imposition of the definitive safeguard measure which has been in effect since 9 November 2019. In 2021 the imports relative to national production continue to decrease by 1.39% compared to 2020.

3. Precise description of the product involved

Curtains (Including Drapes), Interior Blinds, Bed Valances, and Other Furnishing Articles Harmonized System (HS.) codes based on Indonesian Custom Tariffs Book (BTKI) Year 2022: 6303.12.00, 6303.19.90, 6303.91.00, 6303.92.00, 6303.99.00, 6304.19.90, 6304.91.90, and 6304.92.00

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 consists of a Tariff available for each HS code under BTKI 2022.

6. Proposed date of introduction of the measure

The proposed extension of the safeguard measure will come into effect on 9 November 2022.

7. Expected duration of the measure

The expected duration of the proposed extension of the safeguard measure is three years, until 8 November 2025.

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 is as follows:

Period	Safeguard Duty
1 st Year (9 November 2022 - 8 November 2023)	Rp 22,717/Kg
2 nd Year (9 November 2023 - 8 November 2024)	Rp 16,595/Kg
3 rd Year (9 November 2024 - 8 November 2025)	Rp 10,473/Kg

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 on the investigation findings concerning the extension of safeguard measures against the importation of Curtains (Including Drapes), Interior Blinds, Bed Valances, and Other Furnishing Articles. This notification is only made 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 serious injury.

Although the definitive safeguard measure has been imposed on the Subject Good, the fact is that the imports are still increasing in absolute terms in 2021 and the volume of imports will increase significantly if the safeguard measure is not extended.

In addition, the Applicant's performance data shows a serious injury as evidenced by a downward trend in several performance indicators of the Applicant, such as production, domestic sales, productivity, utilization capacity, and employment, as well as an increase in inventories and financial injury. If the safeguard measure is not extended, the Applicant's serious injury will continue to occur and may even lead to bankruptcy. There is a causal link between the serious injury suffered by the Applicant as a result of the increase in the number of imports of the Subject Good and not caused by other factors.

The Applicant has completed some of the structural adjustment programs, however, the Applicant still needs additional time to complete the programs. If the safeguard measure is not extended, the Applicant will not be able to complete the structural adjustment program and will experience difficulties again in competing with imported goods.

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

Pursuant to Article 12.4 of the WTO Agreement on Safeguards, on 13 November 2019 The Government of the Republic of Indonesia notified the Committee on Safeguards regarding the imposition of a provisional safeguard measure on the imports of Curtains (Including Drapes), Interior Blinds, Bed Valances, and Other Furnishing Articles on 9 November 2019 (G/SG/N/7/IDN/4/Suppl.1 - G/SG/N/11/IDN/20/Suppl.1).

Pursuant to Article 12.1(c) of the WTO Agreement on Safeguards, on 3 June 2020 The Government of the Republic of Indonesia notified the Committee on Safeguards regarding the decision to impose a safeguard measure on the imports of Curtains (Including Drapes), Interior Blinds, Bed Valances, and Other Furnishing Articles on 27 May 2020 (G/SG/N/10/IDN/24/Suppl.1 - G/SG/N/11/IDN/20/Suppl.2).

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

The duration of the provisional safeguard measure was 200 days from 9 November 2019 until 26 May 2020 and the initial definitive safeguard measure was imposed from 27 May 2020 until 8 November 2022. The extension of the safeguard measure is proposed to be imposed for 3 years until 8 November 2025.

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

The original measure was notified on 3 June 2020 (G/SG/N/10/IDN/24/Suppl.1 - G/SG/N/11/IDN/20/Suppl.2).

12. Information relating to exporting members

12.1. The major exporting Members of imports of the product involved

The main exporting countries of the product concerned are: People's Republic of China, India, Poland, and Chinese Taipei.

12.2. 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 Safeguard, 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 no later than 2 September 2022.

The contact information for correspondence is:

DIRECTORATE OF WORLD TRADE ORGANIZATION NEGOTIATIONS, MINISTRY OF TRADE

Jl. M.I. Ridwan Rais No.5, Building 2, 9th floor, Jakarta 10110

Phone: (62-21) 3840139

Fax: (62-21) 3840139

E-mail: dit.multilateral.ppi@kemendag.go.id

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: www.kppi.kemendag.go.id
