



**Committee on Safeguards**

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

INDONESIA

*Ceramic flags and paving, hearth or wall tiles*

*Supplement*

The following communication, dated and received on 9 August 2024, is being circulated at the request of the delegation of Indonesia.

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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 Ceramic flags and paving, hearth or wall tiles.

**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 21 June 2024 ([G/SG/N/6/IDN/28/Suppl.2](#)). 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 2021-2023 ("the investigation period").

Description	Unit	Year			Changes (%)		Trend (%)
		2021	2022	2023	21-22	22-23	21-23
Production	Index	100	98	91	(2.21)	(7.44)	(4.86)
Domestic Sales	Index	100	95	92	(5.08)	(3.60)	(4.34)
Productivity	Index	100	96	92	(3.97)	(4.26)	(4.11)
Utilization Capacity	Index	100	98	86	(2.21)	(12.42)	(7.46)
Profit	Index	100	113	75	12.90	(33.45)	(13.32)
Employment	Index	100	102	98	1.84	(3.32)	(0.78)
Inventory	Index	100	135	139	35.26	3.12	18.10

Source: Verification Result

- a) During the period of 2021-2023, domestic sales experienced a downward trend of 4.34%. Along with the downward trend in domestic sales, the Applicant's production also experienced a downward trend of 4.86%, due to in 2023 the Applicant has not been able to increase their production and sales significantly. Meanwhile, the domestic market is still flooded with imported goods.
- b) During the period of 2021-2023, inventory experienced an increasing trend of 18.10%. This was due to the trend of domestic sales and production experiencing a decline. In 2022, inventory increased by 35.26% compared to 2021, from 100 index points to 135 index points. Subsequently in 2023, inventory increased by 3.12% compared to 2022, from 135 index points to 139 index points.
- c) During the investigation period, the Applicant's productivity experienced a downward trend of 4.11%. This was due to a greater decline in the trend of production volume compare to the trend of employment with amount 4.86% and 0.78% respectively. In 2022, the Applicant's productivity decreased by 3.97% compared to 2021, and in 2023 the Applicant's productivity continue decreased by 4.26% compared to 2022.
- d) Domestic sales experienced a downward trend of 4.34% during the investigation period. In 2022, domestic sales decreased by 5.08% compared to 2021, from 100 index points to 95 index points. In 2023, domestic sales continue decreased by 3.60% compared to 2022. The decline in domestic sales caused a decrease in profits during 2021-2023 with a trend of 13.32%.

Description	Unit	Year			Changes (%)		Trend (%)
		2021	2022	2023	21-22	22-23	21-23
National Consumption	Index	100	95	91	(5.34)	(4.28)	(4.81)
Market Share of Imports	Index	100	89	92	(6.49)	9.14	1.03
Market Share of Domestic Industries	Index	100	102	99	1.78	(2.30)	(0.28)

Source: Verification Result

During the investigation period, the imports market share increased with a trend of 1.03%. This effect to the domestic industry market share decreasing with a trend of 0.28%. The decline in the domestic industry market share also occurred in 2023 compared to 2022, which was 2.30%. On the other hand, the import market share increased by 9.14% in the same year.

## 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%	90.10%

Source: Verification Result

Thus far, the structural adjustments program has been realized with an average of 90.10%. Therefore, the Applicant still needs time to complete the entire structural adjustment program.

## 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 (%)
		2021	2022	2023	21-222	22-23	21-23
Volume of Imports	Ton	1,520,658	1,346,053	1,406,265	(11.48)	4.47	(3.83)
National Production	Index	100	97	90	(3.2)	(6.9)	(5.1)
Imports Relative to National Production	Index	100	91	92	(8.51)	12.17	1.30

Source: Statistics Indonesia, and Verification Result

Based on the table above, imports in absolute terms decreased with a trend of 3.83%, however in 2023 the volume of imports increased by 4.47% compared to 2022. Furthermore, the imports in relative terms to the national production experienced an increase during the period of 2021-2023, with trend of 1.30%.

## 3 PRECISE DESCRIPTION OF THE PRODUCT INVOLVED

The Subject Goods under investigation is "Ceramic flags and paving, hearth or wall tiles" under HS Codes 6907.21.91, 6907.21.92, 6907.21.93, 6907.21.94, 6907.22.91, 6907.22.92, 6907.22.93, 6907.22.94, 6907.23.91, 6907.23.92, 6907.23.93 and 6907.23.94 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 expected into effect on 18 November 2024.

## 7 EXPECTED DURATION OF THE MEASURE

The expected duration of the proposed extension of the safeguard measure is two 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:

<b>Period</b>	<b>Safeguard Duty</b>
1 <sup>st</sup> Year (18 November 2024 - 17 November 2025)	12.72%
2 <sup>nd</sup> Year (18 November 2025 - 17 November 2026)	12.43%

## **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 Ceramic flags and paving, hearth or wall tiles. 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**

Based on the explanation provided in item 1.1 and 1.2 above, it can be concluded as follows:

- a. The Applicant's economic performance shows a threat of serious injury as evidenced by the downward trend in several indicators such as production volume, domestic sales volume, capacity utilization, productivity, profit, and the number of employment as well as an increase in inventory.
- b. The Applicant has carried out several structural adjustment programs as stated in the initial investigation (original case). However, the Applicant still needs additional time to be able to complete the structural adjustment optimally.

It is considered that the necessary conditions within the scope of the Agreement have been met for the extension of the safeguard measure applied against the import of the product under investigation. The removal of an existing measure would jeopardize the continuity of the prosperity of industry and would make the industry enter the serious injury phase.

### **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 5 October 2018, the Government of the Republic of Indonesia notified the Committee on Safeguards regarding the decision to impose safeguard measures on the imports of Ceramic flags and paving, hearth or wall tiles ([G/SG/N/10/IDN/20/Suppl.1](#) - [G/SG/N/11/IDN/17](#)).

### **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 12 October 2018 until 11 October 2021 and has been extended for 3 years from 18 November 2021 until 17 November 2024. The extension of the safeguard measure is proposed to be imposed for another 2 years, from 18 November 2024 until 17 November 2026.

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

The notification of the prior extension measure was circulated on 19 November 2021 under document number [G/SG/N/10/IDN/20/Suppl.3](#) - [G/SG/N/11/IDN/17/Suppl.2](#).

## **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 People's Republic of China and India.

Exporting Countries	2023	
	Volume (Ton)	Share of Imports (%)
People's Republic of China	1,245,576	88.57
India	121,747	8.66
Others	38,942	2.77

Source: Statistics Indonesia

**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 at this stage.

**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.

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://kppi.kemendag.go.id/penyelidikan/penyelidikan-berjalan>