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Committee on Safeguards

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

**NOTIFICATION OF THE EXTENSION OF THE EXISTING MEASURE**

INDONESIA

*Evaporators*

*Supplement*

The following communication, dated and received on 21 October 2022, 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 the investigation findings concerning the extension of a safeguard measure against the importation of Evaporators.

**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 2 August 2022 (G/SG/N/6/IDN/30/Suppl.1). The scope of the investigation was to decide whether the safeguard measure should be extended beyond 10 January 2023.

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	86	90	(14.09)	4.47	(5.26)
Production	Index	100	87	91	(13.28)	4.82	(4.66)
Utilization Capacity	Index	100	79	83	(20.78)	4.82	(8.87)
Employment	Index	100	98	82	(2.04)	(16.25)	(9.42)
Productivity	Index	100	89	111	(11.47)	25.16	5.26
Profit/Loss	Index	100	114	89	14.33	(22.55)	(5.90)
Inventory	Index	100	107	122	7.33	13.33	10.29

Source: Verification Result

- a) Parallel with the decline in national consumption, domestic sales decreased with a trend of 5.26% during the investigation period. Domestic sales decreased from 100 index points in 2019 to 86 index points in 2020, or decreased by 14.09%. In 2021, Domestic sales increased slightly to 90 index points or increased by 4.47%.
- b) In line with the decline in domestic sales, production decreased with a trend of 4.66%. Production decreased 13.28%, or from 100 index points in 2019 to 87 index points in 2020, or decrease of 13.28%. In 2021, Production slightly increased to 91 index points or 4.82%.
- c) With declining production, the utilization capacity experienced a downward trend of 8.87%. Utilization capacity decreased from 100 index points in 2019 to 79 index points in 2020, or decreased by 20.78%. Furthermore, the utilization capacity increased slightly to 83 index points in 2021 or increased by 4.82%.
- d) During the period of 2019-2021, the Applicant was forced to cut the number of its employees with a trend of 9.42% because the production experienced a downward trend of 4.66%. Employment continues to decline, from 100 index points in 2019, decreasing to 98 index points and 82 index points respectively in 2020 and 2021.
- e) During the period of 2019-2021, productivity increased slightly with a trend of 5.26% as a result of employment efficiency. Productivity decreased from 100 index points in 2019 to 89 index points in 2020 and then increased to 111 index points in 2021.
- f) The applicant experienced a decline in profits with a trend of 5.90% during the period of 2019-2021. In 2020, the applicant enjoyed positive growth in its profit but it then moving backward again in 2021. The market share of the Applicant in the domestic market was seized by imported goods in 2021. It was even lower then its share in 2019.
- g) During the period of 2019-2021, inventory increased with a trend of 10.29%. In 2020 and 2021, inventories increased by 7.33% and 13.33%, respectively, due to a substantial number of products that could not be sold by the Applicant.

Description	Unit	Year			Changes (%)		Trend (%)
		2019	2020	2021	19-20	20-21	19-21
National Consumption	Index	100	81	95	(19.08)	17.89	(2.33)
Market Share of Imports	Index	100	94	106	(5.81)	12.09	2.75
Market Share of Applicant	Index	100	106	94	6.16	(11.38)	(3.00)
Non-Applicant's Market Sales	Index	100	171	131	71.48	(23.76)	14.34

Source: Verification Result

- a) During the period of 2019-2021, national consumption experienced a downward trend of 2.33%. In line with the decline in national consumption, domestic sales also decreased with a trend of 5.26%. On the contrary, the volume of imports experienced an increasing trend of 0.36%.

- b) In the same period, the market share of the Applicant decreased with a trend of 3.00%, while the import market share experienced an increasing trend of 2.75%.
- c) In 2020, the volume of imports and domestic sales decreased by 23.78% and 14.09%, respectively, in line with the decline in national consumption by 19.08% compared to 2019.
- d) The above situation made the import market share decreased from 100 index points in 2019 to 94 index points in 2020. However, the domestic market has been controlled by the applicant from 100 index points to 106 index points.
- e) In 2021, the volume of imports and domestic sales increased by 32.14% and 4.47%, respectively, in line with the increase in national consumption by 17.89%. Therefore, domestic market was controlled by import with an increasing share from 94 index points in 2020 to 106 index points in 2021. Consequently, the Applicant's market share decreased from 106 index points in 2020 to 94 index points in 2021.

The indicators have demonstrated that the domestic industry has not fully recovered from the injury caused by imports. It can be concluded that the market share of imports seized and controlled the domestic market, which caused the threat of serious injury to the applicant, as shown by the decline in domestic sales, production, capacity utilization, employment, profit, and the increase on inventory. If the initial safeguard measure is not extended, it will be difficult for the domestic industry to compete with imports.

## 1.2 Evidence that the industry concerned is adjusting

The domestic industry has conducted adjustment plans aiming at increasing its technology, product innovation, production lines, product quality, cost efficiency, and marketing expansion. 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%	62%

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	2,584	1,970	2,603	(23.78)	32.14	0.36

Source: Director General of Customs Ministry of Finance and processed

As shown in the table above, in absolute terms, the volume of imports increased with a trend of 0.36% during the period of investigation, although it was slightly decreasing from 2,584 tons in 2019 to 1,970 tons in 2020. This is believed due to the initial safeguard that was just being imposed on 11 January 2020. In 2021, the volume of imports increased significantly from 1,970 tons in 2020 to 2,603 tons in 2021.

Description	Unit	Year			Changes (%)		Trend (%)
		2019	2020	2021	19-20	20-21	19-21
Volume of Imports	Ton	2,584	1,970	2,603	(23.78)	32.14	0.36
National Production	Index	100	86.75	90.92	(13.28)	4.82	(4.66)
Imports Relative to National Production	Index	100	87.85	110.28	(12.11)	26.07	5.26

Source: Director General of Customs Ministry of Finance and Verification Result

Based on the table above, imports relative to the National Production during the period of 2019 - 2021 experienced an upward trend of 5.26%. Imports relative to the National production after the imposition of safeguard measures declined by 12.11% in 2020. However, the imports relative to the National production then significantly increased by 26.07% from 2020 to 2021.

### 3 Precise description of the product involved

Evaporator in a type of roll-bond and fin that is part of refrigerators, freezers, and other refrigerating or freezing equipment", under the Indonesia Harmonized System (HS.) Code: Ex. 8418.99.10 in accordance with Indonesian 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 ad valorem duty.

### 6 Proposed date of introduction of the measure

The proposed extension of the safeguard measure will come into effect on 11 January 2023.

### 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 is as follows:

Period	Safeguard Duty (%)
1 <sup>st</sup> Year (11 January 2023 - 10 January 2024)	12.5
2 <sup>nd</sup> Year (11 January 2024 - 10 January 2025)	11
3 <sup>rd</sup> Year (11 January 2025 - 10 January 2026)	9.5

### 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 Evaporators. 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.

**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 24 January 2020, The Government of the Republic of Indonesia notified the Committee on Safeguards regarding the decision to impose safeguard measures on the imports of Evaporators on 24 January 2020 (G/SG/N/10/IDN/22/Suppl.1 - G/SG/N/11/IDN/22).

**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 11 January 2020 until 10 January 2023. The extension of the safeguard measure is proposed to be imposed for another 3 years, until 10 January 2026.

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

The initial definitive measure was notified on 24 January 2020 (G/SG/N/10/IDN/22/Suppl.1 - G/SG/N/11/IDN/22).

**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 the People's Republic of China, Egypt, and Thailand.

**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 11 November 2022.

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: [www.kppi.kemendag.go.id](http://www.kppi.kemendag.go.id)

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