



ที่ พณ ๐๓๐๙.๐๙/ ๐๒๕๙๕

ถึง สมาอุตสาหกรรมแห่งประเทศไทย

กรมการค้าต่างประเทศขอส่งสำเนาประกาศคณะกรรมการว่าด้วยมาตรการปกป้องขององค์การการค้าโลก ที่ G/SG/N/๘/IDN/๓๑, G/SG/N/๑๐/IDN/๓๑/ ลงวันที่ ๑๐ กันยายน ๒๕๖๗ ๒๕๖๗ แจ้งร่างผลการได้ส่วนมาตรการปกป้องจากการนำเข้าสินค้า Slag Wool, Rock Wool, and Similar Mineral Wools (Including Intermixtures Thereof), In Bulk, Sheets or Rolls ที่เพิ่มขึ้น (Safeguard) ของสาธารณรัฐอินโดนีเซีย ภายใต้พิธีการศุลกากรที่ ๖๘๐๖.๑๐.๐๐ โดยจากข้อมูลสถิติในปัจจุบัน คาดว่าไทยจะได้รับยกเว้นจากการบังคับใช้มาตรการฯ ตามข้อ ๙.๑ ของความตกลงว่าด้วยมาตรการปกป้อง (WTO Agreement on Safeguards) เนื่องจากอินโดนีเซียมีปริมาณการนำเข้าสินค้านี้จากไทยในสัดส่วนไม่เกินร้อยละ ๓ ของปริมาณนำเข้ารวม และไม่เกินร้อยละ ๙ สำหรับประเทศกำลังพัฒนา ทั้งนี้ สามารถดาวน์โหลดเอกสารประกาศคณะกรรมการฯ ดังกล่าว ได้จาก QR code ที่ปรากฏท้ายหนังสือฉบับนี้



กองปกป้องและตอบโต้ทางการค้า (กลุ่ม ๘)

โทรศัพท์ ๐ ๒๕๔๗ ๔๗๔๒

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ประกาศคณะกรรมการฯ





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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 A PROPOSAL TO IMPOSE A MEASURE

INDONESIA

Slag Wool and Rock Wool

The following communication, dated and received on 12 September 2024, is being circulated at the request of the delegation of Indonesia.

Pursuant to Articles 12.1(b) of the Agreement on Safeguards, the Government of the Republic of Indonesia submits a notification on finding serious injury or threat thereof, to the domestic industries producing "Slag Wool and Rock Wool" and a notification of proposed safeguard measures. This notification contains all pertinent information relating to the proposed safeguard measures in accordance with Article 12.2 of the Agreement on Safeguards and an offer of consultations pursuant to Article 12.3 of the Agreement on Safeguards

A. GENERAL BACKGROUND

1. Initiation of Investigation

On 23 June 2023, an application for a safeguard measure was received by the Investigating Authority from PT. Nichias Rockwool Indonesia (PT. NRI) hereinafter referred as "the Applicant", against the importation of the product under investigation. After examining the properly documented application, the Investigating Authority concluded that there was sufficient evidence to justify the initiation of a safeguard investigation

Subsequently, on 25 July 2023, the Investigating Authority initiated a safeguard investigation on the import of "Slag Wool, Rock Wool, and Similar Mineral Wools (Including Intermixtures Thereof), In Bulk, Sheets or Rolls". The commencement of the investigation was announced in the *Bisnis Indonesia* newspaper on 25 July 2023, and the Ministry of Trade's website on 25 July 2023. The said initiation was also notified in the WTO document G/SG/N/6/IDN/39, circulated on 28 July 2023.

2. Period of Investigation

The period of investigation covers 2020 to 2023.

3. Major Proportion

The total production of the Applicant is 100% of the total domestic production of the Subject Goods in 2023. Therefore, it represents a major proportion as required by Article 4.1(c) of the WTO Agreement on Safeguards.

4. Views and Comments of the Interested Parties

In accordance with Article 3.1 of the WTO Agreement on Safeguards, during the process of investigation, the Investigating Authority has provided opportunities to all interested parties, to submit their views, evidence, comments, and responses concerning the investigation. In light of the aforementioned, the Investigating Authority has held public hearings on 10 August 2023. (The said public hearing was also notified in the WTO document G/SG/N/6/IDN/39, circulated on 28 July 2023).

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

In the light to provide evidence whether there is an absolute increase in imports or an increase in imports relative to domestic production, the Investigating Authority has analysed import data of the Subject Goods during the period of investigation.

1. Absolute Increase in Imports

Table 1. Volume of Imports

| Description | Unit | Year | | | |
|-------------------|------|-------|-------|--------|--------|
| | | 2020 | 2021 | 2022 | 2023 |
| Volume of Imports | Ton | 8,629 | 9,005 | 11,497 | 11,921 |
| Growth | % | | 4 | 28 | 4 |
| Trend | % | 13 | | | |

Source: Directorate General of Customs /Direktorat Jenderal Bea dan Cukai (DJBC), Proceed.

During the period of 2020-2023 imports increased in absolute terms with a trend of 13%. The volume of imports increased each year from 8,629 Ton in 2020 to 9,005 Ton in 2021 or by 4%. Then in 2022 increased again to 11,497 Ton or by 28% and increased again to 11,921 Ton or by 4% in 2023.

2. Relative Increase in Imports to Total Domestic Production

Table 2. Volume of Imports, Total Domestic Production, and Relative to Total Domestic Production

| Description | Unit | Year | | | |
|---|-------|-------|-------|--------|--------|
| | | 2020 | 2021 | 2022 | 2023 |
| Volume of Imports | Ton | 8,629 | 9,005 | 11,497 | 11,921 |
| Total Domestic Production | Index | 100 | 95 | 92 | 91 |
| Imports Relative to the Domestic Production | Index | 100 | 109 | 145 | 152 |
| Growth | % | | 9 | 32 | 5 |
| Trend | % | 17 | | | |

Source: DJBC and as verified by Investigating Authority.

As seen in Table above, there was a surge increased in imports relative to the national production during the investigation period, from 100 indexed points in 2020 to 109 indexed points in 2021, increase again to 145 indexed points in 2022 and continue increase to 152 indexed points in 2023. During 2020-2023, imports relative to the national production was increased with trend of 17%.

3. Imports from Main Countries

Table 3. Import Shares

| Country | 2023 | |
|----------------------------------|---------------|----------------------|
| | Volume (Ton) | Share of imports (%) |
| People's Republic of China (PRC) | 5,679 | 48 |
| Malaysia | 3,815 | 32 |
| India | 2,154 | 18 |
| Other Countries | 272 | 2 |
| World | 11,921 | 100 |

Source: DJBC, Proceed.

From the table above, the biggest shares of import in 2023 was PRC, which its shares of import in 2023 accounted for 48%. Other countries with share of imports above 3% during 2023 are Malaysia (32%), India (18%), and other countries members with the share for 2%.

4. Unforeseen Development

In 2021, Indonesia implemented regulations requiring the use of green building practices as outlined in the Regulation of the Minister of PUPR Number 21 of 2021. This regulation encompasses environmentally responsible and resource-efficient processes throughout the entire building life cycle, including planning, design, construction, operation, maintenance, renovation, and demolition. With the growing import of rock wool products in Indonesia, evidence has shown that these products can help reduce carbon emissions during the construction process. As a result, foreign rock wool products have flooded the Indonesian market to support the government's green building program.

Previously, the building industry utilized hydro fluorocarbon (HFC) materials in foam insulation products. HFCs are man-made organic compounds containing fluorine and hydrogen atoms and are typically gaseous at room temperature. However, due to the challenges in meeting the green building performance assessment criteria, the building industry has shifted to using rock wool products, which have demonstrated a greater ability to reduce carbon emissions in line with the requirements of Regulation of the Minister of PUPR Number 21 of 2021. This unexpected change has led to a surge in rock wool product imports to Indonesia in the same year.

C. EVIDENCE OF SERIOUS INJURY OR THREAT THEREOF CAUSED BY INCREASED IMPORTS

To determine the existence of serious injury or threat of serious injury that is caused by increased imports, the Investigating Authority has analyzed and made an evaluation of all relevant factors in an objective and quantifiable nature. The following analyses are based on data provided by the Applicant, which has been verified by the Investigating Authority

1. Evidence of Serious Injury or Threat of Serious Injury

The general economic indicators related to Subject Goods in the safeguard investigation are presented at the table below:

Table 4. National Consumption, Volume of Imports, and Market Shares

| No. | Description | Unit | Year | | | | Trend (20-23) |
|-----|----------------------------|-------|-------|-------|--------|--------|---------------|
| | | | 2020 | 2021 | 2022 | 2023 | |
| 1. | National Consumption | Index | 100 | 92 | 112 | 107 | 4 |
| 2. | Volume of Imports | Ton | 8,629 | 9,005 | 11,497 | 11,921 | 13 |
| 3. | Applicant's Domestic Sales | Index | 100 | 80 | 91 | 75 | (7) |
| 5. | Import's market share | Index | 100 | 113 | 119 | 129 | 8 |
| 6. | Applicant's market share | Index | 100 | 87 | 81 | 70 | (11) |

Source: DJBC and as verified by the Investigating Authority.

Based on the table above, it can be concluded that during the investigation period the surge in market share of imports has taken the domestic market share of the Applicant.

From 2020 to 2023 national consumption has decreased with a trend of 4%. On the contrary, volume of imports increased with a trend of 13% in the same period. The increase in the imports of Subject Goods resulted in a decline in the market share of the Applicant with a trend of 11%. Meanwhile, in the same period the market share of imports increased with a trend of 8%.

Table 5. The Applicant's Indicators of Injury

| No. | Description | Unit | Year | | | | Trend (20-23) |
|-----|----------------------|-------|-------|------|------|------|---------------|
| | | | 2020 | 2021 | 2022 | 2023 | |
| 1. | Production | Index | 100 | 95 | 92 | 91 | (3) |
| 2. | Domestic Sales | Index | 100 | 80 | 91 | 75 | (7) |
| 3. | Productivity | Index | 100 | 93 | 89 | 87 | (5) |
| 4. | Utilization Capacity | Index | 100 | 95 | 92 | 91 | (3) |
| 5. | Profits/Losses | Index | (100) | (38) | (75) | (75) | (2) |
| 6. | Employment | Index | 100 | 103 | 104 | 105 | 1 |

Source: As verified by the Investigating Authority.

As shown in Table 5, the performance of the applicant can be seen as follows:

- a. Production experienced a decrease with a trend of 3.21% during 2020-2023, from 100 indexed points in 2020 to 95 indexed points in 2021, then decreased to 92 in 2022 and decreased again to 91 indexed points in 2023.
- b. Domestic Sales decreased with a trend of 7% during 2020-2023, from 100 indexed points in 2020 to 80 indexed points in 2021, then decreased to 91 in 2022 and decreased again to 75 indexed points in 2023.
- c. The applicant's productivity has decreased with a trend of 5% during 2020-2023, from 100 indexed points in 2020 to 93 indexed points in 2021, then decreased to 89 indexed points in 2022 and decreased again to 87 indexed points in 2023.
- d. Utilization Capacity experienced a decrease during 2020-2023 with a trend of 3% from 100 indexed points in 2020 to 95 indexed points in 2021, then decreased to 92 indexed points in 2022 and decreased again to 91 indexed points in 2023.
- e. Applicant's profit experienced a significant decrease during 2020-2023 with a trend of 2% from 100 indexed points in 2020 to 38 indexed points in 2021 and decreased again to 75 in 2022. In 2023 Applicant's profit experienced increased to 75 indexed points.
- f. The Applicant's Employment increased during 2020-2023 with a trend of 1% from 100 indexed points in 2020 to 103 indexed points in 2021, then increase to 104 indexed points in 2022 and decreased again to 105 indexed points in 2023.
- g. Based on the explanation above, it can be concluded that during the investigation period, the Applicant experienced threat of serious injury based on the Applicant's performance that indicated a downward trend in production, domestic sales, productivity, utilization capacity, profits, and increased employment.

2. Other Factors That May Contribute to Injury

To ensure that threat of serious injury is only caused by increased imports, the Investigating Authority has examined the following other known factors:

- a. Technology

Based on the investigation results, the Applicant already has the latest technology in producing the Subject Goods. This argument is supported by the fact that the Applicant's machinery can

produce sophisticated consumers goods. This shows that the threat of a serious injury suffered by the Applicant is not caused by technology.

b. Quality

The quality of goods produced by the Applicant has met the international standards such as JIS A 9504 : 2011: Man Made Mineral Fibre Thermal Insulation Materials, BS 476 – 4 : Fire Test On Building Materials And Structures Part 4 : Non-Combustibility test for material, ASTM C177 : Standard Test Method For Steady-State Heat Flux Measurements And Thermal Transmission Properties, ASTM C335/335M : Standard Test Method For Steady-State Heat Transfer Properties Of Pipe Insulation, ASTM C356 : Standard Test Method For Linear Shrinkage Of Preformed High-Temperature, ASTM C411 : Standard Test Method For Hot-Surface Performance Of High-Temperature, and ASTM C423 : Standard Test Method For Sound Absorption Coefficients By The Reverberation Room Method. Thus, in terms of quality, goods produced by the Applicant are able to compete with imported goods because they already met the internationally recognized standards.

c. Proportion of National Consumption to National Installed Capacity.

Table 6. Installed Capacity and National Consumption

| Description | Unit | Year | | | |
|---|------|------|------|------|------|
| | | 2020 | 2021 | 2022 | 2023 |
| National Consumption to National Installed Capacity | % | 42 | 39 | 47 | 45 |

Source: As verified by the Investigating Authority.

As shown in Table above, during the period of 2020 to 2023 the proportion of national consumption to national installed capacity was 42% in 2020, decreasing to 39% in 2021. However, in 2022 it increased to 47% and decreased to 45% in 2023. Therefore, it can be concluded that the national installed capacity is more than enough to meet national consumption

Based on the facts of 2.a. to 2.c. above, it can be concluded that during the period of investigation there were no other factors that caused a threat of serious injury to the Applicant other than increased volume of imports of the Subject Goods.

3. Causal Link

The Investigating Authority has examined all relevant factors having a bearing in the Applicant situation, and came into a conclusion that threat of serious injury suffered by the Applicant mainly caused by significant increased volume of imports and not due to the other factors, as follows:

- There was a surge increase of Subject Goods in absolute terms in 2020-2023 with a trend of 13%.
- There was a surge increase of Subject Goods in relative to domestic production in 2020-2023 with a trend of 17%.
- Import's market share has increased with a trend of 8% in 2020-2023.
- The Applicant's market share has decreased with a trend of 11% during 2020-2023.
- The downward trend in production, domestic sales, productivity, utilization capacity, profits, and increased employment.
- There were no other factors that caused a threat of serious injury to the Applicant other than increased volume of imports of the Subject Goods.

D. DESCRIPTION OF THE PROPOSED SUBJECT GOODS

Slag Wool and Rock Wool are classified as Harmonized System (HS.) code ex.6806.10.00.

E. DESCRIPTION OF THE PROPOSED MEASURE

In a view of the findings, a safeguard measures have been proposed in form of specific duty with HS code, proposed date of introduction, and expected duration of the measure as follow:

Table 7. The Proposed Safeguard Measures

| Period | Specific Duty (Rupiah/Ton) |
|------------|----------------------------|
| Period I | 22,537,745 |
| Period II | 21,703,013 |
| Period III | 20,868,282 |

In view of the conclusion of the causal link, the Investigating Authority has proposed to the Government of the Republic of Indonesia to impose a safeguard measure on the importation of the Subject Goods for three periods.

The imposition of the safeguard measures will be carried out in accordance with the Article 2.2 and Article 9 of the WTO Agreement on Safeguards.

According to Article 9.1 of the WTO Agreement on Safeguards, developing country Members with less than 3% import share collectively account for not more than 9% of total imports in the subject goods are excluded from the safeguard measures.

The non-confidential version of the Final Report of this investigation, can be found on the website of the Indonesian Safeguard Committee: <http://kppi.kemendag.go.id>.

F. PROVIDE PROPOSED DATE OF THE APPLICATION OF THE MEASURE

The safeguard measures is proposed to enter into force after the publication of the decree of the Minister of Finance of the Republic of Indonesia, which will be promulgated at the Official Gazette.

G. CONSULTATIONS

Members who have a substantial interest of 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 written letter and in electronic format, and must indicate the name, address, e-mail address, and phone 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 virtually.

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