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**Council for Trade in Goods
Committee on Safeguards**

Original: English

REQUEST UNDER ARTICLE 13.1(E) OF THE AGREEMENT ON SAFEGUARDS

REQUEST FROM INDONESIA CONCERNING TÜRKİYE'S PROPOSED SUSPENSION OF CONCESSIONS OR OTHER OBLIGATIONS

The following communication, dated and received on 11 July 2024, is being circulated at the request of the delegation of Indonesia.

Without prejudice to rights and obligations under the WTO covered agreements and pursuant to Article 13.1(e) of the Agreement on Safeguards, Indonesia hereby requests the Committee on Safeguards to review whether Türkiye's proposal to suspend concessions or other obligations is "substantially equivalent" as provided for in Article 8.2 of the Agreement on Safeguards and to report as appropriate to the Council for Trade in Goods.

Background

1. On 10 June 2020, Indonesia initiated a safeguard investigation on the imports of carpets and other textile floor coverings with the period of investigation covers 2017 to 2019.¹ On 21 September 2020, Indonesia notified to the Committee on Safeguards that there was an increased import of the subject goods in 2017 – 2019 in absolute terms with a trend of 25.23% and in relative to domestic production with a trend of 27.83%.²

2. On 2 February 2021, Indonesia issued Minister of Finance Regulation (PMK) Number 10/PMK.010/2021 regarding the imposition of a safeguard measure, in the form a specific duty, on the importation of carpets and other textile floor coverings, for a period of three years starting on 17 February 2021, as follows: IDR 85,679/m² (2021-2022); IDR 81,763/m² (2022-2023); and IDR 78,027/m² (2023-2024). This was duly notified to the Committee on Safeguards.³

3. On 15 August 2023, the Indonesian Safeguards Committee (Komite Pengamanan Perdagangan Indonesia/KPPI, hereinafter referred to as "the Investigating Authority") received an application from the Indonesia Textile Association to extend the safeguard measures on carpets and other textile floor coverings. The Investigating Authority reviewed the application and found sufficient initial evidence to initiate a safeguard investigation. Consequently, on 18 August 2023, the Investigating Authority initiated a safeguard investigation for the period from 2020 to 2022.⁴ On 9 November 2023, Indonesia notified the findings of that investigation and the proposed extension of the safeguard measure for a period of three years to the Committee on Safeguards.⁵

¹ Notified to the WTO in the document [G/SG/N/6/IDN/35](#), dated and circulated on 12 June 2020.

² Notified to the WTO in the document [G/SG/N/8/IDN/27](#); [G/SG/N/10/IDN/27](#), dated 21 September 2020 and circulated on 24 September 2020.

³ Notified to the WTO in the document [G/SG/N/8/IDN/27/Suppl.1](#); [G/SG/N/10/IDN/27/Suppl.1](#); [G/SG/N/11/IDN/24](#), dated 15 February 2021 and circulated on 17 February 2021.

⁴ Notified to the WTO in the document [G/SG/N/6/IDN/35/Suppl.1](#), dated and circulated on 24 August 2023.

⁵ Notified to the WTO in the document [G/SG/N/8/IDN/27/Suppl.2](#), dated and circulated on 9 November 2023.

4. On 15 and 16 November 2023, Indonesia received the requests for consultations under Article 12.3 of the Agreement on Safeguards from Japan⁶ and Türkiye⁷, respectively. Both consultations were held on 29 November 2023. On 22 December 2023, another bilateral meeting was held between Indonesia and Türkiye. Indonesia and Türkiye discussed the proposed extension of the safeguard measures and disagreed on the methodology for the calculation of the substantially equivalent concessions within the meaning of Articles 8.1 and 8.2 of the Agreement on Safeguards. Indonesia remained open to continue the consultations with Türkiye.

5. Türkiye did not notify the Council for Trade in Goods on the results of the consultation under Article 12.3 of the Agreement on Safeguards held on 29 November 2023 as required by Article 12.5 of the Agreement on Safeguards.

Türkiye's proposed suspension of concessions

6. On 17 April 2024, Türkiye notified to the Council for Trade in Goods and the Committee on Safeguards the proposed suspension of concessions and other obligations referred to in Article 8.2 of the Agreement on Safeguards.⁸ Türkiye proposed the suspension of substantially equivalent concessions and other obligations under the GATT 1994 to the trade of Indonesia in the form of an increase in duty on the selected products originating in Indonesia in the amount of USD 24.17 million. However, the list of products and the proposed duty rates has not yet included in the notification. Türkiye also reserved its right to apply the proposed suspension of concessions as of 17 May 2024.

7. In Indonesia's view, Türkiye's proposed suspension of concessions is not "substantially equivalent" within the meaning of Article 8.2 of the Agreement on Safeguards. Indonesia is heavily concerned that the choice of the most representative period and the conversion of the specific duty into an *ad valorem* duty in Türkiye's calculations would lead to an overcompensation, which goes beyond the "substantially equivalent" standard.

8. In particular, Indonesia disagrees with the use of 2019 as the reference period for the calculation of substantially equivalent concessions. In light of common practice among WTO Members, Indonesia suggests that the level of substantially equivalent concessions should be determined based on the import volume data from 2020, the preceding year of the application of the original safeguard measure. Furthermore, during the consultations, Türkiye admitted that the use of 2019 data was due to the effects of other than the safeguard measure on import in 2020, which unpreceded with the common practice among WTO members.

9. Indonesia is also concerned about the conversion of the specific duty into an *ad valorem* duty in Türkiye's calculations as presented during the consultations under Article 12.3 of the Agreement on Safeguards. Türkiye did not provide any explanation for the chosen calculation methodology.

Indonesia's requests

10. Pursuant to Article 13.1(e) of the Agreement on Safeguards, Indonesia requests that the Committee on Safeguards review whether the suspension of concessions or other obligations proposed by Türkiye is "substantially equivalent" as provided for in Article 8.2 of the Agreement on Safeguards.

11. Indonesia also requests that the Committee on Safeguards report its findings to the Council for Trade in Goods.

⁶ Notified to the WTO in the document [G/SG/288](#), dated and circulated on 15 November 2023.

⁷ Notified to the WTO in the document [G/SG/289](#), dated and circulated on 16 November 2023.

⁸ Notified to the WTO in the document [G/L/1528; G/SG/N/12/TUR/10](#), dated 16 April 2024 and circulated on 17 April 2024.