

**FINAL REPORT ON THE RESULTS OF THE SECOND EXTENSION INVESTIGATION
TRADE SAFEGUARD MEASURES
ON IMPORTED GOODS**

**THREAD (OTHER THAN SEWING THREAD)
FROM SYNTHETIC AND ARTIFICIAL STAPLE FIBERS**

**6 (SIX) 8-DIGIT HARMONIZED SYSTEM NUMBERS (HS NO.)
BASED ON THE 2022 INDONESIAN CUSTOMS TARIFF BOOK**

**INDONESIAN TRADE SECURITY COMMITTEE (KPPI)
JAKARTA, 2026**

UNSECRET VERSION

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A. INTRODUCTION

A.1. Background

1. Based on the Regulation of the Minister of Finance (PMK) Number 161/PMK.010/2019 dated November 6, 2019, the Indonesian Government imposed Temporary Safeguard Import Duty (BMTPS)

imposed for 200 days on the import of goods "Yarn (Other than Sewing Thread) from Synthetic and Artificial Staple Fiber" which is included in the 8-digit *Harmonized System* (HS) number, namely 5509.22.00, 5509.32.00, 5509.51.00, 5509.53.00, 5510.12.00, and 5510.90.00 in accordance with the Indonesian Customs Tariff Book (BTKI) 2017, with the following amounts:

Table 1. BMTPS Rates

Period	BMTPS (Rp/Kg)
November 9, 2019 to May 26, 2020 (200 days)	1,405

Source: PMK 161/PMK.010/2019

2. Based on the Regulation of the Minister of Finance (PMK) Number 56/PMK.010/2020 dated May 27, 2020, the Indonesian Government imposes Safeguard Import Duty (BMTP) on the import of goods "Yarn (Other than Sewing Thread) from Synthetic and Artificial Staple Fibers" which are included in the 8-digit *Harmonized System* (HS) numbers, namely 5509.22.00, 5509.32.00, 5509.51.00, 5509.53.00, 5510.12.00, and 5510.90.00 in accordance with the Indonesian Customs Tariff Book (BTKI) 2017, with the following amounts:

Table 2. Initial Imposition of BMTP Rates

Period	BMTP (Rp/Kg)
Year I, May 27, 2020 to November 8, 2020	1,405
Year II, November 9, 2020 to November 8, 2021	1,192
Year III, November 9, 2021 to November 8, 2022	979

Source: PMK 56/PMK.010/2020

3. Furthermore, based on PMK Number 46 of 2023 dated April 26, 2023, the Indonesian Government imposed the First Extension of BMTP concerning the imposition of Safeguard Measures Import Duty on the import of Yarn (Other Than Sewing Thread) from Synthetic and Artificial Staple Fibers with the amounts as stated in the following table:

Table 3. BMTP Tariffs for Initial Imposition of First Extension

Period	BMTP (Rp/Kg)
Year I, May 22, 2023 to May 21, 2024	766
Year II, May 22, 2024 to May 21, 2025	553
Year III, May 22, 2025 to May 21, 2026	340

Source: PMK 46 of 2023

4. On November 17, 2025, the Indonesian Trade Safeguard Committee (KPPI) received a letter of application accompanied by initial evidence of application from the Indonesian Textile Association (API), hereinafter referred to as the Applicant, to conduct an investigation in the context of the Second Extension of the imposition of Trade Safeguard Measures (TPP) on the import of goods "Yarn (Other than Sewing Thread) from Synthetic and Artificial Staple Fibers" with 8-digit *Harmonized System* (HS) No. 5509.22.00, 5509.32.00, 5509.51.00, 5509.53.00, 5510.12.00, and 5510.90.00, in accordance with the 2022 Indonesian Customs Tariff Book (BTKI).

5. From the results of the initial evidence research of the application and based on letter No. 03/KPPI/PENG/11/2025 dated November 25, 2025, KPPI decided to accept the application and determine the commencement of the investigation into the imposition of the TPP extension on the import of Yarn (Other than Sewing Thread) from Synthetic and Artificial Staple Fibers on the same date, which was immediately announced through the *Bisnis Indonesia* Newspaper and the Ministry of Trade *Website* on the same day.

A.2. Applicant's Identity

6. Applicant's Identity:

Name : Indonesian Textile Association (API)
Address : Graha Surveyor Indonesia, 16th floor, Jl. Gatot Subroto Kav. 56, South Jakarta
Tel./Fax. : 021 – 5272171 / 021 – 5272166
Email : secretariat@bpnapi.org
Contact Person : Jemmy Kartiwa Sastraatmadja
Position: General Chairperson of API

7. The company represented by the Applicant in the investigation is:

- 1) Name: PT. Kewalram Indonesia
Address: Jalan Raya Rancaekek KM 25, Sumedang Regency, Bandung 40010, Indonesia.
E-mail : sales@kewalram.co.id
Tel/Fax: (022) 7795012
- 2) Name: PT. Apac Inti Corpora
Address: Jl. Soekarno Hatta Km. 32, Harjosari Village, Bawen, Semarang, 50661 Central Java
Email: leni.sugianto@apacinti.com
Tel/Fax: 0298-522888 / 0298-522297

- 3) Name: PT. Dhanar Mas Concern
Address: Jl. Cisirung KM 6.8, Pasawahan, Kec. Dayeuhkolot,
Bandung Regency, West Java 40256
Email: yarnmkt@dmctex.co.id
Tel/Fax: (022) 5202978 / (022) 520 2868

- 4) Name: PT. Gokak Indonesia
Address: Jl. Kp. Muhara No. 1, Citeureup, Citeureup District, Bogor Regency, West
Java 16810
E-mail : www.gokakindonesia.com
Tel/Fax: (021) 8752686

- 5) Name: PT. Hasasi International
Address: Jl Sukahaji, No. 3, Bandung, West Java, 40152, Indonesia
E-mail : sales@hasasi.com
Tel/Fax: (022) 200 8333

- 6) Name: PT. Dan Liris
Address: Jl. Merapi No. 23, Banaran, Grogol, Sukoharjo, Central Java 57552

Email: info@danliris.com
Tel/Fax: (0271) 740888 / (0271) 714400

- 7) Name: PT. Insan Sandang Internusa Address:
Jl. Rancaekek KM 22, RW.5, Cinta Mulya, Jatinangor District, Sumedang Regency,
West Java 45363
E-mail : buanamakmur@gmail.com
Tel/Fax: (022) 7798343 / (022) 6906018

- 8) Name: PT. Adetex
Address: Jl. Raya Banjaran No. 590, Batukarut, Arjasari, Bandung,
West Java 40377
Email: headoffice@adetex.co.id
Tel/ Fax: (022) 2503405 / (022) 2501134

A.3. Major Proportion

Table 4. Production Proportion in 2024

Description	Proportion (%)
1. PT. Dhanar Mas Concern	20.00
2. PT. Kewalram Indonesia	11.63
3. PT. Hasasi International	7.92
4. PT. Apac Inti Corpora	3.31
5. PT. Insansandang Internusa	2.80
6. PT. Gokak Indonesia	2.60
7. PT. Adetex Textiles	2.49
8. PT. Dan Liris	0.72
Applicant's Production	51.47
Non-Applicant Production	48.53
National Production	100

Source: API, KPPI Verification, processed

8. Based on Table 4 above, the applicant's production proportion is 51.47% of the total national production, thus the applicant is declared to have fulfilled the *major proportion* requirements according to *Article 4.1(c) of the Agreement on Safeguards* (AoS) and Article 1 number 18 of PP 34/2011 to represent IDN.

A.4. Investigation Period

9. The investigation period for the extension of the Trade Safeguard Measures (TPP) for the import of Yarn products (Other than Sewing Thread) from Synthetic and Artificial Staple Fibers for 3 (three) years, namely 2022-2024.

A.5. Procedures and Notifications

10. In accordance with Article 74 Paragraph (2) of PP 34/2011, on November 25, 2025, KPPI will provide written notification of the commencement of the second extension investigation to the Applicant, Importers Association, and other Interested Parties (PYB). This notification will be published in the *Bisnis Indonesia* newspaper and a press release on *the website*.

Ministry of Trade.

11. Based on *Article 12.1(a) WTO AoS*, dated 28 November 2025
The Indonesian Government sent an *Article 12.1(a) Notification* to *the Committee on Safeguards* at the WTO regarding the commencement of an extension investigation and on December 4, 2025, the notification was circulated by the WTO with document number G/SG/N/6/IDN/32/Suppl.2.
12. In accordance with Article 78 Paragraph (1) of PP 34/2011, dated 28 November 2025
KPPI has requested a written explanation in the form of a questionnaire from the Applicant.

13. Referring to *Article 3* WTO AoS and Article 79 Paragraph (1) PP 34/2011, dated December 18, 2025, KPPI held a Public Hearing *in* order to provide an opportunity for Interested Parties (PYB) to present evidence, views and responses regarding the commencement of the investigation into the extension of the TPP. The hearing was attended by:

- Representatives of the Government of the exporting country (Socialist Republic of Vietnamese),
- Importers association (Indonesian Garment & Textile Association (AGTI)),
- Importers (PT. Behaestex, PT. Toray International Indonesia, PT. Anugerah Esa Mulia, PT. Multindo Velvet Industries), • Relevant Ministries/Institutions (Directorate General of Chemical, Pharmaceutical, and Textile Industries, Directorate General of Regional Resilience, and National Industrial Access (Ministry of Industry), Deputy for Economic Affairs and Digital Transformation (BAPPENAS), Trade Advocacy Bureau, and Center for Export-Import Policy and Trade Security (Ministry of Trade), and representatives of Ministries/Institutions who attended online were the Coordinating Ministry for Economic Affairs, as well as the Directorate General of Economic and Fiscal Strategy and the Directorate General of Customs and Excise (Ministry of Finance).
- IDN Association and Applicant (Indonesian Textile Association (API), PT. Kewalram Indonesia, and PT. Dhanar Mas Concern),
- Non-Applicant (PT. Duniatex Group).

14. The Applicant's questionnaire responses were submitted to KPPI on December 18, 2025.

15. Referring to *Article 4.2(b)*. AoS, in order to check the accuracy of the data and information statements contained in the questionnaire answers submitted by the Applicant, on January 12-21, 2026

KPPI verified the Applicant's performance and on January 26-30, 2026, KPPI conducted verification regarding structural adjustments.

B. STATEMENT OF THE INTERESTED PARTIES

Hearing (*Public Hearing*)

16. The public hearing was held on December 18, 2025 in the Orchid Room, Building 1, 12th Floor, Ministry of Trade with the aim of obtaining evidence, views, and responses/statements submitted in writing. In accordance with the provisions of Article 79 Paragraph (2) of PP 34/2011, PYB is given the opportunity to provide evidence, views, and responses/statements submitted in writing within a maximum period of 5 (five) days after the hearing is held.

B.1. Embassy of Mexico, December 22, 2025**Statement:**

17. As a developing country with a market share of less than 3%, in accordance with the provisions of *Art. 9.1. AoS*, Mexico is exempt from the imposition of Safeguard Measures (TP) on the import of Staple Yarn goods.

Response to the statement from the Mexican embassy:

According to the KPPI investigation, the market share of imported yarn (other than sewing thread) made from synthetic and artificial staple fibers originating from Mexico is less than 3%. Therefore, in accordance with the provisions of *Article 9.1. of the AoS* jo. Article 90 PP 34 of 2011 means that Mexico is excluded from the imposition of TP.

B.2. Indonesian Garment & Textile Association (AGTI), December 22 2025**Statement:**

18. AGTI requests that KPPI review the HS codes proposed in the previous BMTP implementation, considering that the HS codes also cover types of goods that are not produced in Indonesia or cannot be supplied by the domestic textile industry. The imposition of BMTP on these products has the potential to hamper the competitiveness of the national textile industry, particularly in terms of price and product variety, and may reduce the ability of downstream industries to meet the needs of the domestic and export markets.

Response to the statement from the Indonesian Garment & Textile Association (AGTI):

Based on the verification results, the machine owned by IDN to produce yarn with the HS code investigated is a new machine with the latest and most advanced technology so that it is capable of producing yarn. according to the needs of the national textile industry, both in terms of price and product variety.

B.3. PT. Behaestex, December 22, 2025**Statement:**

19. TR 50 yarn, HS No. 5509.51.00, produced by IDN, does not yet meet the standards required to produce the company's product, namely sarongs. Furthermore, the extension of the BMTP could affect the selling price to consumers.

Response to the statement from PT. Behaestex:

Based on the verification results, there are IDNs that produce TR yarn in various English Number (NE) sizes from 1 to 300, consisting of PT. Dhanar Mas Concern, PT. Kewalram, and PT. Gokak Indonesia.

On February 6, 2026, a coordination meeting was held for TR50 yarn products and it was agreed that PT. Behaestex would purchase products from PT. Kewalram and PT. Dhanar Mas Concern as long as they met the required specifications.

B.4. PT. Anugerah Esa Mulia, December 12, 2025**Statement:**

20. PT. Anugerah Esa Mulia requests that NE 16/2 *Polyester/Acrylic* thread be used. 90/10 *dyed yarn* included in HS No. 5509.22 which is a raw material for producing carpets, is exempt from the imposition of Safeguard Measures because the yarn cannot be produced by IDN.

Response to the statement from PT. Anugerah Esa Mulia:

Based on the verification results, it is known that PT. Kewalram and PT. Dhanar Mas Concern have *Twister* machines and can produce *Twister* yarns that are included in HS No. 5509.22 with various NE sizes, according to the specifications required by consumers.

On February 6, 2026, a coordination meeting was held for the NE 16/2 *Polyester/Acrylic* 90/10 *dyed yarn* product and it was agreed that PT. Anugerah Esa Mulia is willing to buy products from IDN as long as it meets the required specifications.

B.5. PT. Duniatex Group (PT. Dunia Sandang Abadi Textile, PT. Delta Merlin Dunia Textile, PT. Dunia Setia Sandang Asli Tekstil, PT. Delta Dunia Sandang Tekstil, PT. Delta Dunia Tekstil, and PT. Delta Merlin Sandang Tekstil), December 18-20, 2025**Statement:**

21. Request that the imposition of Safeguard Measures on Yarn imports be extended, considering that IDN still needs additional time to implement structural adjustments and if the imposition of TP is stopped, there is the potential for another surge in Yarn imports.

B.6. BAPPENAS, December 19, 2025**Statement:**

22. Emphasizing that this application for the imposition of BMTP is the third and final period of the *Safeguard policy*, the results of the current investigation are crucial for both industries. If BMTP is re-enacted, there will be no further room for extension for this product after the end of this period. Therefore, it is necessary:

- 1) Evaluation of the real achievements of the domestic industry during the six years of BMTP implementation, particularly regarding structural adjustments and increasing competitiveness as the initial objectives of the policy.
- 2) The evaluation must also ensure the industry's readiness to face the market without protection, including the Applicant's strategic plan regarding the direction of industry development and concrete steps to be taken after the BMTP ends.
- 3) Furthermore, KPPI needs to confirm with the Applicant regarding the direction of industrial sustainability after the BMTP imposition period ends.

C. INVESTIGATION

C.1. Proof of Similar Goods or Goods that are Directly Compete

23. Based on the Minister of Finance Regulation number 56/PMK.010/2020, imported goods subject to BMTP are Yarn (Other than Sewing Thread) from Synthetic and Artificial Staple Fiber with HS numbers. 5509.22.00, 5509.32.00, 5509.51.00, 5509.53.00, 5510.12.00, and 5510.90.00, in accordance with the Indonesian Customs Tariff Book (BTKI) 2017 and BTKI 2022.

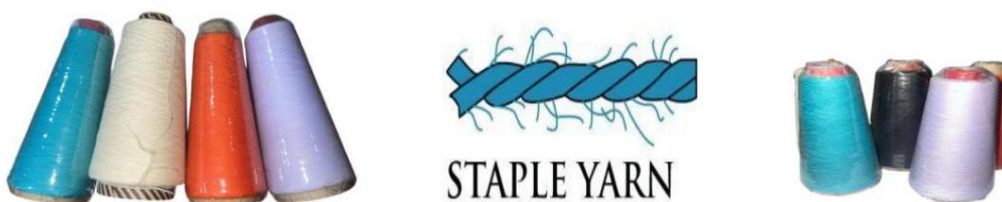
C.1.1. Goods Produced by the Applicant

24. The physical characteristics, production process flow, raw materials, chemical composition and uses of the goods produced by the Applicant are as follows:

Physical Characteristics

- a. The diameter of the investigated item is larger compared to filament thread.
- b. The surface of the thread is hairy, uneven, and feels rough when held.
- c. The number of fibers per cross-section varies.
- d. Types of yarn construction: single yarn, yarn consisting of two single yarns doubled, and yarn consisting of two or more single yarns formed into a cable (*twist*).
- e. Often occurs unraveling (*pilling*).
- f. Color: various colors and *greige*.

Figure 1. Yarn (Other Than Sewing Thread) Made of Synthetic and Artificial Staple Fibers Ready for Further Processing in the Weaving Industry

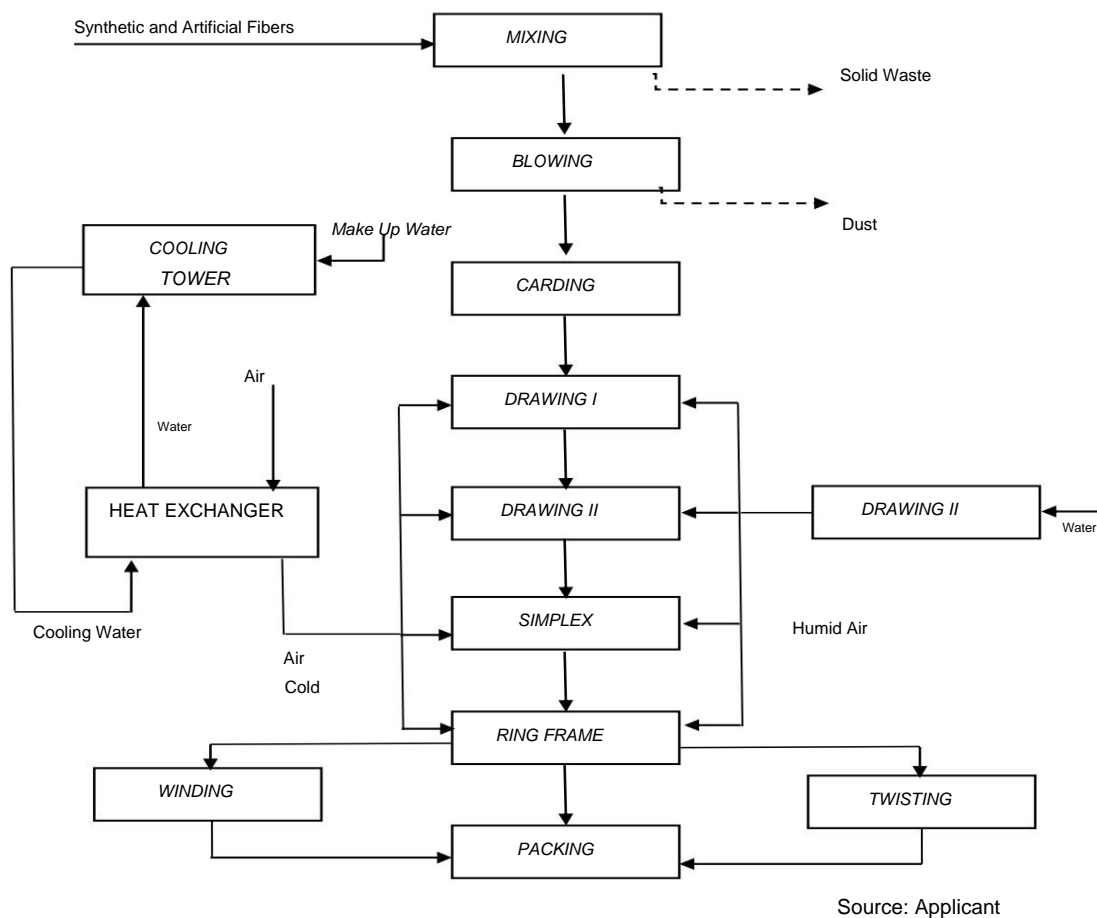


Source: Applicant

Production Process Flow

Production process flow for yarn (other than sewing thread) from staple fiber Synthetic and Artificial as follows:

Figure 2. Production Process Flow for Yarn Production (Other Than Sewing Thread) from Synthetic and Artificial Staple Fibers



Information:

The raw materials used are 2 types of fiber, namely synthetic fiber and artificial fiber.

- a) The first process is *mixing*. This process involves mixing *polyester staple fiber*, cotton fiber, or rayon fiber to be processed into yarn. *The polyester* or cotton fiber, packaged in a dense *bale*, is opened and cleaned of dirt.
- b) The *blowing* process is where the raw fiber material that has been cleaned of dirt through a *mixing* process is put into the *blowing stage*, the fiber resulting from this process is called lap. *Blowing* aims to mix the cotton fibers.
- c) The next process is *carding*. This stage involves separating short fibers and converting the rags into *slivers* (parallel fibers). *Carding* separates long cotton fibers from short ones, producing *carded sliver*.
- d) The next process is *drawing I* and *drawing II*, where *the carding sliver* is doubled, pulled and stretched so that the fibers are more even.
- e) *Simplex* is a continuation of the *drawing II* process by applying a greater pulling force, so that *the sliver shape* is...

The resulting yarn is increasingly smaller and resembles thread. *Simplex* aims to provide drafting/stretching, provide a pseudo *twist* /twist, roll *the roving*, and change *the sliver drawing*.

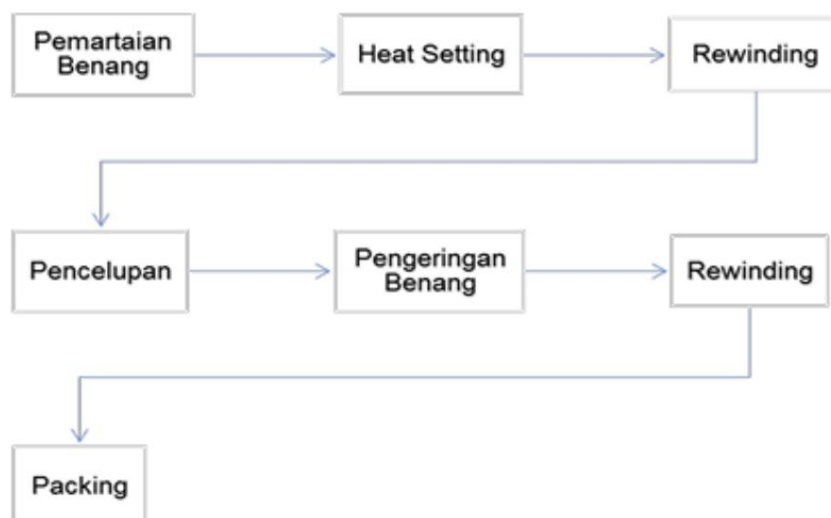
become *roving*.

- f) The *ring frame* is the process of pulling, twisting, and winding. The result of this stage is yarn. Some yarns are wound directly without twisting , while others are wound while twisting.

aims in terms of: 1. *Drafting* occurs because of the difference in rotation speed of *the back roll* and *the front roll*, where *the front roll* speed is faster; 2. *Twisting occurs* because of the difference in rotation speed of *the front roll* and *the spindle*; and 3. *Winding occurs* because of the difference in rotation speed of *the traveler* and *the spindle* , where *the spindle* is faster.

- g) *Winding* is the process of winding the yarn from *the ring frame* process into larger rolls. *Winding* aims to change the shape of the yarn roll from *cops* to *cones*, and to control quality. In the winding process, there is a further process according to *customer* requests , namely color dyeing, as explained in Figure 3 below.
- h) *Twisting* is the process of twisting/twisting the yarn from *the ring frame* process while rolling it. In the *twisting* process
There is a further process according to *customer* requests , namely color dyeing as explained in Figure 3 below.
- i) *Packing* is the final stage of the process. After the yarn has been inspected for quality, it is then packaged in boxes for marketing.

Figure 3. Flow of the Advanced Production Process for Yarn Dyeing (*Spinning*) at the Applicant's *Winding/Twisting* Stage



Source: Applicant

Information:

- a. The thread preparation stage (marting) threads are prepared according to requirements starting from type, color and quantity.
- b. The yarn is *heat-setting* processed so that the yarn is ready to be dyed.
- c. *Rewinding*, the thread is rewound according to the weight required during dyeing.
- d. The yarn enters the dyeing machine for the dyeing process.
- e. After dyeing, the yarn is put into the drying machine.
- f. The yarn has finished the dyeing process.

Raw material

The raw materials used by the Applicant to produce yarn are synthetic and artificial fibers, divided into two categories: undyed and dyed. Artificial fibers include viscose/rayon, while synthetic fibers include polyester, acrylic/modacrylic, and so on.

Standardization

The standardization used by the Applicant to produce and technically test yarn refers to international standards, namely *Lloyd's Register Quality Assurance* (LRQA) from England, ISO 9001:2015, and the OEKO-TEX *certificate* from Japan.

Utility

The use of yarn (other than sewing thread) made from synthetic and artificial staple fibers is as a raw material for fabric production in the weaving industry. Weaving transforms the yarn produced by the *spinning* process. or spinning into raw cloth or *greige*.

C.1.2. Imported Goods

25. The Goods Under Investigation are imported goods that are the object of the investigation as stated in the description and specifications of the goods and the tariff heading number in the 2022 BTKI.
26. Based on the Initial Evidence submitted by the Applicant, the imported yarn (other than sewing thread) made from synthetic and artificial staple fibers for which the TPP investigation application was submitted based on the 2022 BTKI are:
 - a. Yarn (other than sewing thread) of synthetic staple fibers, not put up for retail sale, containing 85 % or more by weight of *polyester* staple fibers : double (folded) or cabled yarn (HS No. 5509.22.00).
 - b. Yarn (other than sewing thread) of synthetic staple fibers, not put up for retail sale, containing 85 % or more by weight of acrylic or modacrylic staple fibers: multiple (folded) or cabled yarn (HS No. 5509.32.00).
 - c. Yarn (other than sewing thread) of synthetic staple fibers, not put up for retail sale, other yarn, of *polyester staple fibers*: mixed mainly or solely with artificial staple fibers (No. HS. 5509.51.00).
 - d. Yarn (other than sewing thread) of synthetic staple fibers, not put up for retail sale, other yarn, of *polyester staple fibers*:

mixed mainly or solely with cotton (HS No. 5509.53.00).

e. Yarn (other than sewing thread) of artificial staple fibers, not put up for retail sale, containing 85% or more by weight of artificial staple fibers: double (folded) or cabled yarn (HS No. 5510.12.00).

f. Yarn (other than sewing thread) of artificial staple fibers, not put up for retail sale, other than containing 85 % or more by weight of artificial staple fibers: other than yarn mixed mainly or solely with wool or fine animal hair and cotton (No.

HS. 5510.90.00).

27. The characteristics, raw materials, standardization and uses of imported goods are as follows:

Physical Characteristics

The characteristics of imported goods are the same as the characteristics of yarn (other than sewing thread) from synthetic and artificial staple fibers produced by the Applicant as stated in *recital 24*.

Raw material

The raw materials for imported goods are generally the same as those produced by the Applicant, namely synthetic and artificial staple fibers as stated in *recital 24*.

Standardization

Standardization of imported yarn goods refers to international standards, namely *Lloyd's Register Quality Assurance (LRQA)*, *ISO 9001:2015*, and the *OEKO-TEX certificate* as stated in *recital 24*.

Utility

The use of the imported goods is the same as that produced by the Applicant, namely for the production of *greige* cloth as stated in *recital 24*.

C.1.3. Conclusion of Evidence of the Investigated Goods

28. Based on the explanation of *recital 24-27*, it can be concluded that the import of yarn goods (other than sewing thread) from synthetic and artificial staple fibers (HS No. 5509.22.00, 5509.32.00, 5509.51.00, 5509.53.00, 5510.12.00, and 5510.90.00 in accordance with BTKI 2022), are similar goods to the goods produced by the Applicant because they have similar characteristics, raw materials, standardization, and uses.

C.2. Number of Imported Goods Investigated

29. Analysis of the surge in the number of imports of the Goods Under Investigation is one of the requirements needed in the imposition of TPP during the initial investigation (*original case*). However, in the case of imposing an extension of TPP based on Article 7.2 WTO AoS and Article 88 paragraph (3) PP 34/2011 only requires two things, namely: (1) the existence of serious losses or the threat of serious losses experienced by IDN, and (2) additional time is still needed to complete structural adjustments. So, there is a surge in the number of imports in absolute terms and

a surge in imports relative to national production is not a requirement for extending the TPP.

C.2.1. Absolute Import Amount

Table 5. Absolute Number of Imported Goods Investigated

Description	Year			Change (%) 2022 –		Trend (%)
	2022	2023	2024	2023	2023 - 2024	2022 - 2024
Total Imports (tons)	14,985	12,331	11,815	(17.71)	(4.19)	(11.20)

Source: Central Statistics Agency (BPS), processed

30. Based on Table 5 above, the absolute import volume experienced a downward trend of 11.20% between 2022 and 2024. In 2022, imports reached 14,985 tons, decreasing to 12,331 tons in 2023, representing a 17.71% decrease. Then, in 2024, imports continued to decline to 11,815 tons, representing a 4.19% decrease.

C.2.2. Imports Relative to National Production

Table 6. Relative Imports of Overall Goods Investigated Compared National Production

Description	Year			Change (%)		Trend (%)
	2022	2023	2024	2022 - 2023	2023 - 2024	2022 - 2024
Import Amount (tons)	14,985	12,331	11,815	(17.71)	(4.19)	(11.20)
National Production (tons)	100	91.90	75.12	(8,10)	(18.26)	(13.33)
Relative Imports (%)	100	89.54	104.95	(10.46)	17.22	2.45

Source: BPS, API, processed

31. As can be seen in Table 6 above, in 2022 - 2024 the number of Imports, relative to national production, increased by 2.45%. This was due to a decline in imports of 11.20%, while national production also experienced a decline of 13.33%.

Relative imports decreased by 100 index points in 2022

to 89.54 index points in 2023. Then in 2024, relative imports experienced a significant increase to 104.95 index *recital*.

C.2.3. Market Share of Importing Countries of Origin

Table 7. Market Share of Import Origin Countries in Indonesia

No.	Country of origin Import	2022		2023		2024	
		Volume (Ton)	Share (%)	Volume (Ton)	Share (%)	Volume (Ton)	Share (%)
1	People's Republic of China	10,442	69.55	9,256	75.06	10,055	85.11
2	Vietnam	2,315	15.45	2,091	16.96	1,264	10.70
3	Country Growing < 3%	2,072	13.83	906	7.34	342	2.89
4	Other Countries	176	1.17	78	0.63	153	1.30
	World	14,985	100	12,331	100	11,815	100

Source: BPS, processed

As can be seen in Table 7 above, in 2024 the largest country of origin for imports was the People's Republic of China, controlling an import market share of 85.11%, followed by other countries, namely Vietnam, with an import market share of 10.70%. Meanwhile, developing countries with a market share below 3%, namely India, Malaysia, etc., account for 2.89%. Other developed countries, namely the United States, Japan, etc., control the import market share by 1.30%.

C.3. Serious Loss / Threat of Serious Loss

C.3.1. Applicant Performance

32. The Applicant's performance data in *recitals* 32-34 was further obtained from the analysis of questionnaire responses and verification. There are 6 (six) performance indicators analyzed, namely production volume, domestic sales volume, productivity, utilized capacity, profit/loss, and workforce, as follows:

Production Volume and Domestic Sales Volume

Table 8. Production Volume and Domestic Sales Volume

Description	Unit	Period			Change (%)		Trends (%)
		2022	2023	2024	2022 - 2023	2023 - 2024	2022 - 2024
Production Volume Index	100	89.78	73.82	(10.22)	(17.78)	(14.08)	
Volume Sale Domestic	Index 100	107.43	92.45	7.43		(13.94)	(3.85)

Source: KPPI Verification Results

33. As can be seen in Table 8 below, in 2022-2024, the Applicant's production volume experienced a downward trend of 3.85%.
Along with the declining trend in production volume, domestic sales volume also experienced a decline of 14.08%.

Production Volume and Capacity Utilization

Table 9. Production Volume and Capacity Utilization

Unit Description		Period			Change (%)			Trend (%)
		2022	2023	2024	2022 - 2023	2023 - 2024	2022 - 2024	
Volume Production	Index	100	89.78	73.82	(10.22)	(17.78)	(14.08)	
Capacity Used	Index	100	88.76	76.31	(11.24)	(14.03)	(12.65)	

Source: KPPI Verification Results

34. As can be seen in Table 9 above, in the period 2022-2024, production volume experienced a decline with a trend of 14.08%, which caused the capacity utilization to also experience a decline with a trend of 12.65%.

**Production Volume, Labor, Productivity, and Profit/
Loss**

Table 10. Production Volume, Labor, Productivity, and Financial Loss

Description	Unit	Period			Change (%)			Trend (%)
		2022	2023	2024	2022 - 2023	2023 - 2024	2022 - 2024	
Volume Production	Index	100	89.78	73.82	(10.22)	(17.78)	(14.08)	
Labor	Index	100	88.26	77.46	(11.74)	(12.24)	(11.99)	
Productivity	Index	100	101.73	95.30	1.73	(6.31)	(2.38)	
Loss Financial	Index	(100)	(85.79)	(97.58)	(14.21)	13.74	(1.22)	

Source: KPPI Verification Results

35. As can be seen in Table 10 above, during the 2022-2024 period, the workforce experienced a reduction with a trend of 11.99%. This decrease in the workforce is in line with the decline in production.

resulting in cost efficiency so that the financial losses experienced by the Applicant decreased annually with a trend of 1.22%.

During the same period, the Applicant's productivity experienced a downward trend of 2.38%. This was due to a much greater decline in production volume than in labor, at 14.08% and 11.99%, respectively.

36. Based on *recitals* 33-35, it can be concluded that during the period 2022 - 2024, the Applicant still experienced serious losses based on performance indicators, namely the downward trend in production, domestic sales, productivity, utilized capacity, workforce, and financial losses.

C.3.2. National Consumption and Market Share

Table 11. National Consumption, IDN Market Share, and Import Market Share

Description	Unit	Year			Change (%)		Trends (%)
		2022	2023	2024	2022-2023	2023 - 2024	
National Consumption	Index 100	100.26	90.58	0.26 (9.65)	(4.82)		
IDN Market Share	Index 100	101.45	101.05	1.45 (0.40)	0.52		
Market share Import	Index 100	82.08	87.04	(17.92)	6.05 (6.70)		

Source: API, KPPI, processed

37. Based on Table 11 above:

- a. During the 2022–2024 period, national consumption tended to experience a downward trend of 4.82%, but in 2023 there was a slight increase of 100.26 index points compared to 2022 by 100 index points.
- b. During the 2022–2024 period, the Indonesian domestic market share trended upward by 0.52%, while the import market share declined by 6.70%. However, in 2024 compared to 2023, Indonesia's market share decreased by 0.40%. Conversely, import market share increased by 6.05% in the same year.

C.3.3. Other Factors

38. In addition to the Serious Loss factors above, KPPI also analyzes several other factors that cause Serious Losses, as follows:

a) National Installed Capacity**Table 12. Comparison of National Consumption Against Applicant's Installed Capacity**

Description	Unit	Year			Change (%)		Trend (%)
		2022	2023	2024	2022-2023	2023-2024	2022-2024
National Consumption to Capacity Applicant Installed	%	95.67	94.83	89.58	(0.88)	(5.53)	(3.24)

Source: API, KPPI Verification, processed

39. As seen in Table 12 above, the Applicant's installed capacity is more than sufficient to meet national consumption, so it can be concluded that the serious losses experienced by the Applicant are not caused by the Applicant's inability to meet national needs, but because imported goods are still widely circulating in the domestic market. The Applicant's installed capacity can meet national consumption in 2022 by 95.67%, in 2023 by 94.83% and in 2024 by 89.58%.

b) Quality

40. The quality of the goods produced by the Applicant has met international standards such as *Lloyd's Register Quality Assurance* (LRQA) from the UK, ISO 9001:2015, and the OEKO-TEX *certificate* from Japan. Therefore, the goods produced by the Applicant are able to compete with imported goods in terms of quality because they comply with internationally recognized standards.

c) Technology

41. Based on the results of the investigation, the Applicant has the latest technology in producing the Investigated Goods. This is supported by the fact that the Applicant's machine is capable of producing the Investigated Goods which are used for various types and colors of thread with the latest technology purchased from Germany, the Netherlands, the United States, Switzerland, and Japan for the period 2022 - 2024. This shows that The Applicant's serious losses were not caused by obsolete technology.

D. STRUCTURAL ADJUSTMENTS

42. Since the implementation of BMTP based on the Minister of Finance Regulation (PMK) No. 56 of 2020 and No. 46 of 2023 concerning the Imposition of BMTP on the import of yarn products (other than sewing thread) from synthetic and artificial staple fibers, the Applicant has made several structural adjustments in accordance with the commitments in the program plan stated in the final report on the results of the investigation into the imposition of BMTP, as depicted in the following table:

Table 13. Realization of the Implementation of the Structural Adjustment Program

No	Action Plan	Action Stages	Target (%)	Realization 2019 – 2022 (%)	Realization 2019 – 2024 (%)
1.	Improve the production technology system by purchasing the most advanced models and replacing old machines with newer, more efficient machines to make production more efficient.	Buying a new machine	100	24	80
		Installation and stages new engine trials	100	35	91
			100	22	78
2.	Development of product innovations to increase yarn product variants color	Buying a machine Dyeing	100	37	43
		Installation and trial phase of new machine	100	71	77
		New engine starting operate.	100	43	49
3.	Human resource development by providing training to improve workforce skills and performance.	Conduct 3 (three) training sessions on operating new machines by bringing in <i>trainers/ coaches</i> from abroad.	100	13	35
		Conduct 3 (three) times of machine repair training by means of bring in <i>trainers/ coaches</i> from abroad	100	25	60
		Conduct 3 (three) marketing training sessions to improve sale.	100	38	73
Average			100	34	65

Source: KPPI Verification Results

43. Realization of the structural adjustment program that has been carried out by the Applicant can be described as follows:

- a. Improving the production technology system by purchasing the most advanced machine models, and replacing old machines with new machines to make production more efficient:

1) Buy a new machine

In the period 2019 – 2024, the Applicant has purchased machinery to increase production by 80% of the target of 100%.

The purchase of new machines was undertaken to increase yarn production efficiency by replacing old machines with new German/Swiss/Japanese machines of the latest production year. However, the target has not been achieved due to several reasons.

The company is still experiencing financial losses, so it does not yet have the ability to purchase new machines and rejuvenate existing machines.

realization of new machine purchases has reached 80% of the target of 100%.

2) Installation and trial phase of new machines

In the period 2019 – 2024, the Applicant has carried out installation and trial stages of new machines amounting to 91% of the target of 100%.

Of all the new machines purchased, some have been installed and are in the trial production stage .

However, some of the other machines that have arrived at the company have not yet been installed, as they are still awaiting *parts* to be shipped from overseas. Therefore, the installation and testing of the new machines has reached 91% of the 100% target.

3) The new machine starts operating

In the period 2019 – 2024, the Applicant has operated new machines that replaced 78% of the old machines out of the target of 100%.

Some of the newly installed machines have already started production, while others are still in the delivery process.

Thus, the realization of machines that are already operating has reached 78% of the target of 100%.

b. Development of product innovations to increase yarn product variants color:

1) Purchase a dyeing machine

In the period 2019 – 2024, the Applicant has purchased 43% of the target of 100% of new dyeing machines.

The applicant stated that purchases of colored thread were still very small compared to purchases of plain thread (*greige*), because generally cloth manufacturers only dyed the thread after it had been processed into cloth.

Thus, the realization of the purchase of dyeing machines has reached 43% of the target of 100%.

2) Installation and trial phase of new machines

In the period 2019 – 2024, the Applicant has carried out installation and trial stages of 77% of the dyeing machines.
from the target of 100%.

Some of the new dyeing machines have been installed and are in the trial production phase . However, some of the other machines that have arrived at the Applicant's company have not yet been installed, as they are still waiting for machine technicians to be brought in from abroad. Therefore, the implementation of the installation and

The trial of the new dyeing machine has reached 77% of the target of 100%.

3) The new machine starts operating

In the period 2019 – 2024, the Applicant has operated 49% of the new dyeing machines out of the 100% target.

Some of the newly installed dyeing machines have started production, while other machines are still in the installation process, thus, the realization of new dyeing machines that are already in operation has reached 49% of the 100% target.

c. Human resource development by holding training to improve workforce skills and performance:

1) Conduct 3 training sessions on operating new machines by bringing in *trainers* from abroad.

In the period 2019 – 2024, the Applicant has realized training in the context of operating new machines routinely 3 times per year, amounting to 35% of the target of 100%.

Several Applicant companies have conducted routine new machine operation training three times a year by bringing in trainers from Germany, India, and local areas. However, because not all companies have completed the installation of new machines, the realization of this program has not been fully implemented. Thus, the realization of new machine operation training by bringing in trainers from abroad has only reached 35% of the 100% target.

2) Conduct 3 (three) times of machine repair training by means of bring in trainers from abroad

In the 2019-2024 period, the Applicant has implemented routine machine repair training three times per year, amounting to 60% of the 100% target. Several Applicant companies have conducted routine machine repair training three times a year by bringing in *trainers*.

from Germany, India, and local companies. However, several companies still experiencing financial losses have not been able to regularly hold such training and still rely on senior workers and local technicians with machine repair expertise. Therefore, the realization of machine repair training by bringing in *trainers* from abroad has only reached 60% of the 100% target.

3) Conduct 3 (three) marketing training sessions to improve Sales In

the period 2019 – 2024, the Applicant has implemented *marketing* training in order to increase sales routinely 3 (three) times per year, amounting to 73% of the target of 100%. Several of the Applicant's companies have conducted *marketing* training in order to increase sales.

This was achieved by bringing in *trainers* from both internal and external sources. *Marketing* training topics included *product knowledge* for new employees, sales negotiation, *smart salesmanship*, and *closing sales*. While some companies did not offer this training due to ongoing financial losses, the marketing training program's effectiveness in increasing sales has reached 73% of the 100% target.

44. Based on the above, the realization of the structural adjustment program that the Applicant has carried out in the 2019-2024 period totaled 65% of the 100% target. The Applicant has attempted to complete the structural adjustment program commitment, but has not been able to fully realize it due to ongoing financial losses.

45. Based on WTO *Article 7.2 AoS*, in the case of an extension of the TPP, only two conditions are required: IDN is still experiencing serious injury or the threat of serious injury, and IDN still needs additional time to complete structural adjustments. Therefore, in the case of an extension of the TPP, there is no requirement for an increase in imports as a result of unforeseen developments.

and the causal relationship between the surge in imports and the serious losses or threat of serious losses experienced by the Applicant, because both of these are necessary requirements for the imposition of TPP.

during the initial investigation (*original case*). Based on the explanation in letters B, C, and D above, it can be concluded that:

- a. Even though BMTP has been imposed on the Investigated Goods, the fact is that the number of imports is still experiencing a relative increase and it is feared that the number of imports will increase significantly again if the BMTP is not extended.
- b. The Applicant's performance data indicates serious losses, as evidenced by a downward trend in several performance indicators, including production, domestic sales, productivity, capacity utilization, and workforce, as well as increasing financial losses. If the BMTP is not extended, the Applicant will experience conditions that could lead to bankruptcy.
- c. The applicant has carried out several adjustment programs structural adjustments as stated in the initial investigation (*original case*). However, the Applicant still requires additional time to complete the structural adjustments.

If the BMTP is not extended, the applicant will not be able to complete the previously planned structural adjustment program and will again face difficulties competing with imported goods.

E. RECOMMENDATIONS

46. Based on the results of the investigation and the fulfillment of the substantive requirements as explained in Sections C.3 (Serious Loss / Threat of Serious Loss) and D (Structural Adjustment), KPPI recommends the imposition of an extension of the BMTP on the import of Yarn products (other than sewing thread) from synthetic and artificial staple fibers, with the following amounts and time periods:

Table 14. Recommendations for Imposing BMTP

Period	BMTP Specific Duty
Year I	Rp. 324/Kg
Year II	Rp. 308/Kg

47. In accordance with the provisions of Article 90 PP 34/2011 and *Article 9.1* WTO AoS, KPPI recommends extending the imposition of BMTP on the import of yarn products (other than sewing thread) from staple fiber. synthetic and artificial originating from all WTO member countries, except developing WTO member countries whose import share does not exceed 3% (three percent) or cumulatively does not exceed 9% (nine percent) of total imports as long as each developing country's import share is less than 3% (three percent) as stated in Table 15. The government may at any time change the list of developing WTO member countries that are excluded from BMTP if during the imposition period the share of imports from the country has exceeded 3%.

**Table 15. List of Excluded Developing Countries of the WTO Members
from the Imposition of BMTF**

No.	Country	No.	Country
1	Afghanistan	28	Côte d'Ivoire
2	Albania	29	Cuba
3	Angola	30	Democratic Republic of the Congo
4	Antigua and Barbuda	31	Djibouti
5	Argentina	32	Dominica
6	Armenia	33	Dominican Republic
7	Bahrain, Kingdom of	34	Ecuador
8	Bangladesh	35	Egypt
9	Barbados	36	El Salvador
10	Belize	37	Eswatini
11	Benin	38	Fiji
12	Bolivia, Plurinational State of	39	Gabon
13	Botswana	40	Gambia
14	Brazil	41	Georgia
15	Brunei Darussalam	42	Ghana
16	Burkina Faso	43	Grenada
17	Burundi	44	Guatemala
18	Cabo Verde	45	Guinea
19	Cambodia	46	Guinea-Bissau
20	Cameroon	47	Guyana
21	Central African Republic	48	Haiti
22	Chad	49	Honduras
23	Chile	50	Hong Kong, China
24	Colombia	51	India
25	Comoros	52	Israel
26	Congo	53	Jamaica
27	Costa Rica	54	Jordan

No.	Country	No.	Country
55	Kazakhstan	84	Oman
56	Kenya	85	Pakistan
57	Korea, Republic of	86	Panama
58	Kuwait, the State of	87	Papua New Guinea
59	Kyrgyz Republic	88	Paraguay
60	Lao People's Democratic Republic	89	Peru
61	Lesotho	90	Philippines
62	Liberia	91	Qatar
63	Macao, China	92	Rwanda
64	Madagascar	93	Saint Kitts and Nevis
65	Malawi	94	Saint Lucia
66	Malaysia	95	Saint Vincent and the Grenadines
67	Maldives	96	Samoa
68	Mali	97	Saudi Arabia, Kingdom of
69	Mauritania	98	Senegal
70	Mauritius	99	Seychelles
71	Mexico	100	Sierra Leone
72	Moldova, Republic of	101	Singapore
73	Mongolia	102	Solomon Islands
74	Montenegro	103	South Africa
75	Morocco	104	Sri Lanka
76	Mozambique	105	Suriname
77	Myanmar	106	Chinese Taipei
78	Namibia	107	Tajikistan
79	Nepal	108	Tanzania
80	Nicaragua	109	Thailand
81	Niger	110	Timor-Leste
82	Nigeria	111	Togo
83	North Macedonia	112	Tonga

No.	Country	No.	Country
113	Trinidad and Tobago	119	Vanuatu
114	Tunisia	120	Venezuela, Bolivarian Republic of
115	Turkish	121	Yemen
116	Uganda	122	Zambia
117	United Arab Emirates	123	Zimbabwe
118	Uruguay		

Source: *WTO Trade Facilitation Agreement Database*

Jakarta, March 2, 2026