

Indonesia: new trade regulation on import policy

On December 11, 2023, the Indonesian Minister of Trade (“MoT”) issued a new regulation that introduces substantial changes to import policies and arrangements, with the stated aim of clarifying and improving import procedures in Indonesia.

The new regulation, MoT Regulation No. 36 of 2023 on Import Policies and Arrangements (“Regulation 36/2023”), is effective as of March 10, 2024. It is a refinement of MOT Regulation 20, to keep up with legal advancements in import activities.

Regulation 36/2023 states that only head offices can hold an API, but the API can be used by branch offices in the same line of business. Under the MOT Regulation 36 regime, the Business Identification Number (NIB) of a company will also serve as the company’s Import Identification Number (API), a license required to import goods into the territory of Indonesia. The NIB that applies as follows:

- General API (API-U), for importers importing certain goods for trade purposes; or
- Producer API (API-P), for importers importing capital goods, raw materials, auxiliary materials and/or materials used to support production processes.

In addition to API, depending on the type of commodities and the relevant HS Codes of the goods as listed in Appendix of MOT Regulation 36, importers will also need to obtain the other import licenses from the Ministry of Trade, which comprises of :

- registered importers; and/or
- producer importers; and/or

All applications for Import Licenses are conducted electronically to the Minister of Trade through SINSW which is relayed to the INATRADE System, with the following flow import approvals, together referred to as, the “Import Licenses”.

The requirement for Import Licenses depends on the nature of the goods and their respective HS Codes. Some goods may require one or multiple Import License(s). Additionally, importers must acquire a surveyor report before engaging in the importation of specific goods. This is a prerequisite for customs area inspection of the goods.

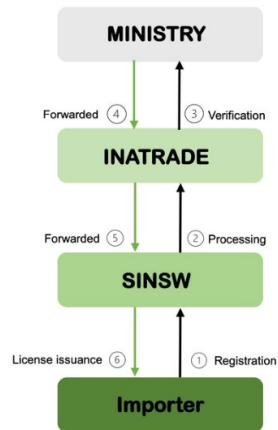
Note:

** SINSW - Indonesia National Single Window System – is an electronic system that integrates systems and/or information related to the process of handling customs documents, quarantine documents, licensing documents, port/airport documents, and other documents, related to exports and/or imports, which ensures data and information security and integrates the flow and process of information between internal systems automatically.*

**INATRADE system is an integrated service system for trade at the Ministry of Trade that is carried out online through the portal <https://inatrade.kemendag.go.id/>*

Import Licence Applications:

All applications for Import Licenses are conducted electronically to the Minister of Trade through SINSW which is relayed to the electronic INATRADE System, with the following flow:



Requirements on importation of used goods

The MOT Regulation 36 requires importers to import goods in a new state. An exception to importation of used goods applies if among other things, any of the following conditions is met (Article 20(1) of MOT Regulation 36):



the imported used goods cannot be sourced domestically and are to be used as capital goods in the framework of industrial production process to develop among other things export activities and increase domestic competitiveness.



the imported used goods or equipment are to be used among other things in the framework of recovery and reconstructing in relation to natural disasters.



the imported used goods are non- hazardous scraps or waste, to be used for industrial raw materials and/or auxiliaries; or



the imported used goods are to be used for specific purposes (i.e. industrial relocation and dispensation).

Additional obligations:

Each importer is required to submit a monthly report on their import realization to SINSW. The following information outlines the details of the report that must be submitted by the importer.

FOR GENERAL IMPORTATION	FOR IMPORT OF CERTAIN GOODS AS LISTED ON SCHEDULE I MOT REGULATION 36
<ul style="list-style-type: none"> Imports for BUSINESS purposes 	<ul style="list-style-type: none"> Import realization report; and Distribution realisation report for the imported goods (only applicable to API-U); or Distribution realisation of processed/produced goods report for the imported goods (only applicable to API-P).



Import realization report includes the following information:

- type/description of goods;
- post tariff/harmonized system;
- number of goods;
- value of goods;
- destination port;
- country of origin;
- number and date of the Surveyor Report, for Imports of certain Goods which are subject to Verification or Technical Inspection obligations; and
- number and date of Import Customs Notification



Distribution realisation report includes the following information:

- number and date of sales or distribution contract;
- name and address of distributor or consumer;
- distribution date;
- volume or amount of distribution; and
- price of goods.

Provisions:

Import Licences, along with documents such as exemptions, certificates, and/or certificates issued by the Ministry of Trade before the MOT Regulation 36 regime, will continue to be valid until expiration date.

All implementing provisions MOT Regulation 20 shall remain in force to the extent not conflicting with this MOT Regulation 36.

Conclusions:

The changes to import policies and arrangements made by Regulation 36/2023 are substantial. While most concern procedural clarifications, such as how an API-U can be changed to an API-P or the kind of import realization report to submit when an importer holds multiple import business licensing, there are some notable changes. These include the addition of goods that can be traded or transferred even when imported under an API-P, the addition of exceptions to the restriction on importing used goods, and the elimination of the list of goods under Regulation 20/2021 fully exempted from import policies and arrangements.

However, businesses are expecting to see the new regulation as government's import restrictions through the new Regulation limiting a business' ability to procure imported goods for its stores, thereby limiting products on offer for customers. The Indonesian Employers Association (Apindo) has

voiced concern that the government's import restrictions are disrupting the supply chains of raw materials needed by domestic industries as the country was not capable of sourcing all its inputs domestically, therefore these imports were still necessary.

"Apindo is concerned that the restrictions could disrupt the supply chains of several domestic industries," Shinta said in a statement on Monday. The regulation in question is Trade Ministerial Regulation No. 36/2023, which stipulates changes to import supervision from after the goods arrive in the country, as previously, to before arrival now. The regulation is set to come into force on March 10 after a 90-day transition period.

Meanwhile, the Indonesian Chamber of Commerce and Industry (Kadin) has requested the government to provide a grace period for businesses in the implementation of the Indonesian Minister of Trade Regulation No. 36 of 2023 on Import Policy and Regulation, related to the preparation stage for the implementation of the limited ban regulation. Kadin called for an additional grace period of 3 to 6 months after the related electronic system and all implementing regulations are available and socialized to all relevant stakeholders to ensure supply chain stability and ensure the sustainability of the domestic production process.