Following up the Deregulation Package

Thomas Lembong: Export-Import Deregulation Creates Competitiveness

Jakarta, 11 September 2015 – The Indonesian Minister of Trade, Thomas Trikasih Lembong, said that the deregulation of export and import by the Ministry of Trade was accelerated to increase competitiveness in the industrial sector and to broaden business opportunities. The deregulation package is expected to create efficiency in supply chain so that it could solve the problem of scarcity of goods in various regions, decrease price disparity of goods as well as lower inflation, and create more jobs.

“The Ministry of Trade’s deregulation and debureaucratization package will encompass export and import with a goal to increase competitiveness in the industrial sector comprising procurement of imported raw materials for industrial needs and smooth flow of goods, and to broaden business opportunities,” asserted the Indonesian Minister of Trade, Thomas Trikasih Lembong, in his press statement at the Halim Perdanakusuma Airport, Jakarta, on Friday (11/9).

So far, the burden of regulations and bureaucracy has been the main problem for trade efficiency in meeting industrial, consumer, and export demand. For exports alone there are 53 regulations encompassing 2,278 types of goods. Meanwhile, for imports, there are 79 regulations that regulate 11,534 types of goods making it evident how regulation and bureaucracy intervention plays a huge role in impeding the flow of trade. So many identities as export and import practitioners and so many types of licenses, recommendations, checking, and required documents, all of which are mandatory for conducting export and import. All of this causes our ability to compete in the global market be affected by not only external factors and human resource capacity, but also by the burden of regulations and bureaucracy that impedes the race for business opportunities.

In this policy deregulation system, the Government will trim regulations, simplify various licensing procedures, minimize irrelevant requirements, and eliminate unnecessary checking, all of which have been stipulated by 15 ministries/institutions or 18 license-issuing units. This deregulation doesn’t there because it will continue to regional level regulations and licensing.

An Indonesia National Single Window (INSW) has been developed to increase bureaucratic efficiency in licensing services, a single electronic window for services in completing the export and import process, which implements a single submission, single processing, and single synchronous decision making principle, which will also apply for export and import in the ASEAN region.

Deregulation in exports will be done by way of eliminating the mandatory Surveyor Verification (Laporan Surveyor/LS) on exports (timber, rice, non-pharmaceutical precursors, oil and gas and other fuels). An elimination of the double-checking has also been decided (exports CPO, exports of Processed and Purified Mining Products).

Meanwhile, in imports, deregulation will be done by way of eliminating mandatory surveyor verification (LS) for imports of (iron/steel, Ozone Depleting Substances), eliminating the recommendation requirement (forestry products, sugar, Textile and Textile Products, Sodium Tripolyphosphate, iron/steel, cooling system products, rice, horticultural products, batik and batik pattern textile and textile products, raw materials that are not new, color multifunction peripheral, industrial salt), and simplifying requirements (Textile and Textile Products, cloves, pearls).
The Ministry of Trade will also be eliminating HS codes for certain (forestry products); easing procurement of raw materials (non-hazardous and/or toxic waste); postponing cancellations/eliminations/revocations (tires, mandatory SNI products/Letter of Admission of Goods [Surat Pendaftaran Barang/SPB], labels, optical discs); revising regulations (Importer’s Registration Number [Angka Pengenal Importir/API], modern stores); and eliminating Registered Importers (horticulture, certain products).

Two Stages

Deregulation and debureaucratization of policies related to the Ministry of Trade will be completed in stages, namely partial implementation at the end of September 2015 and comprehensive implementation by the end of October 2015.

Some regulations that are the target of deregulation and will be completed by the end of September 2015 include the Minister of Trade Regulation that eliminates the mandatory surveyor verification (LS) as part of the requirement for timber export in Minister of Trade Regulation Number 97/M-DAG/PER/12/2014; the Minister of Trade Regulation that will eliminate the mandatory surveyor verification (LS) as part of the requirement for rice export based on Minister of Trade Regulation Number 19/M-DAG/PER/3/2014; and the Minister of Trade Regulation that eliminates the mandatory surveyor verification (LS) as part of the requirement for exports of non-pharmaceutical precursors based on Minister of Trade Regulation Number 47/M-DAG/PER/7/2012.

A number of regulation that could be finalized by the end of October 2015 include the Minister of Trade Regulation that amends Minister of Trade Regulation Number 61/M-DAG/PER/9/2013 concerning Import Provisions of Certain Products, to eliminate the technical traceability and Surveyor Report as part of the pre-clearance documents for cosmetics because these adds 17-26 days from the RFI (Request for Information) to the availability of the Surveyor Report; aside from that is the Minister of Trade Regulation that amends Minister of Trade Regulation Number No. 19/M-DAG/PER/5/2008 concerning the fifth Amendment of the Decree of the Ministry of Industry and Trade Number 527/MPP/KEP/9/2004 concerning Sugar Import Provisions, by eliminating the requirement for a recommendation by the Ministry of Industry.

The steps to implement these deregulation and debureaucratization will be by way of issuing a new Minister of Trade Regulation, online licensing, dissemination, supervision, and evaluation. “A Minister of Trade Regulation will be issued at the end of September 2015 and October 2015 with a transitional period of three months. The export-import licensing process will be mandatorily done online with a digital signature in October 2015. Afterwards, a dissemination will be conducted to entrepreneurs, which will be done in collaboration with related Ministries/Institutions, Industry and Trade Offices, and the Indonesia National Single Window Team (INSW Team),” said Thomas Lembong.

Meanwhile, supervision in the implementation of the amendments to these Ministry of Trade policies will be conducted by way of a post-audit and a Coordination and Consultation Meeting, and also by way of strengthening the Integrated Team for Circulated Goods Supervision (related Ministry/Institution and law enforcement officials). “Furthermore, an evaluation will be conducted regularly every six month by the Ministry of Trade’s Deregulation Team under the coordination of the Coordinating Ministry for Economic Affairs,” said the Trade Minister.

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For further information please contact:

Ani Mulyati
Head of Public Relations Center
Ministry of Trade
Phone/Fax: 021-3860371/021-3508711
Email: pusathumas@kemendag.go.id

Arlinda
Expert Assistant to the Minister of Trade for Foreign Trade Policy and Economic Exclusive for Regional Development
Ministry of Trade
Phone/Fax: 021-23528431/021-23528533
Email: arlinda.imbangjaya@kemendag.go.id