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Committee on Import Licensing

Original: English

## IMPORT LICENSING SYSTEM OF INDONESIA

### REPLIES BY INDONESIA TO THE QUESTIONS FROM JAPAN<sup>1</sup>

#### *Import Restriction: Compulsory Registration by Importers of Steel Products*

The following communication, dated 20 April 2022, is being circulated at the request of the delegation of Indonesia.

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Under the Ministry of Trade Regulation No. 3/2020, which stipulates the import license of steel products, Indonesia issues import licenses in limited quantities that do not meet the quantities applied for by importers in some cases. Japan is concerned that this import licensing system is a non-automatic licensing system with trade-restrictive and trade-distortive effects on imports and an import restriction and is accordingly inconsistent with Article 3.2 of the Agreement on Import Licensing Procedures and Article XI:1 of the GATT 1994.

In addition, the Ministry of Industry Regulation No. 1/2019, which stipulates requirements of Technical Consideration to be provided by the Ministry of Industry that the Ministry of Trade requires to issue the aforementioned import licenses of steel products, was amended in 2021 by the Ministry of Industry Regulation No. 4/2021. Article 12.A amended by the Ministry of Industry Regulation No. 4/2021 stipulates that the Director General of the Ministry of Industry takes into account domestic supply-demand balance when deciding whether or not to issue a Technical Consideration. Japan is concerned that this article also demonstrates that the measure is an import restriction with trade-restrictive and -distortive effects on imports and is itself inconsistent with Article 3.2 of the Agreement on Import Licensing Procedures and Article XI:1 of the GATT 1994. Therefore, Japan would like to request that Indonesia ensure that the import licensing system of steel products is implemented in a manner that is consistent with the relevant WTO Agreements.

Japan would also like to submit to Indonesia the following specific request and questions regarding this import licensing system.

#### Request

Japan requests that the Government of Indonesia ensure that the import licenses are issued automatically, without delays, and without limiting the quantities applied for by the importers.

#### **Question**

**Could Indonesia please explain the respective specific reasons and concrete criteria for restricting the quantities applied for when issuing the import licenses for steel products (for both the API-P license and the API-U license)? Could Indonesia also kindly clarify the particular provisions of the relevant laws and regulations in which such reasons and criteria are provided?**

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<sup>1</sup> Circulated on 9 July 2021 in document G/LIC/Q/IDN/45.

Reply:

The main aim of the regulation is to ensure that all steel products entering the Indonesian Market comply with the standards, specifications, and qualifications related to health and safety aspects for the use of the imported steel products. Indonesia also ensures that the implementation of the regulations align to the WTO requirements on trade barriers, as the licensing process is done electronically with transparent information and clear rule. The import approval is processed in a relatively short time-period and within the timeframe in line with the Import Licensing Agreement.

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