

28 September 2021

(21-7221)

Page: 1/2

Committee on Trade-Related Investment Measures

Original: English

INDONESIA – IMPORT RESTRICTION ON AIR CONDITIONERS

QUESTIONS FROM JAPAN

The following communication, dated and received on 24 September 2021, is being circulated at the request of the delegation of Japan.

Under the Regulation of the Ministry of Trade No. 68/2020 which was revised in August 2020, air conditioners are subject to mandatory import licensing mechanism. However, there are cases where the licenses have been issued with delay and the number of licenses is limited without any particular rational reasons. Japan is therefore concerned that this import licensing mechanism may substantially constitute import restrictions that are inconsistent with Article 11.1 of the GATT and Article 2.1 of the TRIMS Agreement. Against this backdrop Japan would appreciate replies from Indonesia to the questions.

Question 1

What are the reasons and background why the following items: footwear, electronics, bicycle and tricycle have been added after the last revision, to the import licensing mechanism as the products that only API-U holders are allowed to import?

Question 2

Japan observed a number of cases which took a few months from application to issuance of import license without any particular explanation, in particular in the first 6 month after the entry into force of the Regulation. In addition, less number of air conditioning units than applied were approved for importation and no explanation for such limitation was provided. As the Regulation stipulates neither the standard processing period nor the criteria to determine the importation volume to be permitted, the predictability for the business is seriously harmed due to poor transparency.

Those operations without transparency and predictability can be said to be in accordance with the purpose of legislation; ie "to support the smooth flow of goods, providing business certainty and accelerating business licensing services, as well as increasing the effectiveness of the implementation of policies on imports of electronics". To ensure transparency and predictability, Japan is of the view that it would be required at least that the relevant law and regulations explicitly provide standard processing period and criteria to determine the importation volume to be permitted, and that there should be sufficient notification period before the enforcement of such law or regulations so that the opinions of stakeholders would be appropriately reflected. Japan appreciates when and how Indonesia can implement these requests to ensure transparency of the measure.

Japan would appreciate if Indonesia could explain the reasons why it took as long as a few months as processing period and why only less importation volume than applied was permitted, in the course of import licensing procedures until now after the enforcement of the Regulation of the Ministry of Trade No. 68/2020.

Question 3

Is OSS Management and Operating Institution which issues NIB involved in issuing import license and determining their content? If it is the case, what is the role of the OSS? In particular, in what cases does the OSS "act on behalf of import approval" as mentioned in Article 11 of the Regulation?

Question 4

The Order of the Minister of Trade No. 68/2020 provides that it will be evaluated six months after the Regulation comes into effect. Has this evaluation already been done? What was the results?
