

**NOTIFICATION UNDER ARTICLE 5 OF THE AGREEMENT ON IMPORT
LICENSING PROCEDURES FROM INDONESIA¹**

Questions from the UNITED STATES to INDONESIA²

The following communication, dated 2 October 2003, has been received from the delegation of the United States.

The United States appreciates Indonesia's responses (G/LIC/Q/IDN/2, dated 29 September 2003) to our questions concerning import licensing for textiles (G/LIC/Q/IDN/1). However the United States remains concerned that Decree No. 732/2002, pertaining to import licensing for textiles, is restricting and distorting trade contrary to the Agreement on Import Licensing Procedures. The United States is particularly concerned with Indonesia's decision to grant licences only to textile producers with a local production capacity, and to bar the transfer of imported textiles to other private parties. It appears to the United States that this system is inherently trade-distortive, and requests that Indonesia explain to the Committee how this system is consistent with the Agreement on Import Licensing Procedures. Indonesia has stated that the Decree aims only at providing administrative import procedures, with the purpose of preventing anti-competitive behaviour and smuggling. The Secretariat has provided us with a copy of the Decree and we are reviewing it. The United States requests, however, that Indonesia explain to the Committee how the restrictions contained in the Decree further the goals of preventing anti-competitive behaviour and smuggling.

¹ G/LIC/N/2/IDN/1.

² See Understanding on Procedures for the Review of Notifications (G/LIC/4).