

WORLD TRADE ORGANIZATION

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Committee on Import Licensing

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

Questions from the UNITED STATES to INDONESIA²

Addendum

The following communication, dated 21 December 2006, is being circulated at the request of the delegation of the United States.

United States' Questions regarding Certain Textile Products in Indonesia under Decree No. 732/2002

The Government of the United States remains concerned that all importers must submit a monthly report to the Minister of Trade that tracks each importation of applicable fabrics by date, destination, quantity, price, duty and country of origin. This requirement, as well as the requirement to submit a yearly Statement of Plan, in order to receive an import license places an undue burden on importers and may deter legitimate trade. It appears that the Decree is used to restrict and distort trade. It requires that fabric must be imported only by manufacturers and may not be sold or otherwise transferred to other legitimate buyers. This unnecessarily limits the market for imported fabric, gives discretion to domestic producers to limit import competition, and unfairly restricts access to imported fabrics by retail customers and other distributors. If domestically produced, fabrics identical to those listed in Attachment 1 of the Decree may be freely sold or otherwise transferred without such licensing procedures or the paperwork requirements imposed on purchasers of imported fabric, e.g., monthly reports or submission of a yearly Statement of Plan.

- The United States requests that Indonesia clarify in what ways the Decree constitutes either “automatic licensing”, as defined in Article 2 of the Agreement on Import Licensing Procedures or “non-automatic licensing”, as defined in Article 3 of that Agreement. Indonesia’s response to the United States and in G/LIC/Q/IDN/5 (6ii) and Australia in G/LIC/Q/IDN/6 specifically states that the 10 day period required for licensing is “much less than provided for in Article 3.5(f) of the Agreement on Import Licensing procedures which requires 30 working days to be approved,” an indicator that non-automatic licensing should be applicable. However, in G/LIC/Q/IDN/8 Indonesia states that the license is “automatic”.
- In addition to responses to the foregoing questions, we request that Indonesia report to the Committee as soon as possible on the results of the Government of Indonesia’s studies on this issue as soon as possible.

¹ G/LIC/N/2/IDN/1

² See Understanding on Procedures for the Review of Notifications (G/LIC/3)