

**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 2 April 2007, 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 United States again reiterates its request that the Government of Indonesia either eliminate or modify its existing import licensing regime under Decree No. 732/2002, remove provisions that restrict or distort trade, and bring its import licensing regime into conformity with WTO requirements.

We remain concerned that importers face an undue burden in attempting to obtain import licenses for textiles. The Government of Indonesia's requires that all importers submit a monthly report to the Minister of Trade to track all importation of applicable fabrics by date, destination, quantity, duty, and country of origin, and further requires that all importers submit an annual Statement of Plan in order to receive an import license. The United States is concerned that these submission requirements may unduly deter legitimate trade.

We believe that the Decree restricts and distorts trade. It requires only manufacturers may import fabric, and that this imported fabric may not be sold or otherwise transferred to other legitimate buyers. These requirements unnecessarily limit the market for imported fabric, allow domestic producers to limit import competition, and unfairly restrict access to imported fabrics for retail customers and other distributors. Meanwhile, domestic fabrics identical to those listed in Attachment 1 of the Decree may be freely sold or otherwise transferred, without suffering the burdensome procedures and paperwork requirements imposed on purchasers of imported fabric, e.g., monthly reports or submission of a yearly Statement of Plan.

¹ G/LIC/N/2/IDN/1

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

Previous responses by the Government of Indonesia (see Indonesia's response to the United States and in G/LIC/Q/IDN/5 (6ii) and Australia in G/LIC/Q/IDN/6) specifically state 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," which indicates that these licenses are in fact non-automatic. However, in G/LIC/Q/IDN/8 Indonesia states that the license is "automatic".

Please clarify whether this Decree constitutes "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.

We would like Indonesia to report to the Committee on the results of the its studies on this issue as soon as possible.
