

IMPORT LICENSING SYSTEM OF INDONESIA

Questions from the UNITED STATES to INDONESIA

The following communication, dated 27 January 2009, is being circulated at the request of the delegation of the United States.

The United States expressed concern about Indonesia's import licensing regime for sugar during the meeting of the Committee on Import Licensing Procedures on 20 October 2008. The United States also posed questions to Indonesia, circulated in document G/LIC/Q/IDN/9. Thailand posed similar questions in document G/LIC/Q/IDN/10.

To date, Indonesia has not circulated responses to the Committee. We therefore reiterate our concern about Indonesia's import licensing system for sugar and request that the Government of Indonesia provide meaningful responses to the questions raised in G/LIC/Q/IDN/9 as soon as possible. Indonesia continues to reject import license applications, deepening our concerns. Reflecting these concerns, we submit the following additional questions.

1. In G/LIC/Q/IDN/6, in reply to questions from Australia, Indonesia indicated that regulations establishing import licensing procedures for sugar are contained in Decree No. 643/MPP/Kep/9/2002, dated 23 September 2003.

- Has Indonesia notified this regulation to the Committee, as required by Article 5 of the Agreement? If not, why not? When does Indonesia plan to do so?
- Is this regulation still the primary basis of Indonesia's import licensing regime for sugar? Are there other regulations, amendments, or decrees that establish administrative procedures as a precondition for the importation of sugar into Indonesia? If so, please identify them and notify them to the Committee.

2. We would appreciate further clarification regarding Indonesia's import licensing procedures for sugar and their application, including:

- The information that must be provided in an application for an import license.
- The criteria used in analyzing license applications and the specific procedures followed by Indonesia in granting and/or allocating sugar import licenses and why these criteria were selected.
- In cases where the import license application is not approved, how the importer can appeal the decision?

- For the last quarter of 2008, how many import license applications for refined sugar, including plantation white sugar, were received. How many were denied, and why? How many have been approved?

3. In a bilateral communication, Indonesia referred the United States to two documents -- the Decree of the Minister of Industry and Trade No. 527/MPP/Kep/9/2004 Concerning Provisions on the Import of Sugar as well as the Fifth Amendment of that Decree as contained in Regulation of the Minister of Trade No. 19/M-DAG/PER/2008 dated 29 May 2008.¹ Has Indonesia notified these decrees to the Committee? If not, why not? When does Indonesia plan to do so?

4. The United States is concerned that implementation of these decrees has led the government of Indonesia to ban the importation of sugar during certain periods and to restrict the quantity of sugar imported overall through the denial of import license applications. Article 7, paragraph 2 of Regulation of the Minister of Trade No. 19/M-DAG/PER/2008 appears to state that plantation white sugar is permitted only during certain periods of the year and then only under certain circumstances, i.e. based on an assessment of domestic price and production levels. Article 7, paragraph 6 states that the “amount of sugar to be imported to meet domestic requirement shall be determined based on the result of coordination meeting between the related agencies/institutions and associations...”.

- What coordination meetings are referred to in Article 7? Who chairs and who attends these meetings? Do Indonesian refiners or other sugar consumers or their representatives participate in these coordination meetings?
- Please confirm per the provisions of Article 7, sub-articles 4, 5, and 6, that this coordination process determines:
 - (a) the projected quantity of domestic sugar production;
 - (b) the current domestic market price of sugar; and
 - (c) the domestic price level that should be attained before imports of sugar are allowed to occur, and the quantity of sugar imports that should be allowed based on (a) and (b).
- If so, what is the current quantity of sugar that Indonesia intends to allow to be imported based on the implementation of this regulation and over what period? Where is this information, including the dates when importation may occur, published?
- What other factors may be considered in the coordination meetings to determine if domestic production and supply are “sufficient to meet requirement.” What is the requirement referred to in the regulation?
- What is the justification for limiting the time frame during which imports of sugar may occur, as spelled out in Article 7.2 and Article 7.3 of Regulation No. 19/M-DAG/PER/2008? Please give the approximate dates of the “people sugar cane grinding season” referenced in Article 7, sub-article 2(a) and sub-article 3, e.g., in 2008 and 2009.
- What is the justification for the price threshold established in Article 7.2 of Regulation No. 19/M-DAG/PER/2008? How is the price “at farmers’ level” calculated or otherwise determined?

¹ A copy of the regulation, as provided by the Government of Indonesia, is available for consultation in the WTO Secretariat, Market Access Division (in English only).