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INDONESIA – CERTAIN MEASURES AFFECTING THE AUTOMOBILE INDUSTRY

Status Report by Indonesia

Addendum

The following communication, dated 15 July 1999, from the Permanent Mission of Indonesia to the Dispute Settlement Body, is circulated pursuant to Article 21.6 of the DSU.

Status Report on the Implementation of the Recommendations and Rulings in the Dispute Regarding Indonesia – Measures Affecting the Automotive Industry

Pursuant to paragraph 6 of Article 21 of the DSU, Indonesia wishes to hereby submit its second status report on implementation of the rulings and recommendations of the DSB concerning "Indonesia - Measures Affecting the Automotive Industry" adopted by the DSB on 23 July 1998, particularly with regard to the 1993 car program.

Further to our first status report submitted to the DSB (WT/DS54/17, WT/DS55/16, WT/DS59/15, WT/DS64/14 dated 4 June 1999), I wish to inform you that on 24 June 1999 the GOI has issued a new policy package on automotive industry (the 1999 Automotive Policy) comprising Government Regulation No. 59/1999, Decrees of the Minister for Industry and Trade No. 275/1999 and No. 276/1999 and Decree of the Minister for Finance No. 344/1999. In accordance with the decision of the DSB adopted on 23 July 1998, the new policy has removed all WTO-inconsistent elements of the 1993 car program, i.e.:

- (a) by abolishing the policy regarding the determination of local content levels of domestically-made motor vehicles or components as stipulated by the Minister of Industry Decree No. 114/M/SK/6/1993 of 9 June 1993;
- (b) the sales tax discrimination aspects of the 1993 car policy in favour of domestic motor vehicles incorporating a certain value of domestic program;
- (c) the local content requirements which are linked to (i) sales tax benefit on finished motor vehicles incorporating a certain percentage value of domestic products and (ii) custom duty benefits for imported parts and components used in finished motor vehicles incorporating a certain percentage value of domestic products.

The 1999 Automotive Policy, which is mainly based on non-discriminatory and WTO-consistent tariff and tax measures, will be effective before the expiry of the reasonable period of time for implementation.

By the entry into force of the 1999 Automotive Policy, Indonesia considers it has now fully implemented the recommendations and rulings of the DSB in the dispute regarding "Indonesia - Measures Affecting the Automotive Industry" adopted by the DSB on 23 July 1998.

In accordance with paragraph 6 of Article 21 of the DSU, I kindly request that this letter be circulated to Members of the WTO and the matter be included in the agenda of the Dispute Settlement Body meeting of 26 July 1999.
