

**Working Party on State Trading Enterprises****STATE TRADING****NEW AND FULL NOTIFICATION PURSUANT TO ARTICLE XVII: 4(A) OF THE  
GATT 1994 AND PARAGRAPH 1 OF THE UNDERSTANDING ON  
THE INTERPRETATION OF ARTICLE XVII****INDONESIA**

The following communication, dated 29 September 2020, is being circulated at the request of the Delegation of Indonesia.

Pursuant to Article XVII:4(a) of the GATT 1994 and paragraph 1 of the Understanding on the Interpretation of Article XVII of the GATT 1994, and in response to the call for notifications set forth in document G/STR/N/18, Indonesia makes the following new and full notification of its state trading enterprises for 2018 and 2019.

**I. ENUMERATION OF STATE TRADING ENTERPRISE****A. Identification of State Trading Enterprise**

Perum BULOG, as a State Trading Enterprise.

**B. Description of products affected (including tariff item number(s) encompassed in the product description)**

Rice (HS 1006).

**II. REASON AND PURPOSE****A. Reason or purpose for establishing and/or maintaining state trading enterprise**

- The purpose of establishing Perum BULOG as a State Trading Enterprise (STE) is to conduct good quality and sufficient staple food logistics businesses for all society's needs; and in some cases, to conduct particular tasks given by the Government in light of stabilizing staple food prices, managing government food reserves and distributing staple food to low income people, particularly rice and other staple food items determined by the Government in the pursuit of achieving national food security.
- In implementing its statutory functions, the agency engages in domestic procurement, sales/distribution, import/export and public stockholding.

**B. Summary of legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers**

The operations of Perum BULOG are governed by the recent State-Owned Enterprise Law No 19/2003, the provisions of Food Law No. 18/2012, the Presidential Instruction No. 5/2015

and the President Regulation No. 48/2016. BULOG was established under the Presidential Decree No. 114/U/Kep/5/1967. Since 2003 BULOG was transformed from a non-departmental government agency into a State-Owned Enterprise, namely Perum BULOG, by Government Regulation No. 7/2003, as amended by Government Regulation No. 61/2003.

### **III. DESCRIPTION OF THE FUNCTIONING OF THE STATE TRADING ENTERPRISE**

#### **A. Summary statement providing overview of operations of the state trading enterprise**

- Conducting domestic paddy/rice procurement for defending guaranteed price;
- Ensuring domestic rice price stabilization;
- Carrying out domestic paddy/rice procurement with the Government Purchase Price (HPP);
- Distributing rice for poor and vulnerable people, Internally displaced persons (IDPs), and victims of natural calamities and social conflicts;
- Maintaining national reserve stockholding for food security purposes;
- Undertake government mandate to import for price stabilization to ensure food security objective.

#### **B. Specification of exclusive or special rights or privileges enjoyed by the state trading enterprise**

- Undertake the government mandate to import/export and distribute rice, maintain national public stock for the price stabilization programme and food security purposes;
- In conducting its operation, Perum BULOG's source of funding comes from the state budget and commercial credit based on Government Regulations No. 13/2016.

#### **C. Type of entities other than the state trading enterprise that are allowed to engage in importation/exportation and condition for participation**

Private sector as well as STE Perum BULOG are given equal rights to the import and export of food commodity, subject to special restrictions or guidelines set by the government.

#### **D. How import/export levels are established by the state trading enterprise**

General provisions regarding the import and export of rice carried out by Perum BULOG are determined from the mandate of the Central Government. Perum BULOG is only an STE that carries out the mandate as written in point II.B.

#### **E. How export prices are determined**

Under the national regulations, the prices can be based on agreed types of transactions between both parties by considering many factors through tendering and/or others. Up until this moment, Perum BULOG has not been assigned by the Government of Indonesia to export rice.

#### **F. How the resale prices of imported products are determined**

The resale prices of imported product are determined by considering the level of domestic rice price in order to avoid market disruption.

#### **G. Whether long-term contracts are negotiated by the state trading enterprise. Whether the state trading enterprise is used to fulfil contractual obligations entered into by the government**

Perum BULOG as an implementing government agency negotiates contracts or carries-out transactions to fulfil contractual obligations entered into by the government, such as Government to Government basis, counter trade, food aid, etc.

**H. Brief description of market structure**

Ever since the liberalization of rice trade, the Government of Indonesia has encouraged the private sector and cooperatives to participate in the local rice market. This has created a competitive market involving many players in the rice industry, including rice producers, collectors, processors and traders. When the market fails to function properly, especially at times when prices tend to be unstable at producer or consumer level, Perum BULOG intervenes in the market and smooths out the price fluctuations.

**IV. STATISTICAL INFORMATION (SEE ATTACHED TABLES I-III)**

See attached Tables I, II and III.

**V. REASON WHY NO FOREIGN TRADE HAS TAKEN PLACE (AS APPROPRIATE)**

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**VI. ADDITIONAL INFORMATION (AS APPROPRIATE)**

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**TABLE I****STATE TRADING: BULOG***STATISTICAL INFORMATION, IMPORTS*

Year	Description of Products(s) (Including HS Number(s))	Total Quantity Imported (MT)	Quantity imported by state trading enterprise (MT)	Average Import Price <sup>1)</sup> (US \$/MT)	Average Representative Price <sup>2)</sup> (US \$/MT)	Mark Up	National Production <sup>3)</sup> (MT)
1	2	3	4	5	6	7	8
2018	Rice (HS 1006)	2.253.824	1.787.300	522	610		46.500.000
2019		444.509	None	520	696		31.310.000
Average		1.349.167	893.650	521	653		38.905.000

**Notes:**

- 1) Rice price FOB at Bangkok for 25% broken plus insurance & transportation cost.
- 2) Price of rice (quality IR III) at PIC (Cipinang Wholesale Market, Jakarta).
- 3) Total production less 10% for seed, animal feed, loss, etc.

**Sources:**

- a) 2018-2019 BPS for total Import.
- b) Rice price FOB at Bangkok for 25% broken plus insurance & transportation cost for import price.
- c) Bulog for domestic sales price at wholesale PIC (Cipinang Wholesale Market, Jakarta); and import by STE.
- d) Ministry of Agriculture and BPS (Central Bureau of Statistics) for national production.

**TABLE II**

STATE TRADING: BULOG

*STATISTICAL INFORMATION, EXPORTS*

Year	Description of Products(s) (Including HS Number(s))	Total Quantity Exported (MT)	Quantity exported by state trading enterprise (MT)	Average Procurement Price (US \$/MT)	Average Representative domestic sales Price <sup>1)</sup> (US \$/MT)	Average Export Price	National Production <sup>2)</sup> (MT)
1	2	3	4	5	6	7	8
2018	Rice (HS 1006)	None	None	512	610	None	46.500.000
2019		None	None	516	696	None	31.310.000
Average		None	None	514	653	None	38.905.000

**Notes:**

- 1) Price of rice (quality IR III) at PIC (Cipinang Wholesale Market, Jakarta).  
 2) Total production less 10% for seed, animal feed, loss, etc.

**Sources:**

- a) Bulog administrated price converted for procurement price.  
 b) Bulog for domestic sales price at wholesale PIC (Cipinang Wholesale Market, Jakarta); and import by STE.  
 c) Ministry of Agriculture and BPS (Central Bureau of Statistics) for national production.

**TABLE III**

## STATE TRADING: BULOG

*STATISTICAL INFORMATION, DOMESTIC ACTIVITIES*

Year	Description of Products(s) (Including HS Number(s))	Domestic purchases by state trading enterprise (MT)	National Production <sup>1)</sup> (MT)	Domestic sales by state trading enterprise (MT)	National Consumption (MT)
1	2	3	4	5	6
2018	Rice (HS 1006)	1.488.584	46.500.000	1.758.910	36.300.000
2019		1.099.968	31.310.000	968.945	35.500.000
Average		1.294.276	38.905.000	1.363.928	35.900.000

**Notes:**

1) Total production less 10% for seed, animal feed, loss, etc.

**Sources:**

- a) Bulog for domestic purchases and domestic sales.
- b) Ministry of Agriculture and BPS (Central Bureau of Statistics) for national production.
- c) Grain Report USDA for national consumption.