1970 CONSULTATION UNDER ARTICLE XVIII:12(b) WITH INDONESIA

Basic Document

I. Legal and administrative basis of import restrictions

(a) The Foreign Exchange Law No. 32 of 1964, which became effective on 28 December 1964.

(b) Government Regulation No. 16/1970 which became effective on 17 April 1970.

This Government Regulation of 17 April 1970 consists of a set of policy measures in the field of the foreign exchange system and the main elements can be briefly summarized as follows:

1. The existing export-BE and DP markets have been merged into one single market at the initial rate of Rp 378 per United States dollar. Basically it is a fluctuating exchange rate system. Therefore, it is the intention of my Government to allow the unified rate to be adjusted in such a way as to reflect fundamental market trends.

2. Since the rates for export-BE's and DP's have become identical there is no need to retain the so-called "over-price" system. Therefore, exporters are now required to fully surrender their export earnings.

3. A group of export commodities which comprised 80-85 per cent of total exports were previously subject to a 5 per cent exchange tax. This 5 per cent exchange tax has now been abolished.

4. A 10 per cent exchange tax, known as ADO, was formerly payable to the regional governments. This tax will now accrue to the central Government. In lieu thereof a rupiah grant through the budget will be extended by the central Government.

5. As a further step to diversify exports, the 10 per cent exchange tax will not be levied on the exports of finished goods and the products of handicrafts.

1Text supplied by the Indonesian Government.
6. Foreign exchange can be freely used at the present unified rate for the payments of commodity imports, Government transactions, capital transactions and invisibles. However, payments for commodity imports and related services financed under foreign aid programmes are effected at a rate of Rp 326 per United States dollar. This lower rate for aid funds is required to offset the more cumbersome administrative procedures and the limitations associated with their utilization.

7. In order to speed up the flow of goods, export and import procedures have undergone sweeping simplifications. In addition a number of charges on exports and imports have been abolished or greatly reduced.

8. Furthermore, the exchange system in West Irian has been adjusted as part of the present exchange reform. This is a step towards the demonetization of the West Irian currency.

II. Methods used in restricting imports

1. There is a registry of authorized importers and initial deposit is required for registration. Only Indonesian nationals could obtain an importer's licence, but certain established foreign firms have been enabled to obtain an importer's licence, and new foreign investors can obtain an importer's licence restricted to the import of materials required for their own projects.

2. No licences are required for imports but letters of credit are required for all imports. Exempt from opening of letters of credit are the following:

   (a) imports via "bonded warehouses";

   (b) import by passengers/parcel goods less than US$100 value;

   (c) specific imports with the permission of the Trade Department, viz.:

      1. foreign investment
      2. grants to the Government and social institutions
      3. imports through specific agreement
      4. goods for display, samples, etc.
      5. removal goods;

   (d) import commodities are classified in four categories:

   Category A: most essential
   Category B: essential
   Category C: less essential
   Category D: others, not mentioned in A/B/C and not banned for import;
(c) foreign exchange is divided into:

(i) foreign exchange used for general purposes (Devisa Umum) and is supplied from the export proceeds, services and invisibles;

(ii) foreign exchange used under foreign aid programmes (Devisa Kredit) and is supplied from aid from the intergovernmental group on Indonesia.

Both exchange could be purchased at the Djakarta Bourse (Foreign Exchange Market).

III. Treatment of imports from different sources including information on the use of bilateral agreements

1. Imports can be financed through the purchase of foreign exchange at the Djakarta Bourse and at the following rates:

"Devisa Umum" is eligible to all kinds of commodities listed in category A/D at a rate of Rp 370 per United States dollar;

"Devisa Kredit" is eligible only to commodities listed in category A and B at a rate of Rp 326 per United States dollar.

2. Imports paid for in one of the ways mentioned above, do not require import licence and letters of credit have to be opened within ten days after purchasing the foreign exchange needed at the Bourse.

3. Indonesia has trade agreements with several countries.¹

IV. Measures taken since the last consultation in relating or otherwise modifying import restrictions


Annex B: Detailed explanation concerning the Government's policy in the area of Export, Import and Foreign Exchange transfer.

Annex C: Decision of the President of the Republic of Indonesia No. 30 - 1970 concerning changes in the implementation of cess collection on exported goods.

Annex D: Decision of the President of the Republic of Indonesia No. 31 - 1970 concerning the exchange value of the Irian-Barat Rupiah unit.

¹Including certain European countries, Burma, Pakistan, Malaysia, Singapore, etc. Payments agreements with the Netherlands, Pakistan and the Philippines were terminated in 1968 and 1969.
Annex E: Letter of Decision of the Minister of Finance of the Republic of Indonesia No. KEP/212/MK/IV/4/1970 concerning the payment in Rupiah as a substitute to ADO for Level I Region.

Annex F: Letter of Decision of the Minister of Finance of the Republic of Indonesia No. KEP/213/MK/III/4/1970 concerning the Regulation to rescind the collection of donation for customs administration on goods which are going to be imported into, and on goods which are going to be exported out of a customs territory.


Annex I: Decision of the Minister of Trade of the Republic of Indonesia No. 69/KP/IV/1970 concerning improvement of regulations in the import area.

Annex J: Joint letter of Decision of the Minister of Finance and Minister of Trade of the Republic of Indonesia No. 216/KP/IV/IV/1970 concerning the rate and the use of the Credit Foreign Exchange.


Annex M: Department of Trade of the Republic of Indonesia: Export procedure according to the new Regulation.

Annex N: Department of Trade of the Republic of Indonesia: Import procedure according to the new Regulation.

Annex A until Annex N is a free translation from the Indonesian language.

V. Commodities or group of commodities affected by the various forms of import restrictions

The economic value of import goods is fixed by the amount of import duty paid plus import surcharge. Non-essential commodities for which import duties are high will be affected while this will not be the case with essential commodities for which import duties are 0 (zero).
Commodities that are banned or protected, according to the Decision of the Minister of Trade dated 17 April 1970, No. 69/KEP/IV/1970, are the following:

(a) textiles with batic-design;

(b) tubes and tyres of the following size: 600-10; 670-15; 650-10; 750-20;

(c) books, magazines and other kinds of lectures in the Indonesian language and/or regional language;

(d) built-up commercial cars.

VI. State trading or Government monopoly used as a measure to restrict imports for balance-of-payments reasons

In the present situation, private and State trading are subject to the same treatment. No privileges such as monopoly and subsidies are any longer granted to State enterprises.

VII. Effects of the import restrictions on trade and general policy in the use of restrictions for balance-of-payments reasons

The fiscal year 1969 is generally regarded as the transitional year in our new economic history. It is the year in which we changed our fiscal budget period from a calendar year to one covering 1 April to 31 March. The current fiscal year is started with the initiation of the five-year development plan. The most striking achievement no doubt has been the cutting down of inflation. The degree of economic stability as measured through the consumer price index for Djakarta was one Indonesia has never encountered in the last ten years of her history. The most conventional road in the country's stabilization efforts during the last three years are:

first: a strict adherence to a balance budget policy;

second: a credit policy, which though selective in its implementation was generally cautious;

third: the assurance of a sufficient supply of the daily needs.

The fiscal budget performance continued to be satisfactory. The revised routine budget will end up with a Rp 20 billion surplus. Development expenditures outside the value of project aid imports have increased from Rp 17 billion in 1967 to Rp 35 billion in 1968 and will increase to Rp 87 billion in the fiscal year 1969.

The expanded liquidity of State banks due to the successful deposit scheme introduced in 1968 and the increased financial assistance by the Central Bank have enabled the banking system to double the volume of credits during the fiscal year. A further qualitative improvement in favour of rehabilitation and development financing was achieved through the establishing of a medium-term lending scheme which is now being further perfected.
A temporary instability of rice prices has been overcome and price development on the whole has been very satisfactory. Production has on the whole been satisfactory and particularly in mining, including oil, forestry and industry the expansion has been considerable. Agricultural production mainly of rice has however been affected by unfavourable weather conditions and the Government has been obliged to import considerable amounts of rice.

As regards balance of payments for 1969 the following may be noted:

The performance of the external sector was satisfactory and was even slightly better than expected. Indonesia's balance-of-payments estimates for 1969 (as presented in the Annex) had been made on a calendar-year base despite the decision to alter the fiscal year from a calendar year to a twelve-month period commencing 1 April 1969.

Based on provisional figures, total exports increased by 12 per cent compared with 1968. Gross oil exports increased by 18 per cent and non-oil exports increased by 8 per cent.

Due to favourable developments in rubber, tin and palm-oil prices, export performance in 1969 was better than expected, whilst the traditional export products, such as coffee, copra, palm-oil, palm kernels, pepper, rubber, tin and tobacco provide about 75 per cent of the non-oil export earnings.

Non-oil imports increased by about 15 per cent compared with 1968, but further improvement in the commodity position is envisaged.

Official transfers and capital in terms of letters of credit opened are expected to reach US$309 million in the calendar year.

Debt services payment in 1969 declined to US$60 million due to lower repayment liabilities of old debts.
Annex A


THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering: that in order to accelerate the implementation of development, while maintaining economic stability, it is necessary to improve the export, import, and foreign exchange implementation procedure;

In view of: 1. Article 5 sub-article (2) of the Constitution;

2. The Decision of the MPRS No. XXIII/MPRS/1966;

3. Law No. 32, 1964 pertaining to the Foreign Exchange Transfer Regulation;

4. Law No. 13, 1968 pertaining to the Central Bank;

DECIDED

To sanction: THE REGULATION OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA CONCERNING THE IMPLEMENTATION OF EXPORT, IMPORT, AND FOREIGN EXCHANGE TRANSFER.

CHAPTER I

General Rules

Article 1

As of the time this Government Regulation became effective,

1. The distinction between foreign exchange in the form of Bonus Ekspor = BE (=Export Bonus) and Devisa Pelengkap = DP (=Supplement Foreign Exchange) has been nullified;

2. The distinction in foreign exchange is made between;

(a) Decisa Umum (=General Foreign Exchange) which could be accrued from export, from the sale of services, or from transfer;

(b) Devisa Kredit (=Foreign Exchange Credit), is the foreign exchange known as the BE Kredit (=Export Bonus Credit), at the time this Government Regulation came into effect.
CHAPTER II

The Sale and Purchase of the General Foreign Exchange

Article 2

1. The exporter is required to sell general foreign exchange accrued from his export proceeds, that is the actual f.o.b price received, as evidenced by the sales contract and or sales invoice, to the Bank of Indonesia through the Foreign Exchange Bank at the existing rate on the Foreign Exchange Market;

2. Accrued foreign exchange from the sale of services is not required to be sold, as intended by sub-article 1 of this Article;

3. The Bank of Indonesia is required to purchase all foreign exchange which is for sale as meant by sub-article 1, and which is liable for sale as meant in sub-article 2 of this Article, at the existing rate on the Foreign Exchange Market;

4. The procedure pertaining to the sale and purchase of foreign exchange as meant in sub-articles 1, 2 and 3 of this Article will be further regulated by the Governor of the Bank of Indonesia.

Article 3

1. Except for what has been determined in sub-article 2 of this Article, from the sale of foreign exchange as mentioned in Article 2 of this Government Regulation, the exporter receives 90 per cent in rupiah based on the existing rate on the Foreign Exchange Market, while the other 10 per cent is turned over to the Central Government;

2. The proceeds from the sale of foreign exchange originating from the export of manufactured goods and export of home-industry products, is turned over to the exporter 100 per cent in rupiah, based on the existing rate on the Foreign Exchange Market. The Minister of Trade determines what commodities are manufactured goods and what are products of home industry.

Article 4

Without in any way minimizing the rules which were meant by Article 2 of this Government Regulation and rules pertaining to import and export, any one could freely obtain and utilize the General Foreign Exchange.
CHAPTER III

Foreign Exchange Credit

Article 5

The Minister of Finance together with the Minister of Trade determine the rate and regulate the utilization of the Foreign Exchange Credit.

CHAPTER IV

Automatic Foreign Exchange Allocation

Article 6

1. As of the time this Government Regulation became effective, Alokasi Devisa Otomatis = ADO (=Automatic Foreign Exchange Allocation) to the Regions, has been nullified.

2. For the 1970/1971 annual budget and in the future, Level I Region will receive from the Central Government a donation to the amount of the ADO which she (-Level I Region) received during the 1969/1970 annual budget, added by 5 per cent which is paid in rupiah based on the rate created at the first call on the call on the Foreign Exchange Market, after this Government Regulation became effective.

3. The Minister of Finance determines the implementation procedure for the allocation of donation as meant in sub-article 2 of this Article.

CHAPTER V

Export and Import Implementation

Article 7

The Minister of Trade determines certain commodities which are banned from import, and certain commodities are not allowed to be exported, which is adapted to the need and development of the national economy and in the interest of the State in general.

Article 8

The Minister of Trade determines the check-price for export commodities periodically.
Article 9

The Minister of Trade, the Minister of Finance, and the Government of the Bank of Indonesia, jointly or individually in their respective fields, improve the import and export procedures to enable the implementation of import and export to run more smoothly.

Article 10

The Minister of Finance determines the "Nilai Dasar Perhitungan Bea Masuk" = N.D.P.B.M. (=Value of Basic Calculation of Import Duty) according to the existing rate.

CHAPTER VI

Concluding Rules

Article 11

With the enforcement of this Government Regulation, all existing regulations which are in violation of this Government Regulation, are declared null and void.

Article 12

This Government Regulation is also in effect in the West Irian Region.

Article 13

This Government Regulation becomes effective as of the date of its promulgation. In order that everyone is informed, it has been ordered to announce this Government Regulation and to publish it in the State Gazette of the Republic of Indonesia.

Sanctioned in Djakarta
on 17 April 1970
THE PRESIDENT OF THE REPUBLIC OF INDONESIA
Signed
SOEHARTO
GENERAL-TNI

Announced in Djakarta
On 17 April 1970
THE SECRETARY OF THE STATE, R.I.
Signed
ALAMSJAH
GENERAL MAJOR-TNI

STATE GAZETTE OF THE REPUBLIC OF INDONESIA ANNO 1970 NO. 26
Annex B

DETAILED EXPLANATION CONCERNING THE GOVERNMENT's POLICY
IN THE AREA OF EXPORT, IMPORT AND FOREIGN EXCHANGE TRANSFER

GOVERNMENT REGULATION NO. 16, 1970
AND THE IMPLEMENTATION PROCEDURE

SECRETARIAT OF THE CABINET
REPUBLIC OF INDONESIA

Trade area

EXPORT

1. The exporter is required to sell all of his foreign exchange accrued from his export proceeds, based on the actual f.o.b. price he received, while the Bank of Indonesia is required to purchase it at the existing rate of the foreign currency. For today, the Bank of Indonesia to trade in General Foreign Exchange at a median rate of 378.

This means that with the existing rate, revenues in rupiah that the exporter received is much larger than before. This becomes an additional incentive, not only to the entrepreneur, but directly and indirectly to the producers and the producing areas concerned.

With no more distinction between the "BE" and "DP" the exporter does not have to withhold the "over price". The Minister of Trade is authorized to determine, the check-price for primary commodities, periodically, based on price quotations existing in the world market. In the past years, especially when inflation was deteriorating, "over price" which the exporter obtained in foreign currency, indeed was significant.

With the creation of the present rupiah stability, "dana djaminan" (=security fund) in foreign currency, has lost its significance. For some time exporters have complained that with the "BE" and "DP" system a greater part of the sales proceeds they received, was based on an unfavourable rate. With the new regulation, the exporter's complaint has been solved.

2. As of today the distinction between export commodities of Group A and Group B has been nullified.

What now exists is the distinction between commodities which can and which cannot be exported.

The Minister of Trade is authorized to determine certain commodities which cannot be exported, taking into account the interest of the economy and the State.
3. Other than that, as of today the "Pungutan Ekspor" (=Export Collection) of 5 per cent, which before was applicable on export commodities of Group A, has been nullified. Reduction and removal of these export collections have actually occurred several times during the reign of the New Order Government. Before 3 October 1966 export collections reached 80 per cent. When we were implementing the stabilization policy, such collections were reduced to 50 per cent, then again reduced, 10 per cent for ADO and 15 per cent for Export Collection, which on 20 September 1968 was again reduced to 5 per cent. The removal of the present 5 per cent collection is a continuation of the effort to reduce the tax burden in the export area within the framework to excite more incentives in the exporter. At present the exporter still has to turn over 10 per cent of his foreign exchange accrued from his export proceeds to the Government and not to ADO anymore, so that at present the exporter receives 90 per cent of all the foreign exchange accrued from his export proceeds, based on the actual f.o.b., in rupiah based on the existing rate, (before - Group A - only 85 per cent of the "net" f.o.b. export revenue, which has been deducted by the "over price", in rupiah based on a lower rate).

Although the removal of the "padjak ekspor" (=export tax) of 5 per cent will cause Government revenues to decline, it is hoped that with the existence of this new policy, an expansion of undertaking could be created within the community, which in turn would also increase Government revenue. Especially for export of manufactured goods and products of home industry, the requirement to turn over 10 per cent of the export revenues is exempted, so that the exporter receives 100 per cent of his foreign exchange revenues in rupiah. This policy was taken as an incentive to enable production increase of manufactured goods and products of home industry, so that it creates additional income and employment opportunities for the people in the regions and even in the villages.

The market abroad for our home industry products still has a wide potential. By endeavouring market expansion, supervision of the export quality that suits the buyer, production and export of home industry products will increase, which also means the increase of foreign exchange revenues. The same applies to manufactured goods, it is hoped that such incentive will encourage production of manufactured goods by domestic industry as well as improvement of the export quality. It is hoped that stage by stage it will benefit the production expansion, employment opportunities, and foreign exchange revenues.

4. Measures taken to reduce collections in connexion with export activities are:

(a) Bank expenses which before were comprised of various kinds of payments and reached the level of 2.5 per cent, now with the simplified and more proper estimate, could be kept down and only one kind of bank expense will be collected, an "all in" type or as much as 0.5 per cent.

(b) Payment for "Dana Egalisasi" (=legalization Fund) and payments for the purchase of forms and administrative cost which were considered improper have been nullified.

Payments for the purchase of Form-DE, Form-E3, and the administrative cost involved with the DE, Form-AVI, all have been nullified.
(c) Cess on export goods is now collected by the Bank at the time the bank draft is realized. Before, this collection was done by the custom authorities when the shipment is being loaded. This change means a relief from the point of the exporter's liquidity.

5. In the area of procedure:

"Deklarasi Ekspor" (=Export Declaration) and the involved Form-DE has been nullified. Also the Form-AVI has been removed and has been combined with Form-E3.

At present the exporter could turn it over directly to the Bank, just by means of Form-E3. If before this Form-E3 has to be completed in twelve copies, it is now sufficient in six copies.

Simplification in this implementation procedure would save time, reduces the work load, and reduces the exporter's business expense. With the present simplification, whether export will run smoothly or not, depends more on the exporters themselves, because not many more agencies are involved.

IMPORT

1. In this area policies were also taken in reducing the collections and simplifying the procedures, such as:

The burden of bank expenses which were involved with the import implementation, which comprised of various kind of collections and all of them amounted to circa 3 per cent of the c. i. f. value, presently there is only one single bank expense as much as 0.5 per cent.

Also have been removed:

The 0.5 per cent retribution to the "Biro Lalu Lintas Devisa =BLLD (=Bureau for Foreign Exchange Transfer), "Sumbangan Administrasi Padjak" =SAP (=Donation for Tax Administration) of 0.5 per cent, and collection for the "Keterangan Pemasukan Pabean" =KPP (=Custom Entry Declaration).

2. Aside from the reduction of collections, import procedure has also been simplified by nullifying obligations such as "Pernjatan Impor" =PI (=Import Statement), L/C application and so forth. At present the importer could directly open an L/C at the Bank, accompanied by the Requisition Form to open an L/C. The document indicating that an L/C has been opened, formerly has to be completed in twelve copies, now only six copies are needed.

The reduction and removal of collections accompanied by the simplification of implementation procedure, will very much reduce import expenses, thus the price could be kept down.
3. The Government constantly supervises and directs import policies. It will be maintained that the import plan and trend as well as composition of the imported goods are adapted to the stage of economic development and production need as well as maintaining economic stability.

To safeguard those matters, goods which are imported by using Foreign Exchange Credit (formerly known as BE Credit) could be based on the same cost level, because the rate of Foreign Exchange Credit rate is not changed.

Therefore, primary and essential goods such as rice, wheat flour, fertilizer, raw cotton, weaving thread, raw material for industry and construction business, spare parts, and so forth which could use the Foreign Exchange Credit, do not need to undergo price change. In fact, because of the reduction and removal of collections and the simplification of procedures as explained just now, the level of import expenses have become less.

4. In the Groups A, B and C, import system which already exists, Group D is added. Group D covers the goods which are not banned from import but have not been included in Groups A, B and C.

The Minister of Trade has been authorized to give further ruling concerning goods which are banned from import, in the framework to protect domestic production.

5. Import of "commercial parcel" (barang kiriman dagang) is a commodity which is imported by using Supplement Foreign Exchange, but is not channeled through the Foreign Exchange Bank, as of today it is limited to US$100. Beyond that amount an L/C has to be used. All imports have to be carried out by using an L/C, and could only be done by entrepreneurs who own a "Tanda Pengenal Impor" (=Import Identification) and a "Surat Fiskal" (=Letter of Fiscal).

Such measure was taken with respect to complaints and problems which the bona fide importers have experienced, as well as experienced by entrepreneurs of domestic industry, in relation with unfair competition, because goods were often imported not through the proper channels.

Among them, with the old "BE" and "DP" systems, import of "commercial parcel" opens an opportunity for unfair competition. Now, with the new regulation, complaints and problems of the bona fide importers and entrepreneurs of domestic industry have been solved.

**Monetary area**

The system and the rate of the rupiah in the foreign exchange transfer payment has been simplified and is adapted to efforts to promote the present development.

1. The distinction between the "BE" and "DP" Foreign Exchange has been nullified.
Hence are only known:

(a) "Devisa Umum" (=General Foreign Exchange) originating from export revenues, the sale of services and transfer.

(b) Foreign Exchange Credit, formerly known as the "BE" credit.

The rate of the General Foreign Exchange will be determined supply and demand. As have been mentioned before, at the first call on the Foreign Exchange Market today, the Bank of Indonesia is prepared to purchase foreign exchange at a rate of Rp 378 per US$1, while the Credit Foreign Exchange has not changed and stayed at Rp 326 per US$1. With such rate levels, as explained above, the exporter would be more encouraged, whereas the importer does not have to worry, because the price stability of his imported goods will be guaranteed.

2. Concerning the use of foreign exchange, at present anyone could obtain and utilize the General Foreign Exchange, of course without minimizing the rules in the import and export areas. Therefore, our currency now has a full convertibility in the foreign exchange transfer payment, and it is hoped that its value will become stabler.

Area of State finance

The ADO (=Automatic Foreign Exchange Allocation) system which the region received, has now been replaced by the "Sumbangan Pemerintah Pusat" (=Central Government Donation) which is paid in rupiah.

For the 1970/1971 annual budget and subsequently, the donation intended is equal to the ADO value in foreign exchange which was received during the 1969/1970 annual budget added by 5 per cent. This amount is paid in rupiah based on the rate created at the first call on the Foreign Exchange Market after this new regulation has come into effect; based that is on a rate of Rp 378 per US$1.

As the case of "over price" for the exporter, ADO in the form of foreign currency has only a positive meaning to the concerned regions, when hyper-inflation was deteriorating. With the present rupiah stability, the region's revenue whether in foreign currency or in rupiah makes no difference.

Other than that, lately the negative aspects of the ADO system have become obvious, because they complicate more the control and precise regulation in the trade and relation plans, besides they often caused much complication in the inter-regional relations.

It is clear that with the system change which now has been brought about, it did not minimize in the least what has already been felt as the region's "right". In fact, the revenue enjoyed based on the existing rate of the stable rupiah is larger than before.
The Minister of Finance has been authorized to create special and fast procedure to implement the payment of such donation to the region so that the Regional Government does not have to worry about causes that slow down its delivery.

Exchange value of the Irian Barat Rupiah unit

In the framework to improve the economic conditions of the Irian Barat Province and to step towards the normalization of the monetary system of that region, the Government deemed necessary to re-establish the exchange value of the Irian Barat Rupiah unit against the Rupiah unit which is the legal tender in other areas of the Republic of Indonesia, and also the exchange value of the Irian Barat Rupiah unit against foreign currencies. As of today, it has been established that IB Rp 1 is equal to Rp 18.90; whereas US $1 is equal to IB Rp 20.

Besides that, as of now the Rupiah is free to enter Irian Barat, and the Irian Barat Rupiah is also free to enter other areas of the Republic of Indonesia. With this measure, economic relations between Irian Barat and other areas of the Republic of Indonesia could run more properly and with more speed.

Djakarta, 17 April 1970.
Annex C

DECISION OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA
NUMBER 30 - 1970 CONCERNING

CHANGES IN THE IMPLEMENTATION OF cess COLLECTION
ON EXPORTED GOODS

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering: that it is necessary to bring about changes in the implementation procedure of cess collection on exported goods, as stated in Article 4 sub-article (1)a, of the Presidential Decision No. 301, 1968.

In view of: 1. Article 4 sub-article (1) of the 1945 Constitution;
2. Government Regulation No. 16, 1970;

DECIDED

To sanction: "THE DECISION OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA CONCERNING THE CHANGES IN THE IMPLEMENTATION OF cess COLLECTION ON EXPORTED GOODS"

FIRSTLY: To appoint/to authorize the Foreign Exchange Bank on behalf of "Badan Urusan Cess" (=Agency for Cess Affairs) to implement cess collection on exported goods, by charging 1 per cent of the cess value as collection expense.

SECONDLY: The authority for collecting the cess on exported goods - with the establishment of the regulation in the First Dictum of this Presidential Decision - is no longer with the Department of Finance c.q. Directorate General of Custom and Excise.

THIRDLY: Regulations for implementation as meant by the First Dictum of this Presidential Decision will be further arranged by the Governor of the Bank of Indonesia after receiving considerations from the "Dewan Cess" (=Cess Council) c.q. Badan Urusan Cess.

FOURTHLY: The implementation of cess collection on inter-island goods as stated in Article 4 sub-article (1)a of the Presidential Decision No. 301, 1968, remains with the Department of Finance c.q. Directorate of Custom and Excise.
FIFTHLY: This Presidential Decision becomes effective as of the date of its promulgation.

Sanctioned: in Djakarta
On: 17 April 1970

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Signed

SOEHRITO
GENERAL - TNI
Annex D

DECISION OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA
NUMBER 31 - 1970 CONCERNING

THE EXCHANGE VALUE OF THE IRIAN BARAT RUPIAH UNIT

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering: that within the framework to improve the economic condition of the Irian Barat Province, it is deemed necessary to re-establish the exchange value of the Irian Barat Rupiah Unit against the Rupiah Unit which is the legal tender in other areas of the Republic of Indonesia, and the exchange value of the Irian Barat Rupiah Unit against foreign currencies.

In view of: 1. Article 4 sub-article (1), of the 1945 Constitution;
2. Article 2 sub-article (1), of the Law No. 27 Pnps, 1965;

DECIDED

To sanction: "THE DECISION OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA CONCERNING THE EXCHANGE VALUE OF THE IRIAN BARAT RUPIAH UNIT"

FIRSTLY: The exchange value of the Irian Barat Rupiah Unit (= IB Rp) against the Rupiah Unit which is the legal tender in other areas of the Republic of Indonesia (= Rp) has been established at IB Rp 1. (one rupiah IB) is equal to Rp 18.90 (eighteen and 90/100 rupiah).

SECONDLY: The exchange value of the Irian Barat Rupiah Unit against foreign currency unit is US$1. (one United States dollar) is equal to IB Rp 20. (twenty rupiah IB).

THIRDLY: This Presidential Decision becomes effective on the date of its promulgation.

Sanctioned: in Djakarta
On: 17 April 1970

THE PRESIDENT OF THE REPUBLIC OF INDONESIA
Signed
SOEHARTO
GENERAL - TNI
LETTER OF DECISION OF THE MINISTER OF FINANCE,
REPUBLIC OF INDONESIA, NO. KEP/212/MK/IV/4/1970 CONCERNING
THE PAYMENT IN RUPIAH AS A SUBSTITUTE TO A.D.O. FOR LEVEL I REGION

THE MINISTER OF FINANCE,

Considering: that in order to guarantee the delivery of the substitute to A.D.O. (= Automatic Foreign Exchange Allocation), to Level I Region, it is necessary to regulate its implementation as best as possible.

In view of: 1. Government Regulation No. 16, 1970;
2. Presidential Decision No. 183, 1968;

DECIDED

To sanction: "THE REGULATION CONCERNING THE PAYMENT OF THE A.D.O. SUBSTITUTE TO LEVEL I REGION"

FIRSTLY: At each annual budget the Government issues a Letter of Statement to Level I Region, stating the amount of payment as a substitute to the A.D.O. for that region's annual budget.

SECONDLY: Such Government's Letter of Statement could be cashed at the Bank of Indonesia or its branches, by charging the account of the "Bendahara Umum Negara" (= State General Treasurer), sub-account State General Treasury foreign exchange export revenue, at the beginning of each quarterly budget, for one fourth of the amount stated in the Letter of Statement as mentioned in the first article.

THIRDLY: Specially for the first quarter of the 1970/1971 annual budget, the Bank of Indonesia will arrange the payment which should be delivered at the latest on 1 May 1970.

Subsequently it will be paid at the beginning of each quarter.

FOURTHLY: The A.D.O. which has been used by Level I Region as a credit guarantee, remains the responsibility of Level I Region and should be settled by the A.D.O. substitute which has been issued on the basis of this Letter of Decision.
FIFTHLY: This Letter of Decision becomes effective on the date of its promulgation.

Sanctioned: in Djakarta
On: 17 April 1970

THE MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA

signed

ALI WARDHANA
LETTER OF DECISION OF THE MINISTER OF FINANCE, REPUBLIC OF INDONESIA, NO. KEP.213/III/11/1970 CONCERNING THE REGULATION TO RESCIND THE COLLECTION OF DONATION FOR CUSTOM ADMINISTRATION ON GOODS WHICH ARE GOING TO BE IMPORTED INTO, AND ON GOODS WHICH ARE GOING TO BE EXPORTED OUT OF, A CUSTOM TERRITORY

THE MINISTER OF FINANCE,

Considering:

1. that in the present effort of the Government to bring about economic stability, including stabilization of prices for goods produced domestically as those which were imported, collections which tend to increase the tax burden of the commodity should be as far as possible avoided,

2. that at present, the levies for donation for custom administration which was felt as an additional tax burden for certain commodities, need to be reconsidered,

In view of:

1. Article 12, sub-article 3, of the Government Regulation To Replace Law No. 2, 1965;

2. Law No. 3 Neps, 1966;

3. Indische Tariefwet (Stbl. No. 130, 1872) in its modified and added form;

4. Rechten Ordonnantie (Stbl. No. 240, 1882) in its modified and added form;

5. Letter of Decision of the Minister of Finance of the R.I. No. 2B/RP/PU/I/146 - 5 May 1966,


DECIDED

To sanction: "THE REGULATION TO RESCIND THE COLLECTION OF DONATION FOR CUSTOM ADMINISTRATION ON GOODS WHICH ARE GOING TO BE IMPORTED INTO, AND ON GOODS WHICH ARE GOING TO BE EXPORTED OUT OF, A CUSTOM TERRITORY".
Article 1

(1) Sumbangan Administrasi Pabean (Impor) (= Donation for Custom Administration) which is abbreviated "SAP(Impor)", levied on goods imported from outside the custom territory into the custom territory, which was $\frac{1}{2}$ per cent of the import duty value, is nullified with the coming into force of this regulation.

(2) Sumbangan Administrasi Pabean (Ekspor) which is abbreviated "SAP(Ekspor)" levied on goods to be exported out of the custom territory, which was $\frac{1}{2}$ per cent of the net f.o.b. value, is nullified with the coming into force of this regulation.

Article 2

The Director General of Custom and Excise will implement this regulation.

Article 3

This regulation becomes effective on the date of its promulgation.

Sanctioned: in Djakarta
On: 17 April 1970

THE MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA
signed

ALI WARDHANA
Annex G

LETTER OF DECISION OF THE MINISTER OF FINANCE
REPUBLIC OF INDONESIA No. KEPR. 214/MK/III/7/1970
CONCERNING

THE AMOUNT OF THE VALUE OF BASIC
CALCULATION OF IMPORT DUTY

THE MINISTER OF FINANCE,

Considering: that with the issue of the Government Regulation No. 16, 1970 concerning Improvement of Export, Import and Foreign Exchange Transfer Implementation, it is necessary to re-direct the implementation regulation to determine the Basic Value of the Calculation of Import Duty.


DECIDED

To sanction:


SECONDLY: This decision becomes effective as of 18 April 1970.

Sanctioned: in Djakarta
On: 17 April 1970

THE MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA

signed

ALI WARDHANA
Annex H

DECISION OF THE MINISTER OF TRADE
NO. 68/KP/IV/1970 CONCERNING

IMPROVEMENT OF EXPORT REGULATIONS

THE MINISTER OF TRADE,

Considering: that it is necessary to issue immediately regulations to improve the existing export regulations.


DECIDED

To sanction: Article 1

to revoke:

(a) Instruction of the Minister of Trade No. 02/INS/II/1968
(b) The Decision of the Minister of Trade No. 05/KP/VI/1968
(c) The Decision of the Minister of Trade No. 13a/KP/1968
(d) The Decision of the Minister of Trade No. 38/KP/8/1968
(e) The Decision of the Minister of Trade No. 85/SX/VII/1967.

Article 2

Goods which are banned from export are stated in the "Attachment to this Letter of Decision".

Article 3

Goods which could be exported, are all kinds of goods, except those mentioned in Article 2 of this Letter of Decision.

Article 4

1. The main document which is used to record the export and the calculation of the complete sale of the foreign exchange accrued from the export proceeds based on the f.o.b. price, is Form-E3.

2. The Foreign Exchange Bank where the Form-E3 was concluded, sends individually to each a copy of Form-E3; to the local representative of the Department of Trade, to the local branch of Custom and Excise, to the Central Bureau for Statistics, to the Bank of Indonesia, to the exporter concerned, where as the Foreign Exchange Bank herself keeps one copy.
Article 5

To calculate the complete sale of the foreign exchange accrued from the export proceeds, based on f.o.b. price, to the Bank of Indonesia through the Foreign Exchange Bank, exporters are required to state in Form-E3 the actual value obtained abroad, which is evidenced by the sales contract and/or sales invoice.

Article 6

The Foreign Exchange Bank is required to examine:

(a) whether the f.o.b. price stated in Form-E3 corresponds with the sales contract/sales invoice;

(b) if the sales contract was based on c. & f. or on c.i.f., whether the f.o.b. price calculated by the exporter is appropriate or not.

Article 7

Manufactured goods and products of home industry which are exempted from the obligation to turn over 10 per cent of the foreign exchange accrued from the export proceeds, as meant in the Government Regulation No. 16, 1970, are stated in the Attachment to this Letter of Decision.

Article 8

The Minister of Trade, periodically, determines the check price for main export commodities.

Article 9

The Foreign Exchange Bank should refuse Form-E3, if the price stated in the sales contract/sales invoice, is below the check price which has been determined by the Minister of Trade.

Article 10

As long as the f.o.b. price, evidenced by the sales contract/sales invoice, is equal to or higher than the check price which has been determined by the Minister of Trade, whomsoever could not question the exporter.
Article 11

For export goods, for which the check price has not been determined by the Minister of Trade, the exporter is still required to sell to the Bank of Indonesia all of his foreign exchange accrued from his export proceeds, based on the f.o.b. price, which is evidenced by the sales contract/sales invoice.

Article 12

1. For export goods which are exported on consignment, the exporter is still required to sell all of his foreign exchange accrued from his export proceeds to the Bank of Indonesia.

2. The check price applicable to export on consignment, is the check price that exists during the sale.

3. The exporter who exports on consignment, is required to give a quarterly report to the Department of Trade and to the Bank of Indonesia, concerning the shipment, the sale, and the foreign exchange that has to be sold.

Article 13

An exporter who practices matters in violation of this Letter of Decision, besides that he could be sanctioned by law based on the existing law and regulations, the Minister of Trade could revoke the exporter's export identification and his business licence.

Article 14

Matters which have not been regulated in this Letter of Decision, will be dealt later.

Article 15

This Decision becomes effective as of the date of its promulgation.

Sanctioned: in Jakarta
On: 17 April 1970

THE MINISTER OF TRADE

signed

SUHITO DJOJOHADIKUSUMO
ATTACHMENT I

Goods which could not be exported are:

(a) Gold and silver in plate or ore form

(b) Remilling materials and smoke-house material, such as:

1. slabs, lumps, scraps,........rubber (= karet tanah)
2. unsmoked sheets
3. blocked sheets
4. smoked sheets lower than quality V
5. blanket doff
6. cuttings C
7. remilled 4
8. flat bark crêpe - except in certain situation with the permission of the Minister of Trade
9. quinine bark
10. copper alloy and copper scrap
11. scrap iron
12. antiques of cultural value
ATTACHMENT II

Attachment to the Letter of Decision of the Minister of Trade No. 68/KP/IV/1970
17 April 1970

What is meant by

I. Manufactured goods are products of:

1. Food and beverage industry
2. Textile industry
3. Home appliance industry
4. Printing industry
5. Leather industry/leather goods
6. Chemical industry
7. Ceramic industry, and earthen products
8. Metal goods industry
9. Machinery industry
10. Electric and electronic industry
11. Lumber industry
12. Cigarette industry
13. Construction industry
14. Rubber industry
15. Sports industry
16. Assembly goods industry

II. Products of home industry are:

1. Wood carvings
2. Batik (sarong, cloth, scarf)
3. Other Batik products
4. Goods made of silk or partly made of silk
5. Other hand-woven material
6. Goods made of bamboo
7. Woven products
8. Gold and silver products
9. Iron products
10. White tin products
11. Other metal products
12. Ivory and bone products
Annex I

DECISION OF THE MINISTER OF TRADE NO. 69/KP/IV/1970 CONCERNING

IMPROVEMENT OF REGULATIONS IN THE IMPORT AREA

THE MINISTRY OF TRADE

Considering: that with the issue of the Government Regulation No. 16, 1970, concerning the "Improvement of Export, Import, and Foreign Exchange Transfer Implementation", it is necessary to make a decision with regard to the grouping of import commodities.

In view of: 1. Government Regulation No. 16, 1970;
2. The Decision of the Minister of Trade No. 05/KE/1/68;

DECIDED

To sanction:

Article 1

To decide to ban from import the goods mentioned in the Attachment to this Letter of Decision.

Article 2

Goods that could be imported are all kinds of goods, except those mentioned in Article 1. Goods which could be imported are listed in an import-list, are divided in Groups A, B, C and D. Groups A, B and C are identical with the list of goods mentioned in the Letter of Decision of the Minister of Trade No. 03/KE/1/68 in its modified and added form.

Group D are goods which are not mentioned in Groups A, B and C and are not banned in Article 1.

Article 3

1. All goods must be imported by opening an L/C
2. Exempted are:
   (a) import through "bonded warehouse"
   (b) passenger's belongings/parcel with a maximum value of US$100
   (c) with the approval of the Department of Trade in cases such as:
(i) foreign investment
(ii) gifts to governments and social institutions
(iii) goods in transit and trade activities which are specially regulated in a trade agreement
(iv) samples and exhibition purposes
(v) moving personal belongings (removal goods).

Article 4

Import through the use of Supplement Foreign Exchange which is not channelled through the Foreign Exchange Bank, known as "commercial parcel" (barang kiriman dagang) as mentioned in the Decision of the Minister of Economics and Finance No. 47/MEKU/VI/67 has been nullified.

Article 5

1. The main document which is used to regulate the import of goods is the KPR- (= Customs Entry Declaration) Form.

2. The Foreign Exchange Bank prepares six copies of the KPP-form for:

   (i) the importer
   (ii) the representative of the Department of Trade
   (iii) the Central Bureau for Statistics
   (iv) the Bank of Indonesia
   (v) the Custom- and Duty Branch
   (vi) the Foreign Exchange Bank herself.

Article 6

All importers have to possess:

1. Import Identification;

2. Letter of Fiscal.

Article 7

Matters which have not been regulated in this Letter of Decision will be dealt with later.

Article 8

This Decision becomes effective as of the date of its promulgation.

Sanctioned: in Djakarta
On: 17 April 1970

THE MINISTER OF TRADE

signed

SUMITRO DJOJOHADIKUSUMO
Attachment I


List of goods which are banned from import:

1. Textile products with Batik motive
2. Automobile tyres of sizes: 600-10; 670-15; 650-10; 750-20.
3. Books, magazines and other publications in the Indonesian language or in other Indonesian dialect

Exempted are: customs in diplomatic relations, and the need for study purposes.

4. Built-up commercial cars.

Import

Old Regulation

A. Documents
1. Import Statement
2. L/C application
3. 12 copies of L/C
4. 12 copies of KPP

B. Collections
1. Bank expenses 2.5 per cent
2. Retribution to BLLD 0.5 per cent
3. SAP 0.5 per cent
4. KPP

New Regulation

A. Documents
1. Nullified
2. Nullified
3. 6 copies of L/C
4. 6 copies of KPP

B. Collections
1. Bank expenses 0.5 per cent
2. Nullified
3. Nullified
4. KPP without collection.
Annex J

JOINT LETTER OF DECISION OF THE MINISTER OF FINANCE
AND THE MINISTER OF TRADE

NO.: 70/KP/IV/1970 CONCERNING

THE RATE AND THE USE OF THE CREDIT FOREIGN EXCHANGE

THE MINISTERS MENTIONED ABOVE

Considering: that with the establishment of the Government Regulation No. 16, 1970, it is necessary to regulate the rate and use of the Credit Foreign Exchange.

In view of: 1. Government Regulation No. 16, 1970;
3. Letter of Decision of the Minister of Trade No. 69/KP/IV/1970;

Observing: The Governor of the Bank of Indonesia;

DECIDED

To sanction: "THE RULES CONCERNING THE RATE AND THE USE OF THE CREDIT FOREIGN EXCHANGE" (DEVISA KREDIT)

Article 1

"Credit Foreign Exchange" could be used to import Group A and Group B as stated in Article 2, Letter of Decision of the Minister of Trade No. 69/KP/IV/1970.

Article 2

The rate of the "Credit Foreign Exchange" has been determined at US$1 (one United States dollar) for Rp 326 (three hundred and twenty-six rupiah).

Article 3

This decision becomes effective as of the date of its promulgation.

Sanctioned: in Djakarta
On: 17 April 1970

THE MINISTER OF TRADE
signed
SUMITRO DJOJOHADIKUSUMO

THE MINISTER OF FINANCE
signed
ALI WARDHANA
LETTER OF DECISION OF THE BANK OF INDONESIA
NO. KEP. 7/GBI/70

THE GOVERNOR OF THE BANK OF INDONESIA,

Considering: that in connexion with the establishment of the Government Regulation No. 16, 1970 on 17 April 1970, it is necessary to establish rules concerning the Foreign Currency Market.

In view of: 1. The Indonesian Banking Law, 1963;
           2. The Foreign Exchange Law, 1964;
           3. Government Regulation No. 16, 1970;

DECIDED

To sanction: "THE RULES CONCERNING THE FOREIGN EXCHANGE MARKET".

Article 1

(1) What have been known as the "BE" call and the "DF" call, which are now practised at the Foreign Exchange Market, Djakarta, have been done away with and substituted by "General Foreign Exchange" and "Foreign Exchange Credit" call, abbreviated: "Foreign Exchange call".

(2) The "Foreign Exchange call" is held at the Foreign Exchange Market, Djakarta, on Mondays, Wednesdays and Fridays.

(3) The Bank of Indonesia, as Management of the Foreign Exchange Market, determines the rules to have the "Foreign Exchange call".

Article 2

The one who can participate in the "Foreign Exchange call" are members of the Foreign Exchange Market, Djakarta, which consist of:

(a) the Bank of Indonesia

(b) foreign exchange banks

(c) trader in foreign currency who has obtained a business licence and which has been approved by the Bank of Indonesia as a member of the foreign exchange market.
Article 3

At the "Foreign Exchange call", all supply and demand of General Foreign Exchange and Foreign Exchange Credit which were offered by the members, as mentioned in Article 2, are put together.

Article 4

The rate of the Foreign Exchange, basically, is determined by the supply and demand as mentioned in Article 3.

Article 5

This Letter of Decision becomes effective on the date of its promulgation.

Sanctioned: in Djakarta
On: 17 April 1970

THE GOVERNOR OF THE BANK OF INDONESIA

signed

RADIUS PRAWIRO
LETTER OF DECISION NO. KEP.10/GBI/70
OF THE BANK OF INDONESIA

THE GOVERNOR OF THE BANK OF INDONESIA,

Considering: that in connexion with the establishment of the Government Regulation No. 16, 1970 on 17 April 1970 it is necessary to establish the confirmation about the withdrawal bans and of limitations in the payment transfer between the Irian Barat region and other regions of the Republic of Indonesia.

In view of: 1. The Indonesian Banking Law, 1968;

DECIDED

To sanction: "THE RULES CONCERNING THE TRANSFER OF PAYMENT BETWEEN OTHER REGIONS OF THE REPUBLIC OF INDONESIA AND OTHER REGIONS OF THE IRIAN BARAT PROVINCE".

Article 1

(1) As of the enforcement of the Government Regulation No. 16, 1970, on 17 April 1970, entry of the rupiah, which is the legal tender in other regions of the Republic of Indonesia, into the Irian Barat Province' regions; and the rupiah which is only legal in the Irian Barat Province' regions into other regions of the Republic of Indonesia, is unrestricted.

(2) Money transfer from the regions of the Republic of Indonesia to the Irian Barat Province' regions, and vice-versa, is also not restricted.

Article 2

This Letter of Decision becomes effective as of the date of its promulgation.

Sanctioned: in Djakarta
On: 17 April 1970

THE GOVERNOR OF THE BANK OF INDONESIA

signed

RADIUS PRAWIRO
Annex M

DEPARTMENT OF TRADE

EXPORT PROCEDURE ACCORDING TO THE NEW REGULATION

Hereunder will be explained step by step, what the exporter has to do according to the new regulations when he is going to export.

1. The company which is going to do the exporting, must have an "Angka Pengenal Ekspor" = A.P.E. (=Export Identification Number), which can be used subsequently. To obtain the A.P.E., he has to submit a request to the Department of Trade c.q., Directorate of Export, through the Representative of the Department of Trade.

2. Between the exporter and the buyer abroad, a correspondence about a trade transaction is carried out. After the agreement has been reached with regard to price, quantity, quality, delivery, and etc., a sales contract, sales confirmation or a document of that nature is made.

3. With the existence of the sales contract concerning the sale of a certain quantity of goods, the buyer abroad opens an L/C (=Letter of Credit) through his bank. The bank which issues the L/C passes on the matter to her branch or her correspondent, who in turn informs the matter to the exporter mentioned in the L/C.

4. After word has been received that the buyer abroad has opened an L/C, the exporter prepares the goods to be exported and contacts an expediting company and a shipping company to make a reservation for ship's space.

5. When the goods are ready at the port and the ship is standing by, in order to realize the export, the exporter goes to the Foreign Exchange Bank to complete Form-E3, in six copies.

6. The Foreign Exchange Bank examines whether the f.o.b. price stated in Form-E3 by the exporter agreed with the sales contract/sales confirmation.

   If the sales contract was concluded different than the f.o.b. method, (c. & f., or c.i.f.), the Foreign Exchange Bank examines whether the f.o.b. price which the exporter calculated was correct or not.

7. After the Foreign Exchange Bank has recorded:

   (a) the number and date of Form-E3;
   (b) the number and date of the L/C;
   (c) the number and latest date for shipment mentioned in the L/C;
   (d) other necessary information, all six copies of Form-E3 which have been completed and signed by the Bank as well as by the exporter, are turned over to the exporter.
8. Through the expediting company or by himself, the exporter gives the six copies of Form-E3 to the Custom.

After they have been examined whether the goods agree with what was stated in Form-E3, the Custom gives her "fiat muat" (permit to load), in a column on Form-E3 which has been prepared for that purpose. The Custom keeps one copy, and return the other five copies to the exporter.

9. After the goods have been loaded in the ship, the exporter through his expediting company, receives from the ship's Mate a declaration that a quantity of goods have been loaded. This Mate's receipt can be exchanged at the shipping company concerned, with the Bill of Lading.

10. When everything is set, meaning that the exporter has met all the conditions required in the L/C, then the exporter goes to the Foreign Exchange Bank to draw a bank draft.

To accomplish this, documents which are called L/C have to be turned in, such as:

(a) the Bill of Lading;
(b) Form-E3 which have been signed by the Custom;
(c) Certificate of Weight (if required in the L/C);
(d) Certificate of Origin (if required in the L/C);
(e) the L/C.

11. At the time the exporter draws his bank draft, he has to pay bank expenses and collections:

(a) commission for bank draft negotiations, 0.5 per cent of the bank draft value, "all in" (meaning, that there is no other bank expense);
(b) 10 per cent of the bank draft value, based on the f.o.b. price;
(c) MPO at Rp 5 for every US$1;
(d) Cess.

12. The Foreign Exchange Bank then sends a copy of Form-E3 to:

(a) the Trade Representative;
(b) the Bank of Indonesia;
(c) the Central Bureau for Statistics;
(d) the exporter concerned;
(e) the Foreign Exchange Bank in charge of the export;
(f) the Custom Branch.
### Old Regulation

**A. Documents**

1. Export declaration
2. 12 copies of Form-E3
3. Customs declaration (AVI)

**B. Collections**

1. Bank expenses 2.5 per cent
2. Cess, collected by the Custom during the loading of the goods
3. Export tax 5 per cent
4. ADO 10 per cent

### New Regulation

1. Nullified
2. 6 copies of Form-E3
3. Nullified (combined with Form-E3)
4. Bank expenses 0.5 per cent
5. Cess, collected by the bank at the time the bank draft is realized
6. Nullified
7. 10 per cent to the Central Government
Annex N

DEPARTMENT OF TRADE

IMPORT PROCEDURE ACCORDING TO THE NEW REGULATIONS

Hereunder will be explained step by step, what the importer has to do according to the new regulations when he is going to import.

1. To be recognized as an importer, one has to own an "Angka Pengenal Impor" = L.P.I. (Import Identification Number) which could be obtained by completing the form which is made available at the local representative of the Department of Trade.

2. The importer and the supplier abroad carry on a correspondence about the sale of a certain commodity. The supplier sends brochures, price list to the importer.

3. After the purchase contract has been reached, the importer places an order at his Foreign Exchange Bank to purchase foreign exchange for him and instructs that an L/C be opened. To accomplish this, the "Permintaan Pembukaan" (Request to Open) L/C-Form has to be completed.

4. The Foreign Exchange Bank immediately sends the confirmation L/C to the supplier through his correspondent bank abroad, and a copy of the confirmation L/C to the importer.

   For the Bank's services, the importer pays 0.5 per cent of the L/C value, "all in", meaning that there is no other collection which has to be paid. 0.5 per cent of the L/C value as retribution to the BLD has been nullified. The importer still has to pay the MPD according to the existing regulation.

5. Immediately after receiving the confirmation L/C, the supplier ships the ordered goods to Indonesia by means of a certain shipping company.

6. The supplier sends the original documents via his bank to the Foreign Exchange Bank in Indonesia, while copies of the documents are sent directly to the importer.

7. After the purchase goods have arrived in port in Indonesia, and the Foreign Exchange Bank has received the original documents, the importer and the Bank, jointly, complete the KPP-Form in six copies.

8. After the Foreign Exchange Bank has completed the KPP-Forms and the importer as the responsible party has signed them, all six copies are turned over to the importer, who takes them - together with other documents such as bill of lading, invoice, packing list, etc. - to the custom, by himself or through his expediting company.
9. The importer gives the original Bill of Lading to the shipping company concerned, and in return receives a delivery order (=D.O.) which he in turn gives to the Custom.

10. The Custom examines the KPP, and if approved, turns over a copy of the KPP plus the other documents to the importer via the expediting company, to collect his goods from the harbour.

11. The importer is required to pay import-duties, sales tax according to the existing regulations, while the SiP has been nullified.

12. The Custom sends each copy of the KPP-Form to:
   
   (a) the Foreign Exchange Bank in charge of the import
   (b) the Bank of Indonesia
   (c) the Representative of the Department of Trade
   (d) the Central Bureau for Statistics
   (e) the Custom herself.