1961 CONSULTATION UNDER ARTICLE XVIII.12(b) WITH
INDONESIA

Provisional Text of Basic Document for the Consultation

I. Legal and administrative basis of the restrictions

1. The statutory bases of the import and exchange controls of Indonesia are the Foreign Exchange Regulation of 1940 and the Foreign Exchange Ordinance of 1940 which remain in force by virtue of Article 142 of the Constitution of the Republic. Since their introduction in 1940, the trade and exchange controls have been subject to frequent modifications and revisions. The current system was introduced in August 1960 with the issue of the following Decrees:

Decree No. 32/1960 of 24 August 1960 regulating the use of the rupiah currency for external transactions;

Decree No. 31/1960 of 24 August 1960 establishing lists of commodities imported at the basic rupiah rate and of commodities subject to import restrictions.

2. These Decrees were issued at the same time as another Decree, No. 33/1960, which modifies rates of import and export duties, statistical duties, fees and import (sales) tax.

II. Method of restricting imports

3. Under Decree No. 32/1960 import commodities are divided into two categories:

(a) Commodities essential for the Indonesian economy

The importation of commodities included in this category is admitted either free of import duty or subject to customs duties at the rate of 20 or 30 per cent. In addition, during a transitional period needed,

The Government of Indonesia has been requested to supply the necessary information for the preparation of a basic document for the consultation to be held in April. Pending the receipt of such information, which should relate to the new import system introduced in August 1960, the present provisional text has been prepared by the secretariat on the basis of information already available to it. This text is circulated subject to correction or modification by the Indonesian authorities.

Action taken by Indonesia in the customs field has been the subject of consideration by the CONTRACTING PARTIES in connexion with its obligations under Article II of the General Agreement. For details see document L/1361 and Add.1 and 2, as well as the minutes of the Council meeting held from 22 February to 2 March 1960.

MGT(61)9
such imports may also be subject to "price adjustments" at rates to be
determined by the Ministries of Finance and Commerce. The products in
this category have been specified in lists of products which have been
circulated in document L/1361/Add.2. These show that some forty-four items
are in the group of imports free of duty (List A) and some 327 items are
subject to an import duty at the rate of 20 per cent ad valorem (List B).
A third list (List C) specifies that all goods not mentioned in either
List A or List B, or in the list of restricted imports mentioned below,
are subject to an import duty of 30 per cent.

(b) Other commodities still required by the economy

On a fourth list of products (List D) the Government is authorized
to impose restrictions by regulations. Imports of these products, insofar
as they are permitted, are subject to an import duty of 100 per cent
ad valorem and payments must be made with foreign exchange purchased at
rates to be fixed by the Bank of Indonesia and not at the basic rate.
(Although this cannot be definitely inferred from the text of the
Decrees it would appear that under the arrangements all products not
specified in this list will be admitted free of restriction, subject only
to the customs duty and, where appropriate, the "price adjustment" and other
other requirements in the exchange field.)

4. Restricted imports (List D) are divided into two groups: (a) the first
group comprising some forty-one items which may not be imported except under
a special permit issued by the Ministry of Trade. It is understood that these
goods have been chosen to be the subject of import restriction principally
because they are available in sufficient quantities from domestic production;
(b) a second group of products are considered luxuries and are at present
prohibited imports (for details see IV).

III. Treatment of imports from different sources

5. Generally the import control system does not involve discrimination in
respect of the country of origin of imports. However, in issuing licences
the authorities take account of bilateral trade agreement commitments. Such
agreements are in force with a number of countries, including Poland, Denmark,
Finland, France, the Federal Republic of Germany, India, Italy, Norway,
Pakistan, Portugal, Switzerland and Yugoslavia.

6. Limited barter deals with nearby countries and transactions involving
exports of petroleum, tin and bauxite executed under special arrangements are
exempt from the general import control regulations. It is not certain
whether this exemption is still valid under the present system with regard
to the restricted imports mentioned above.
IV. Commodities or groups of commodities affected by restrictions

7. As mentioned above, it appears that all imports except those specified for restriction (in Annex I) are free of restriction. The products subject to restriction are as follows:

(a) Imports subject to special permit issued by the Ministry of Commerce

1. Rulers including so-called double decimetre, except scale sticks and drawing wings.
2. Writing books.
3. Frame covers, saddle bags, all types of gear cases (chain covers) for bicycles.
4. Blackboards.
5. Chopping knives.
7. Ready-made paints for buildings and machines, except paints for ships and spray paints.
8. Assembled radios in cabinets; complete or in parts.
10. Incandescent mantles for pressure lamps.
11. Dry batteries for flashlights of about 60 mm high and 33 mm diameter.
12. Abrasive paper not for scouring metals.
15. Sealing wax for seals and bottles.
17. Casseroles.
18. Charcoal pressing irons.
20. Cardboard: thickness less than No. 100.
22. Blue (rackkets) for laundry.
23. Maizena.
25. Slates for schoolchildren.
26. Hospital appliances (further details will follow).

27. Various types of textiles, including:
   (a) motley coloured woven sarongs, ready-made as well as non-ready-made ones;
   (b) manufactured goods, scarfs and printed sarongs, (kain pand jung) ready made as well as non-ready-made ones;
   (c) manufactured goods whose patterns are entirely or are basically resembling the patterns of textile (kain) produced by one or other Indonesian handicraft which originally stemmed from one of the regional cultures; the patterns as mentioned above include those having a genuine Indonesian character as well as renovated ones;
   (d) knitting wares made of cotton yarns, for manufacturing brassieres, singlets and the like.

28. (Lithography) black printing ink.

29. Shoe rubber soles and rubber heels.

30. Rubber tyres for bicycles 28" x 1 ½ and further all sizes fitting 28" wheels.

31. Batteries (ready for use) for automobiles.

32. Leather shoes.

33. Leather bags.

34. Cigarettes.

35. Patjols, forks and spades.

36. Cotton wool and dressing for surgical and sanitary use.

37. Turpentine oil.

38. Manilla ropes and fibres.

39. Deck tents (sails).

40. 17" bicycles and higher, except racing bicycles and tandems.

41. Rubber cups.

(b) Luxuries subject to import prohibition

42. Passenger cars; f.o.b. more than US$2000.00.

43. Watches:
   (a) f.o.b. more than 150 Swiss Francs each, or the equivalent thereof in other currency;
   (b) wholly or partly made of or laid with precious metal;
   (c) ornamented with precious stones.

44. Cameras, f.o.b. more than US$100.00.

45. Jewellery:
   (a) precious stones;
   (b) precious metals.

46. Yachts, whether or not mechanically propelled.

47. Carpets.
V. Use of State trading or government monopoly in extracting imports

6. Effective 23 April 1959, a number of essential imports were reserved for certain government-owned or state-controlled firms. The products include textiles, cement, tinplate, light cotton, cotton weaving yarn and rayon yarn, paper, reinforced concrete, steel and wire, jute gunny bags, wheat flour, rice, cloves, cambrics and fertilizers.

VI. Measures taken in the last year in relaxing or otherwise modifying restrictions

9. In August 1959 a sweeping monetary reform, involving changes in the import control and restrictive system, was introduced.

10. This system was replaced by the present system in August 1960 when the Decrees mentioned in sections I and II above were issued. Changes in the customs tariff and exchange fields, including the introduction of the "price adjustments", differential exchange rates and import certificates, have been described in document L/1361 circulated by the Indonesian authorities in connexion with action relating to Article II of the General Agreement.