

A Brief Summary of Indonesia's New Regulations on Imports



In the past several months, the Minister of Trade (“**Ministry**”) has issued two new regulations on imports. First, in December 2023, the Ministry enacted Ministry of Trade Regulation No. 36 of 2023 on Import Policies and Provisions (“**Regulation 36/2023**”), which came into effect on 10 March 2024. Regulation 36/2023 replaces Ministry of Trade Regulation No. 20 of 2021 and its amendment, Ministry of Trade Regulation No. 25 of 2022. Then, in March 2024, the Ministry issued Ministry of Trade Regulation No. 3 of 2024 on Amendment of Import Policies and Provisions (“**Regulation 3/2024**”). Among others, Regulation 3/2024 amended the provisions on import permits and import arrangements of plastic raw materials, chemicals, aircraft spare parts, and horticultural products.

Both Regulations are aimed to enhance the supervision of goods entering Indonesia by restricting the importation of specific goods to maintain the stability of domestic trade. In Regulation 3/2024, the Ministry expands the range of used goods eligible for importation, updates the requirement for obtaining import permit, and adds classification of goods that are subject to import restrictions. Additionally, these regulations also tighten the entry of goods carried by passengers.

We take a closer look at some of the changes introduced by Regulation 36/2023 and Regulation 3/2024 below.

Client Update: Indonesia

19 April 2024

Capital Goods in Used Condition

Regulation 36/2023 expands the range of used goods eligible for importation. Previously, used goods that can be imported into Indonesia are goods that cannot be sourced domestically and goods intended for use in recovery and reconstruction due to natural disasters. Now, a business entity can also import residuals, scrap, or waste that are not included in the hazardous and toxic waste category for production purposes and goods imported for specific purposes.

By expanding the range of used goods eligible for importation, it significantly eased the process for importers looking to acquire used goods for various business operations, thereby supporting their operations.

Import Permit for Iron or Steel Products and Textile Products

An import permit is issued based on the commodity balance stipulated by the Coordinating Minister for Economic Affairs, which includes the consumption and production of certain commodities within specific periods to fulfil domestic needs. However, if the commodity balance is not yet defined, issuance of import permits may rely on other required data. Regulation 3/2024 amends the types of data as detailed below:

Goods	Required Data	
	MOT Regulation No. 25 of 2022	MOT Regulation No. 3 of 2024
Iron or steel, alloy steel, and its derivative products	<p>To import alloy steel, a party must provide:</p> <ul style="list-style-type: none"> A mill test certificate; and A statement of needs of raw/auxiliary materials (for API-P holders) or sales contract as proof of order (for API-U holders). 	<p>To import alloy steel, a party must provide:</p> <ul style="list-style-type: none"> A verification report, recommendation, or technical consideration from the Ministry of Industry; and A distribution plan (for API-U holders and specific products).
Textile products	<p>To import textile products, a party must provide:</p> <ul style="list-style-type: none"> A statement letter of industrial ownership (e.g., industrial business permit (<i>Izin Usaha Industri</i> or IUI)); and A report of industry capability report. 	<p>To import textile products, a party must provide:</p> <ul style="list-style-type: none"> A verification report or recommendation from the Ministry of Industry; and A technical consideration.

Client Update: Indonesia

19 April 2024

Notes: API-P and API-U are importer identification numbers that depend on the importers' business. A producer importer must hold an API-P, while a trading importer must hold an API-U.

All imported goods have their own classifications called the Harmonised System Code or HS Code, which are regulated under the Indonesian Customs Tariff Book 2022 (*Buku Tariff Kepabeanan Indonesia*). Aligned with the additional goods classifications in the Indonesian Customs Tariff Book 2022, Regulation 3/2024 also added various goods classifications that are subject to import restrictions. This will affect import procedures and business entities should check for the newly added goods classifications to determine whether they will be subject to import restrictions.

Goods Carried by Passengers

In a controversial move, the Ministry amended the provisions on the prohibition and restriction for importing goods that are not intended for business, including goods carried by passengers entering Indonesia. These prohibitions and restrictions are set out in Appendix IV of Regulation 3/2024:

Category	Thresholds for Goods Carried by Passengers	
	MOT Regulation No. 25 of 2022	MOT Regulation No. 3 of 2024
Cellular phone, laptop, and tablet	Max. 2 units per person	Max. 2 units per person within one year
Food and beverages	Max. FOB (FOB stands for Free on Board or the value of good at purchase) USD1,500 per person	Max. FOB USD 1,500 per person
Cosmetics	Max. FOB USD1,500 per person	Max. 20 pieces per person
Bag	-	Max. 2 pieces per person
Footwear	Max. 2 pieces/goods	Max. 2 pairs per person
Electronics	Max. 2 pieces/goods	Max. 5 units and with value max. FOB USD1,500 per person
Other finished textile goods (e.g. blanket, curtain, packing bags and others)	Max. FOB USD1,500 per person	Max. 5 pieces and with value max. FOB USD1,500 per person
Toys	-	Max. FOB USD 1,500 per person

However, the Ministry recently announced that it will evaluate the provisions on goods carried by passengers under MOT Regulation 36/2023 as amended by Regulation 3/2024, with a potential revision in the near future. Therefore, the application of the above thresholds will be on hold until further notice.

Client Update: Indonesia

19 April 2024

Key Takeaways

Business entities, especially those conducting importation regularly, must pay close attention to both Regulations to ensure compliance. Moreover, because the issuance of an import permit is based on the availability of quota in the commodity balance data, business entities should create a plan and strategy in applying for an import permit to secure the quota according to their needs. Lastly, business entities must monitor the HS Codes of goods due to the changes in the HS Codes.

For the import permit of iron, steel, and textile products, it will remain valid for a maximum of one year, regardless of whether the commodity balance has been defined or not and it applies to API-P and API-U. Therefore, it is essential to note that if a business entity's import permit for iron or steel was issued in May 2024, it will only be valid until December 2024, instead of April 2025.

If you have any queries on the above, please feel free to contact our team members below who will be happy to assist.

Contacts



Nazly Parlindungan Siregar
Partner

T +62 21 2555 9944
nazly.siregar@ahp.id



Budi Herdiyanto
Senior Associate

T +62 21 2555 7885
budi.herdiyanto@ahp.id

Muhammad Faiz Lubis, Dealita Tiara Oktaviani and Debora Eunike Munaiseche also contributed to this alert.

Regional Contacts

RAJAH & TANN SOK & HENG | *Cambodia*
Rajah & Tann Sok & Heng Law Office
T +855 23 963 112 / 113
F +855 23 963 116
kh.rajahtannasia.com

RAJAH & TANN 立杰上海
SHANGHAI REPRESENTATIVE OFFICE | *China*
**Rajah & Tann Singapore LLP
Shanghai Representative Office**
T +86 21 6120 8818
F +86 21 6120 8820
cn.rajahtannasia.com

ASSEGAF HAMZAH & PARTNERS | *Indonesia*
Assegaf Hamzah & Partners

Jakarta Office
T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office
T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

RAJAH & TANN | *Lao PDR*
Rajah & Tann (Laos) Co., Ltd.
T +856 21 454 239
F +856 21 285 261
la.rajahtannasia.com

CHRISTOPHER & LEE ONG | *Malaysia*
Christopher & Lee Ong
T +60 3 2273 1919
F +60 3 2273 8310
www.christopherleeong.com

RAJAH & TANN | *Myanmar*
Rajah & Tann Myanmar Company Limited
T +95 1 9345 343 / +95 1 9345 346
F +95 1 9345 348
mm.rajahtannasia.com

GATMAYTAN YAP PATACSIL
GUTIERREZ & PROTACIO (C&G LAW) | *Philippines*
Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)
T +632 8894 0377 to 79 / +632 8894 4931 to 32
F +632 8552 1977 to 78
www.cagatlaw.com

RAJAH & TANN | *Singapore*
Rajah & Tann Singapore LLP
T +65 6535 3600
sg.rajahtannasia.com

RAJAH & TANN | *Thailand*
R&T Asia (Thailand) Limited
T +66 2 656 1991
F +66 2 656 0833
th.rajahtannasia.com

RAJAH & TANN LCT LAWYERS | *Vietnam*
Rajah & Tann LCT Lawyers
Ho Chi Minh City Office
T +84 28 3821 2382 / +84 28 3821 2673
F +84 28 3520 8206

Hanoi Office
T +84 24 3267 6127
F +84 24 3267 6128
www.rajahtannlct.com

Rajah & Tann Asia is a network of legal practices based in Asia.

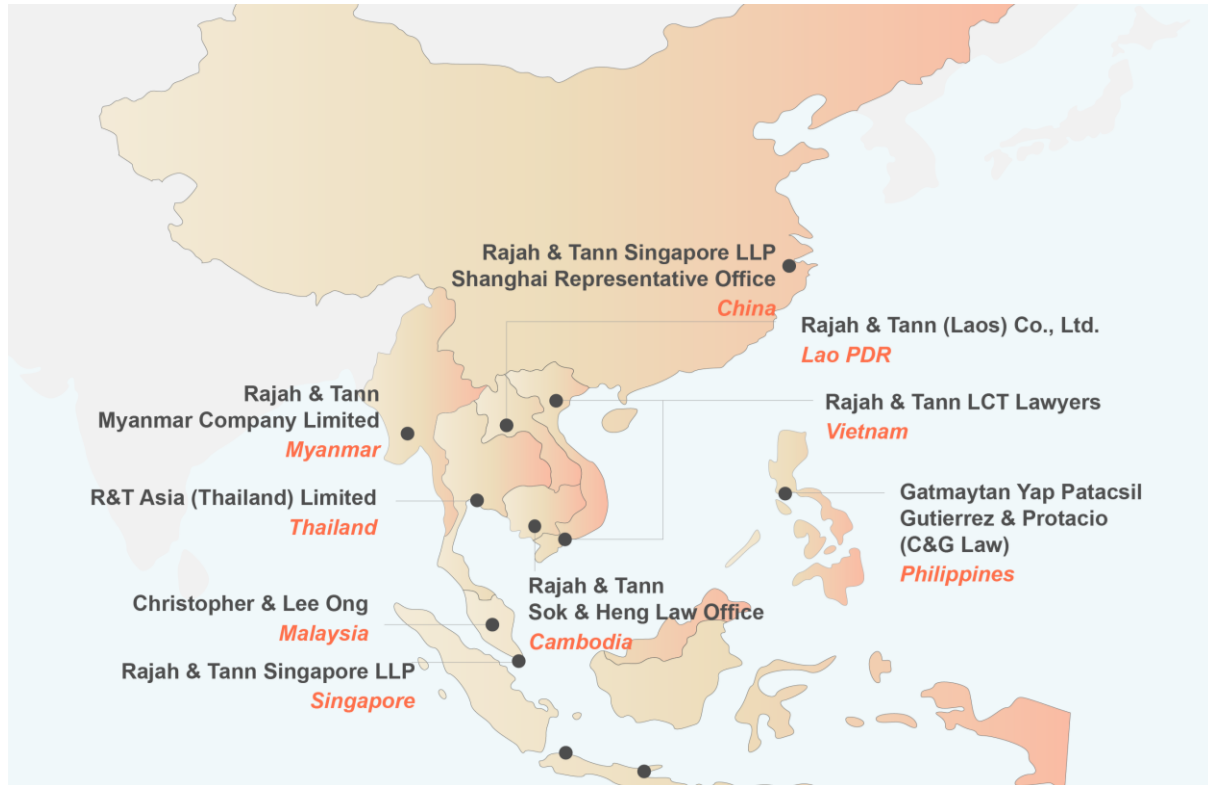
Member firms are independently constituted and regulated in accordance with relevant local legal requirements. Services provided by a member firm are governed by the terms of engagement between the member firm and the client.

This update is solely intended to provide general information and does not provide any advice or create any relationship, whether legally binding or otherwise. Rajah & Tann Asia and its member firms do not accept, and fully disclaim, responsibility for any loss or damage which may result from accessing or relying on this update.

Client Update: Indonesia

19 April 2024

Our Regional Presence



Based in Indonesia, and consistently gaining recognition from independent observers, Assegaf Hamzah & Partners has established itself as a major force locally and regionally and is ranked as a top-tier firm in many practice areas. Founded in 2001, it has a reputation for providing advice of the highest quality to a wide variety of blue-chip corporate clients, high net worth individuals, and government institutions.

Assegaf Hamzah & Partners is part of Rajah & Tann Asia, a network of local law firms in Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. Our Asian network also includes regional desks focused on Brunei, Japan and South Asia.

The contents of this Update are owned by Assegaf Hamzah & Partners and subject to copyright protection under the laws of Indonesia and, through international treaties, other countries. No part of this Update may be reproduced, licensed, sold, published, transmitted, modified, adapted, publicly displayed, broadcast (including storage in any medium by electronic means whether or not transiently for any purpose save as permitted herein) without the prior written permission of Assegaf Hamzah & Partners.

Please note also that whilst the information in this Update is correct to the best of our knowledge and belief at the time of writing, it is only intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as such information may not suit your specific business and operational requirements. It is to your advantage to seek legal advice for your specific situation. In this regard, you may call the lawyer you normally deal with in Assegaf Hamzah & Partners.