WTO TRADE FACILITATION AGREEMENT AND IMPLEMENTATION IN INDONESIA

AN INDONESIA CUSTOMS PERSPECTIVE
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INDONESIA AND ITS CUSTOMS ADMINISTRATION
INDONESIA

Lies between latitudes 6° North and 11° South, longitudes 95° East and 141° East

1,919,440 square kilometers

17,508 islands

150 active volcanoes

252,164,800 estimated population on 2014

34 provinces

Shared land borders: Papua New Guinea, Malaysia and East Timor
DIRECTORATE GENERAL OF CUSTOMS AND EXCISE (INDONESIA CUSTOMS)

HQ : Jakarta, 13.586 Officers (February 2014)
10 Directorates (including Internal Compliance Center and Secretariat)
16 Regional Customs Offices
2 Prime Customs Offices (KPU)
114 Customs and Excise Service Office
4 Customs Patrol Fleet Bases
3 Customs Laboratories
Detector Dog Training Center (k-9)
Customs Training Center
MAIN SEAPORTS AND AIRPORTS

Main Seaports
Tanjung Priok, Tanjung Emas, Tanjung Perak, Belawan, Makassar

Main Airports
Soekarno-Hatta, Juanda, Kualanamu, Ngurah Rai, Adi Soetjipto
REVISED KYOTO CONVENTION AND ITS RELEVANCE TO INDONESIA CUSTOMS
IMPORTANCE OF RKC FOR INDONESIA CUSTOMS

Provisions in RKC General Annex have been adopted into current Customs Law, which means RKC has been a basis for developing national regulations in customs matter.

Indonesia has been a contracting party to RKC since July 2014.
CUSTOMS MODERNIZATION EFFORTS:
REFERERING TO WCO RKC AND WTO TFA
Implementation of Risk Management to determine lane channeling of importers and exporters (Red, Yellow, Green)

Priority Line/MITA (Mitra Utama)

MITA is another example of risk management implementation. It is an upgrade version of Green Lane which reflects high level of stakeholders’ compliance. MITA is considered similar with Authorized Operator in WTO TFA

MITA benefits:
Goods released without document and physical examination
Electronic submission of Import Declaration prior to goods arrival
Periodical payment of Import Duty and taxes
Dedicated Client Coordinator
INDONESIA CUSTOMS MODERNIZATION EFFORTS

Indonesia National Single Window (INSW), which has been officially launched in 2007, is a system that features single submission of data and information, single and synchronous processing of data and information, single decision-making for customs release and clearance of cargo.

Consisting of 16 Government Agencies, INSW provides exporters and importers with a one-stop solution for goods licensing administration, tracking, and gathering trade-related information.
INDONESIA CUSTOMS MODERNIZATION EFFORTS

Carnet System
Carnet System is an international system which facilitate temporary admission of goods for specific purpose using international custom documents (ATA & CPD Carnet).

ATA/CPD Carnet System Implementation
Accession of Convention on Temporary Admission (Istanbul Convention) which is stipulated in Presidential Decree (PerPres) No 89/2014, in September, 2014
Introduction of Carnet System Implementation operational procedures which are stipulated in Minister of Finance Regulation (PMK) No 228/PMK.04/2014, in December 2014
Authorised Economic Operator (AEO)
AEO is one of SAFE FoS WCO pillars which aims to secure and also facilitate world trade by developing partnership between custom administration and private sectors. The objectives of AEO program are to reduce transactional cost and ensure supply chain security by certifying companies which are going to join the program.

Indonesia AEO team has certified several companies which have been participating in Indonesia AEO Program since its pilot phase.
INDONESIA CUSTOMS MODERNIZATION EFFORTS

In order to expedite goods movement, Indonesia Customs is currently developing few breakthroughs to improve monitoring efficiency and also time release of goods, such as:

- Auto-Gate System (Automated System in Temporary Storage)
- Integrated Physical Examination Site (TPFT)
- 24/7 on main airports and main sea ports
INDONESIA CUSTOMS MODERNIZATION AND WTO TFA PRACTICES

Indonesia Customs has submitted 18 A provisions from existing 48 WTO TFA provisions to national task force team for trade facilitation

Article 1 – 4 Provisions
Article 2 – 2 Provisions
Article 4 – 1 Provision
Article 6 – 3 Provisions
Article 7 – 5 Provisions
Article 9 – 1 Provision
Article 10 – 2 Provisions
INDONESIA CUSTOMS MODERNIZATION AND WTO TFA PRACTICES

Article 1 – Publication

**Website** - Indonesia Customs has been publishing informations on customs procedures and its current prevailing regulation via its official website (in Bahasa). An English version of the website is currently in finalizing phase.

**Contact Center** - Indonesia Customs has established its Contact Center which has been officially introduced by Minister of Finance on October 1, 2014.
Article 2 – Opportunity to Comment

Since 1999 (Ins-03/BC/1999), as instructed by Director General, Indonesia Customs has been providing an opportunity to business association to discuss and follow up customs-related issues.

National legislations (Law No. 14 of 2008 on Information Availability for Public and Law No. 12 of 2011 on Establishment of National Laws and Regulations) has also mandated such opportunity.

Article 4 – Appeal and Review

Indonesia Customs has implemented administrative appeal and judicial appeal and review mechanisms.
INDONESIA CUSTOMS MODERNIZATION AND WTO TFA PRACTICES

Article 6 - Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation

Fees, charges, and penalty disciplines have been regulated in a specific and transparent manner.

Article 7 – Release and Clearance

Indonesia has implemented a modern release and clearance procedures such as pre-arrival processing, post-clearance audit, and risk management.
Article 9 - Movement of Goods Under Customs Control Intended for Import

Customs Law (art.10A par.7) has permitted movement of such goods under Customs control after its obligation has been fulfilled.

Article 10 - Formalities Connected with Importation and Exportation

Adaptation of international standards and best practices has been addressed in general explanation (penjelasan umum) of Customs Law.

On the other hand, Customs Law has stipulated that the use of Customs broker in Indonesia is not mandatory.
Another effort in customs modernization which correlated with trade facilitation (and also industrial assistance) is the introduction of Cikarang Dry Port in 2010 which are intended to streamline and increase country competitiveness in term of supply chain and distribution of goods.

Cikarang Dry Port, the first Integrated Customs Services Zone in Indonesia, serves as an extension gate of Tanjung Priok Sea Port which means document formalities for port clearance, customs clearance, and quarantine could be completed here.

Strategically located in the heart of the largest manufacturing zone in Indonesia, it provides integrated port and logistics services for logistics and supply chain players, such as exporters, importers, carriers, terminal operators, container freight station, bonded transportation, third party logistics (3PL), empty container depot, as well as banks and other supporting facilities.
INDONESIA CUSTOMS AND NATIONAL POSITION ON A CATEGORY PROVISIONS OF WTO TFA
INDONESIA CUSTOMS AND NATIONAL POSITION ON A CATEGORY PROVISIONS OF WTO TFA

Utilizing Need Assessment Matrix concerning categorization on WTO TFA compiled by WTO Secretariat, Indonesia Customs has identified necessary preparation for WTO TFA implementation and synchronized it with current legal basis. As a result, there are 18 A category articles from existing 48 articles submitted to national task force team for Trade Facilitation which need further study and adjustment (financial, human resources, rules and procedures).

Nevertheless, with regard to national position submitted to WTO Secretariat, Indonesia has declared 3 A category articles of WTO TFA
INDONESIA CUSTOMS AND NATIONAL POSITION ON A CATEGORY PROVISIONS OF WTO TFA

Art. 6.3. Penalty Disciplines

customs penalty disciplines has been specifically arranged under the Government Regulation number 28 which has been implemented since 2008. The regulation stipulates that an administrative fine is imposed as a penalty based on the nature of violation

Art. 7.1 Pre-Arrival Processing

Determination of goods classification and customs value as a basis for import duty calculation prior to submission of import declaration which has been stipulated in article 17A of Customs Law is the foundation of pre-arrival processing implementation in Indonesia

Art. 10.6 Use of Customs Brokers

The use of customs brokers in Indonesia is not mandatory as stipulated in Article 29 paragraph 2 of Customs Law
INDONESIA CUSTOMS AND NATIONAL POSITION ON A CATEGORY PROVISIONS OF WTO TFA

Indonesia Customs has been in an intense coordination, involving its internal units and also external partners or stakeholders in national level, to prepare and obtain support for its effort in ensuring that Indonesia Customs is ready to implement the other A provisions of the WTO TFA which has been submitted to national task force for trade facilitation.
WE WOULD LIKE TO CONCLUDE THAT...

• Indonesia Customs has basically carried out WTO TFA provisions since Indonesia Customs has been referring to and has acceded The International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention) which was also utilized as a reference for developing WTO TFA provisions.

• Discussion on TFA by WTO members is considered as an effort which deserves to be noticed since the agreement will be globally implemented and will support service improvement to global trade which will provide a vast opportunity for business to expand its capacity. Therefore, TFA implementation is relevant with the objectives and functions of Indonesia Customs as a trade facilitator and industrial assistance provider.

• The efforts to facilitate trade according to TFA provisions demand a global and cross-sectorial participation. Therefore an integrated coordination and cooperation between relevant cross-sectoral agencies is required. Ministry of Trade as a lead coordinator is expected to have an active participation to establish mutual understanding among relevant ministries or institutions and stakeholders.