

## Client Alert



May 2016

### Ministry of Industry Issues Regulation on Granting Recommendations for Importing Complementary, Test Market and After Sales Goods

#### Introduction

On 22 March 2016, the Minister of Industry issued a new regulation on granting recommendations for importing complementary goods, goods for test market purposes and goods for after sale services. Under a Minister of Trade Regulation issued in 2015, holders of Producer Importer Identification Numbers ("**API-P**") must secure a recommendation from the Minister of Industry in order to obtain an Import Approval from the Minister of Trade to import these types of goods. The new Minister of Industry regulation is therefore relevant to API-P holders that plan to import these types of goods.

#### What the regulations says

The new Minister of Industry regulation is Minister of Industry Regulation No. 19/M-IND/PER/3/2016 on Provisions for Granting of Recommendation for Importing Complementary Goods, Goods for Test Market Purposes and Goods for After Sale Services ("**Regulation 19**"). Regulation 19 mainly deals with obtaining a recommendation from the Ministry of Industry to secure an Import Approval from the Minister of Trade to import manufactured goods to be used as test market goods, complementary goods or goods for after-sales service.

Other provisions of Regulation 19 basically similar to the Minister of Trade regulation issued in 2015 mentioned above, i.e. Minister of Trade Regulation No. 118/M-DAG/PER/12/2015 on Import Provisions for Complementary Goods, Test Market Goods and Goods for After-Sales Service ("**Regulation 118**"). Please see our client alert on Regulation 118 ([click here](#)).

#### I. Import Approval Limitation

Regulation 19 provides certain limitations on the quantity of goods and the maximum period of an Import Approval that will be given by the Minister of Trade. Specific information is provided for each category of goods stipulated in the attachment of Regulation 19. For example, the term of an Import Approval to import electronic goods for test market is limited to 2 years and the amount of electronic goods which can be imported is no more than 5% per year of the previous 2 years average production realization. Please contact us if you want a complete list of the attachments of Regulation 19.

## II. Obtaining a Recommendation from the Minister of Industry

In order to obtain a recommendation from the Minister of Industry, which is required for an Import Approval application, API-P holders have to submit an application to the Minister of Industry cc. Director General of Industrial Supervision (*Direktur Jenderal Pembina Industri*) along with the following documents:

1. Copy of industrial business license or similar business license in industrial sector.
2. Copy of taxpayer registration number (NPWP).
3. Copy of API-P.

Specifically for test market goods, the API-P holders must also provide their investment and business plan in Indonesia.

For complementary goods, API-P holders must enclose a copy of evidence of a special relationship with their foreign affiliated company which produces the complementary goods. The evidence can be in the following forms:

1. Agreement to share control over economic activities
2. Shareholding
3. Articles of association
4. Distributor/agency agreement
5. Loan agreement
6. Supplier agreement

The application for a recommendation should only be done through [siinas.kemenperin.go.id](http://siinas.kemenperin.go.id) online page, and in case of a force majeure (the page cannot be accessed), the application can be done manually. The Director General of Industrial Supervision will approve or reject the application within 5 working days after the submission of a complete set of documents.

The recommendation from the Ministry of Industry must at least contain information about the quantity, type, post tariff/HS Code and import period of the test market goods, complementary goods or goods for after-sales service.

## III. Quarterly Report

API-P holders who have obtained a recommendation are required to submit reports on the implementation of import activities on a quarterly basis, through [siinas.kemenperin.go.id](http://siinas.kemenperin.go.id) online page at the latest on the 15<sup>th</sup> day of the first month of the next quarter.

[www.hhp.co.id](http://www.hhp.co.id)

For further information please contact

**Wimbanu Widyatmoko**  
Senior Partner  
+62 21 2960 8694  
[wimbanu.widyatmoko@bakernet.com](mailto:wimbanu.widyatmoko@bakernet.com)

**Riza Buditomo**  
Associate Partner  
+62 21 2960 8569  
[riza.fadhli.buditomo@bakernet.com](mailto:riza.fadhli.buditomo@bakernet.com)

**I.B. Gading Bhimaskara**  
Associate  
+62 21 2960 8648  
[gading.bhimaskara@bakernet.com](mailto:gading.bhimaskara@bakernet.com)

Hadiputranto, Hadinoto & Partners  
The Indonesia Stock Exchange  
Building, Tower II, 21<sup>st</sup> Floor  
Sudirman Central Business District  
Jl. Jenderal Sudirman Kav. 52-53  
Jakarta 12190  
Indonesia

Tel: +62 21 2960 8888  
Fax: +62 21 2960 8999

## IV. Revocation of Recommendation

A recommendation can be revoked if the API-P holder:

1. fails to submit the import report through the online system twice;
2. is proven to have changed the data or information in the recommendation;
3. is proven to have submitted false or incorrect data or information as the requirement to obtain its recommendation after the issuance of the recommendation;
4. conducts violations in customs matters based on information from the Customs office; or
5. is found guilty of misuse of the recommendation by a legally binding court decision.

An API-P holder can re-apply for a recommendation 1 year after it is revoked.

## Conclusion

Existing Producer Importer (PI) licenses (the previous name of Import Approval) that will expire before 30 June 2016 will remain valid until 30 June 2016. API-P holders can therefore consider applying for a recommendation from the Minister of Industry to obtain a new Import Approval from the Minister of Trade once their PI license has expired (or maybe before it expires), so API-P holders can keep importing finished goods. That being said, there may be some hiccups during the application process because further provisions on issuing a recommendation are to be provided in a Director General regulation which until now has not yet been issued.