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EUCC Meeting

EU Delegation Office

30 August 2017

AGENDA

Policy Updates

Upcoming Activities

**EU-Indonesia
Economic Relations
Survey**

E-Commerce Roadmap

Milk Import Regulation - Permentan 13/2017 and Permentan 26/2017

New Regulation on Air Cargo Security - PM 53/2017

New Freight Forwarder Regulation - PM 49/2017

Updates on Import Quota on Alcohol Beverages , Advocacy of water resources Bill, Halal Implementation Law Implementation

Updates on Patent Law - Draft Presidential Regulation on Article 20

Presidential Regulation No. 74 of 2017 on Roadmap for The National Electronic Commerce System for 2017 – 2019

Regulation

- Has been put into force since its promulgation date on 3 August 2017

Provisions

- The Roadmap for The National Electronic Commerce System for 2017 – 2019 (SPNBE Roadmap 2017-2019) is stipulated in the annexes which consists of following programs:
 - Funding
 - Taxation
 - Consumer Protection
 - Education and Human Resources
 - Communication Infrastructure
 - Logistics
 - Cyber Security
 - Establishment of Implementing Management for SPNBE Roadmap 2017-2019
- The roadmap should be used as the basis for Central and local government to make policy and action plan in regards to acceleration of E-Commerce implementation; and basis for stakeholders to implement e-commerce activities
- Stipulates the establishment of Steering Committee which chaired by Coordinating Ministry of Economic Affairs and consists of 19 members from Ministries and Agencies. The Committee will be assisted by Executive team and Prominent Speakers. In doing their duties, the committee, executive team and prominent speakers will be assisted by Implementing Management. The Committee shall report to president every six month.

**MoA No. 26/2017 on Supply and Distribution of Milk &
MoA No. 13/2017 on Stock Breeding Partnership**

**Minister of Agriculture Regulation No.
26/2017**

- Regulates on Supply and Distribution of Milk
- Enforce since 19 July 2017
- Supply
- Distribution
- Partnership
- Reporting
- Development and Supervision
- Sanctions

**Minister of Agriculture Regulation No.
13/2017**

- Regulates on Stock Breeding Partnership
- Enforce since 12 May 2017
- Types of eligible business
- Actors, patterns and business partnership
- Requirements and Agreements
- Development and Supervision

MoA No. 26/2017 on Supply and Distribution of Milk & MoA No. 13/2017 on Stock Breeding Partnership

Initial Assessment

- The clause on import of milk will be regulated on separate regulation (MoA)
- The raw milk must fulfill the Indonesia National Standard (SNI) → another regulation on SNI on Milk from Ministry of Industry
- No transition period given by the regulation
- The regulation does not explicitly mention importer
- The partnership obligation burdens company

Updates

- Coordinating Ministry for Economic Affairs held an FGD on 23 August 2017 with the speakers from Ministry of Agriculture and Ministry of Industry
- Govt. realizes that local milk is not sufficient – help from all stakeholders are needed to stimulate breeder through partnership
- MoA stated that implementation of the regulation will be in 2018; technical guidance and SOP on the implementation of the regulation is needed (currently drafted); also set up analysis team (Govt, univ, BPS-statistic Agency)

Ministry of Transport Regulation No. 53 Of 2017 on Cargo and Postal Security and Cargo and Postal Supply Chain Lifted by Air



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Regulation

- Has been effective since 18 July 2017
- revokes and replaces the previous regulations No. PM 153/2015 and PM 45/2015.

Provisions

- Defines sets the responsibility of regulated agent (inspection agent) and known consignor
- Stipulates Changes from PM 153/2017 such as:
 - In this new regulation the inspection agent must possess dual view x-ray international cargo (an alarming provision as it means companies need to make more investment);
 - Warehouse should be within 5km of Airport main gate (good changes as it provides better security when moving goods);
 - Vehicle must be equipped with GPS;
 - Removes provision on Lower Tariff Thresholds; and so forth



Ministry of Transport Regulation No. 49 of 2017 on Organization and Business Activity of Freight Forwarding Services

Regulation

- Has been Enforced 6 July 2017
- Revokes PM 74/2015, 146/2015, 12/2016, 130/2016
- One year grace period for existing companies to adjust their licenses

Provisions

- The Regulation covers:
 - Types of businesses
 - Cargo documents
 - Procedures for License issuance
 - Branch office
 - Tariff for Service
 - Responsibility or Liability insurance
 - Administrative sanctions
- Covers additional types of business activities providing e-commerce, internet technology which use satellite system that enable real-time tracking of goods and Courier service and/or special personal goods
- Contains documents that need to be issued by Freight Forwarders. However, under this regulation the House B/L and House AWB also need to be registered to Association
- Foreign Freight forwarders should acquire license from BKPM with minimum 4 Million Investment (25% paid up) and report to BKPM if they are opening new branch office
- The amount of freight forwarding services tariffs is based on agreement between service provider and service user which is based on a guidelines set by the Ministry on types, structure and tariff class using tariff calculation.
- To reduce liability risk and guarantee the parties that are harmed, freight forwarding company must insured its goods and/or liability (liability insurance)

Import Quota on Alcohol Beverages, Advocacy of water resources Bill, and Halal Law Implementation



Import Quota on Alcohol Beverages

- Quota should be release by MoT on March. However, no update made until today
- EuroCham Met with DG Foreign Trade on June to discuss about the alcohol import
- Assisted by embassies and other association, EuroCham Plans to send letter to several Ministries as follow: MoT, MoTourism, CMEA, MoFinance.
- Currently Directorate General of Customs and Excise will try to send recommendation letter to MoT. The purpose of the letter is to request MoT to open the import and suggest that the importer pays an excise in advance to do the import.

Halal Law Implementation

- On July, EuroCham met with Secretary of BPJPH, Mr. Ali Irfan. From the meeting, it was announced that there are 2 Drafts of RPP and 10 MoRA Drafts Regulation which aim to be finished in July, issue on August and implement on October 2017. It was also announced that BPJPH will be launched on 17 Oct 2017 and open the registration for halal certificate.
- Recent update stipulates that the BPJPH has received Budget from MoRA
- EuroCham has requested to have follow up meeting
- On 2 August, 2017 The Minister of Religion Inaugurated Prof. Sukoso as the Chairman of BPJPH.

Advocacy of Water Resources Bill

- Will replace the currently in place Irrigation Law No. 11 of 1974
- The Draft has been revised. Changes has been made in terms of order number of the articles and there is differentiation of terms between Bottled and Pipe Water
- Some alarming provisions are still included: only State/Regional Owned Enterprises will be allowed to utilize water resources and company is forbid to make physical and non-physical measure to protect their water resources

Updates on Patent Law



Article 20

- On 15 August 2017, EuroCham held a meeting with one of the agenda was discussion on alarming provisions stipulate in the Law No. 13 of 2016 on Patent
- The Most alarming provision is in article 20 which stipulates that patent needs to be practiced in Indonesia
- Concerns raised by EuroCham and many Embassies regarding the patent Law leads to Draft Presidential Regulation

Draft Presidential Regulation

- On Monday, 7 August 2017 EuroCham attended a brief meeting on Draft Presidential Relegation.
- The Draft will allow 24-36 months postponement if patent holder has no capability to implement the patent or the implementation of patent is not proportional to the economic value.
- There will be no fees payable
- EuroCham Has submitted inputs to Ministry of Law and Human Rights (CC to relevant Ministries)

Upcoming Activities

**5
September
2017**

- **Finance and Tax Briefing on Tax Risk Survey**

**6
September
2017**

- **Energy WG Meeting**
- **Transport and Logistics WG Meeting**

**13
September
2017**

- **EuroCham Introductory session**

**19
September
2017**

- **IPR Briefing on Counterfeit Products**

**29
September
2017**

- **Business Dialogue on Transport and Logistics with EU Commissioner**

Study on EU-Indonesia Economic Relations



“There are numerous rooms of economic relations between Indonesia and European Union (EU). It ranges from investment partnership, trade partnership, financial partnership, etc. So it is crucial to have a comprehensive report that show the progress of economic relations between Indonesia and European Union within the last 10 years, which could be an academic basis to strengthen economic relations between Indonesia and European Union in the future”

EU-Indonesia Economic Relations Study



Accomplishment

- Snapshot and detailed analysis on the trend and development of the EU-Indonesia trade and investment relations in the past 10 years
- European business contribution to the national economy, trade balance, and capital flow (foreign direct investment);



Relevance

- Find relevance of Indonesia trade and investment policies in relation to EU's trade and investment development
- Assess strategy conducted by EU companies to cope with Indonesia policies



Impact

- Assess the economic impact of the EU's presence in Indonesia



Sustainability

- Provide analysis on how investment climate in Indonesia should be improved to attract more EU trade and investment
- Provide best-practices for lesson learned

Structure of questionnaire

- Basic information & Investment
- Trade in goods (Export & Import)
- Issues-specific progress (Employment, Knowledge Transfer & RnD, Capacity Building, Tax Payment, CSR)
- Policy reform progress
- Recommendations

Time frame

- Launch date : 22 Augustus 2017
- Target closed of submission: Mid-September 2017

Support needed

- Participation in the survey
- Participation in case study interview

EU-Indonesia Economic Relations Study



Survey Link:

<http://www.surveygizmo.com/s3/3632173/Survey-on-A-Decade-of-the-EU-Indonesia-Economic-Relations>

5 Sections

53 Questions

15 Minutes

Thank You



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