

NEW BILL ON TRADE INTRODUCED BY THE HOUSE OF REPRESENTATIVE

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After 80 years using a very old Dutch trade law (Bedrijfsreglementerings Ordonnantie 1934, Staatsblad 1938 Number 86), Indonesia has finally introduced its own Bill on Trade. The Bill on Trade was passed by the House of Representatives on 11 February 2014 and will come into effect on 13 March 2014 at the latest.

In brief, the Bill provides basic and general provisions on (among other things) domestic and international trade, standardization of goods and services, trade through electronic systems, and the development of cooperation, small-scale, micro and medium-scale businesses. Implementing provisions on various matters provided under the Bill will be further regulated in various Ministerial or Government regulations. The Bill confirms that all implementing regulations will be issued within 2 years. In the meantime all existing regulations on trade will remain valid as long as they are not in conflict with the provisions under the Bill. The basic and general provisions of the Bill cover the following:

For domestic trade, the Bill regulates general provisions on licensing for business actors which engage in trade activities and requires the use of the Indonesian language in labelling and increase of the use of domestic products.

Under the is Bill, the government is required to (among other things) (i) control the availability of the basic or crucial commodities in all areas in Indonesia; (ii) determine prohibitions or restrictions for trade of goods and/or services for the national interests, such as to protect the national security or the public interest.

For international trade, the Bill also regulates the basic requirement and/or principle with respect to (i) licenses for import and export activities, (ii) the principle that all products can be imported or exported, unless otherwise provided under the laws and regulations.

With respect to the standardization of goods and services, products which are traded domestically must meet the required Indonesian National Standard (or SNI) and other relevant technical requirements. On the other hand, services which are traded domestically must also meet mandatory qualifications in addition to the SNI and technical requirements.

The Bill points out the importance of the availability of accurate and complete data and/or information in trade activities through electronic systems. Failure to comply with this provision will cause the business actor to be subject to administrative sanctions (i.e. license revocation).

The government is required to support cooperation, small-scale, micro and medium-scale businesses which engage in trade sectors. The support may be in the form of facilities, incentives, technical assistance, access and/or capital support, promotional and marketing assistance, which matters are provided further under a Presidential Regulation.

The Bill also facilitates the basis for the establishment of the National Trade Committee to support the acceleration of the fulfillment of the trade activities provisions and whose tasks are (among other things) to assist the government in the socialization of trade policies and regulations, to give inputs for (i) policies and regulations on trade and (ii) the settlement of issues in domestic and international trade.

Certain criminal sanctions are applicable for non-compliance with (among other things) the use of the Indonesian language requirements in labelling, licensing requirements, restrictions of trade of certain goods/services, and SNI requirements.