

Indonesia: API-P license holders can breathe a sigh of relief

API-P license holders will soon be able to breathe a sigh of relief as the Ministry of Trade has shown concern for importers' challenges by issuing a supplementary regulation to the previous the Minister of Trade regulation No. 70/M-DAG/PER/9/2015 ("Permendag-70") on Importer Identification Number (API). Together with Permendag-70, the supplementary regulation, entitled "Provisions on Imports of Complementary Goods, Market Testing Goods, and After Sales Services Goods", will come into effect on 1 January 2016. The following are summary of the key elements of the regulation:

1. A Complementary Good is a manufactured good imported by an API-P license holder to complement its product lines. The good must be sourced from and manufactured by the foreign entities having special relationship with the API-P license holder. Special relationships is defined as a relation in which one party has the ability to control the other party or has significant influence over the other party, according to the applicable accounting standards.
2. A Market Testing Good is a manufactured good imported by the API-P license holder to test the market and is imported only within a specific period / limited time frame and in a limited quantity / volume.
3. An After-Sales Services Good is a manufactured good imported by the API-P license holder with the purpose to secure the availability of spare parts and substitute goods of the main (manufactured) products in markets.
4. The above three types of imported goods are tradeable and can be transferred to other parties, but cannot be used in the manufacturing process.
5. Other than that, the goods must also meet the following requirements:
 - they must be imported in a new condition;
 - they cannot be manufactured by the API-P license holder; if they could be, or are available in the domestic market, this must be in a limited quantity only; and
 - they are in accordance with the API-P license holder's business license.
6. Prior to importing such goods, the API-P holders must obtain an Import Approval ("IA") from the Ministry of Trade by submitting an online application to the Director General of Foreign Trade via <http://inatrade.kemendag.go.id>. The application will be processed within 5 working days upon receipt of the completed and accurate application.
7. After obtaining IA, the API-P license holders are required to submit periodic reports. They will also be subject to post compliance audits conducted by the Directorate General of Foreign Trade of the Ministry of Trade.
8. The Importer Producer ("PI") licenses currently held by the API-P license holders under the previous Ministry of Trade regulation No.27/M-DAG/PER/5/2012 and 84/M-DAG/PER/12/2012 remain valid until 30 June 2016.

To discuss the above in more detail, please do not hesitate to reach out to your usual PwC contact.

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