



PT. JIVA SAMUDERA BIRU



JSB'S COMPLETE GUIDE ON HOW TO
SOURCE
from **INDONESIA**

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PREMIUM INDOONESIAN SPICES

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INDONESIA



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INDONESIA OVERVIEW

EXPORT GUIDE INTRODUCTION

Spread across more than 17,500 islands, the Indonesian archipelago is a pivotal trading hub in Southeast Asia. The island country borders Malaysia, Timor-Leste, and Papua New Guinea by land, and Christmas Island, India, the Philippines, Singapore, Thailand, Vietnam, Australia and Palau by sea.

Indonesia may not be as big in land mass and population as China, but it is in every other sense of the word because of its limitless opportunities for businesses—large and small alike. Here I take a look at Indonesia and why you should consider this vibrant market for exports and sourcing products.

Indonesia's Time Zones

There are three Standard Time Zones in Indonesia:



Sumatra, Java and West & Central Kalimantan are 7 hours ahead of Greenwich Mean Time (GMT+7)

Bali, Nusa Tenggara, South & East Kalimantan and Sulawesi are 8 hours ahead of Greenwich Mean Time (GMT+8)

Irian Jaya and Maluku are 9 hours ahead of Greenwich Mean Time (GMT+9)



According to World Bank, Indonesia continues to post significant economic growth. The Central Intelligence Agency (CIA) goes on to say, “During the global financial crisis, Indonesia outperformed its regional neighbour and joined China and India as the only G20 members posting growth.”

INDONESIA GROWTH PROSPECTS

With a population of 258 million, according to the CIA World Fact Book, Indonesia is the fifth most populated country in the world. Indonesia is an emerging global powerhouse and member of the prestigious G20. In 2015, with a Gross Domestic Product or GDP (Product Domestic Bruto or PDB) growth rate of 4.79%, Indonesia was the group's third fastest-growing economy, only behind India and China. Today, Indonesia is the largest economy in Southeast Asia and the world's 16th largest economy with almost a trillion dollar of GDP.

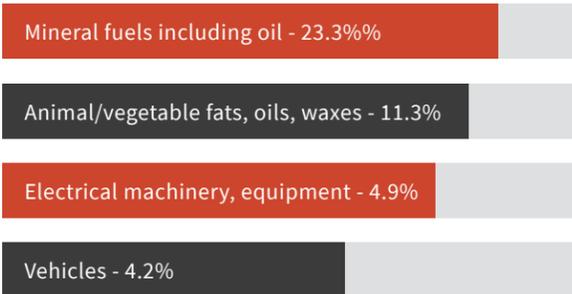
Indonesia has an abundance of renewable (agricultural products) and un-renewable (mining and minerals) natural resources. It is the world's largest producer of palm oil, and the world's second largest cocoa and rubber producer. The country also produces tin, nickel, coal, natural gas, bauxite, copper and gold in large quantities. It must be able to optimize the handling of its natural resources by increasing a processing industry that will provide high added value.

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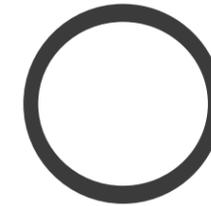
Most of Indonesia's success is largely homegrown. Meaning, domestic consumption (roughly 60%) has enabled Indonesia to grow faster than its neighbors, such as Singapore, whose economy is more dependent on import/export trade and therefore more vulnerable to slowing export demand. Indonesian exports are worth about 25% of the country's economy.

HOMEGROWN PRODUCT

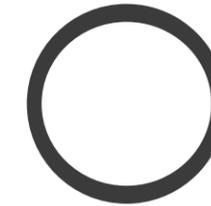
The products Indonesia is best known for are rubber and similar products, palm oil, poultry, beef, forest products, shrimp, cocoa, coffee, medicinal herbs, essential oil, fish and its similar products, and spices.



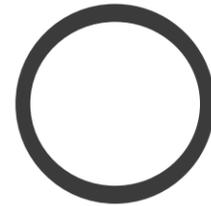
INDONESIA'S EXPORTS TO THE WORLD ARE



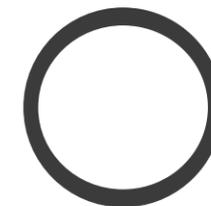
Mineral fuels, distillation products, etc.



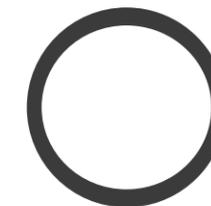
Animal, vegetable fats and oils etc.



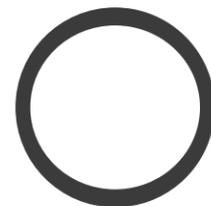
Electrical, electronic equipment



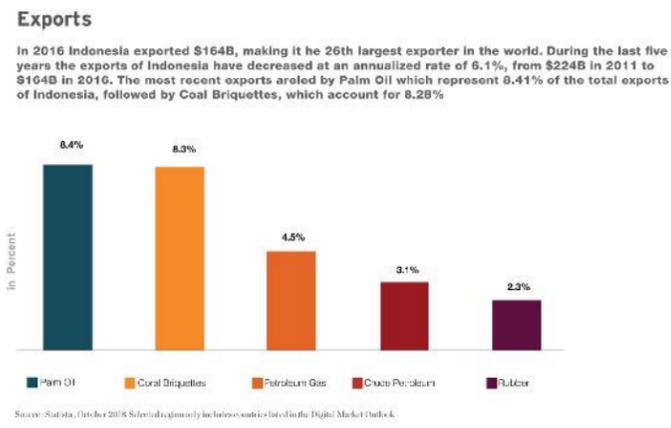
Machinery, nuclear reactors, boilers etc.



Rubber and rubber articles etc.



Footwear, gaiters and parts etc.



INDONESIA EXPORT SNAPSHOT

With yearly exports of \$140 billion, Indonesia is currently ranked the 22nd largest export economy in the world, and it enjoys a positive trade balance of \$8.07 billion after deducting annual imports of \$132 billion. The current GDP of Indonesia is \$932 billion, which means that their GDP per capita is \$11,600.

The country's top export destinations are China (US\$16.8 billion), the United States (US\$16.2 billion), Japan (US\$16.2 billion), Singapore (US\$11.2 billion), and India (US\$10.1 billion). The country imports predominantly from China (US\$32.1 billion), Singapore (US\$25.8 billion), Japan (US\$11.3 billion), Malaysia (US\$6.67 billion), and South Korea (US\$6.61 billion).



China



United States & Japan

INDONESIA TOP COMMODITY EXPORTS

Indonesia's Top 5 Commodity Exports Commodity Amount (Annually) Palm Oil \$14.4 billion Coal Briquettes \$11.98 billion Petroleum Gas \$6.22 billion Copper Ore \$3.48 billion Gold \$1.37 billion Rubber - \$3.33 billion Jewelry - \$3.97 billion Coconut Oil - \$2.73 billion Cars - \$2.55 billion Plywood - \$2.08 billion

INDONESIA TOP COMMODITY IMPORTS

Indonesia's Top 5 Commodity Imports Commodity Amount (Annually) Refined Petroleum \$9.91 billion Wheat \$2.41 billion Raw Sugar \$2.05 billion Cotton \$1.09 billion Soybeans \$995 million Indonesia's Other Notable Imports Telephones - \$3.56 billion Vehicle Parts - \$2.56 billion Computers - \$1.95 billion Integrated Circuits - \$1.37 billion Cars - \$1.19 billion

INDONESIA EXPORTS

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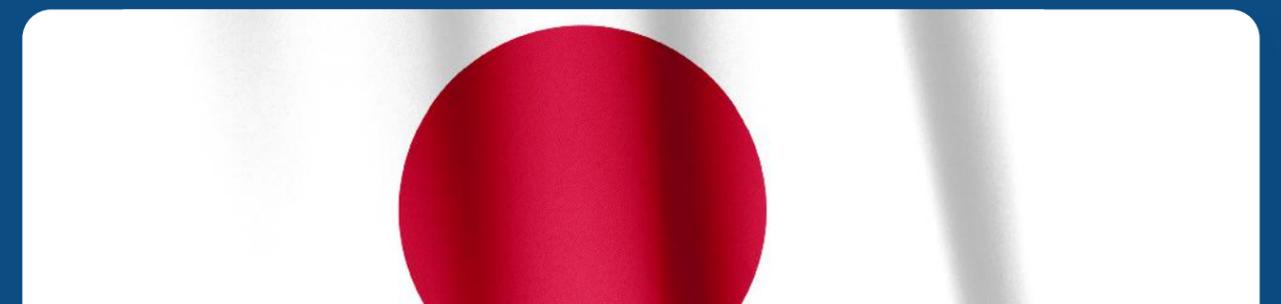
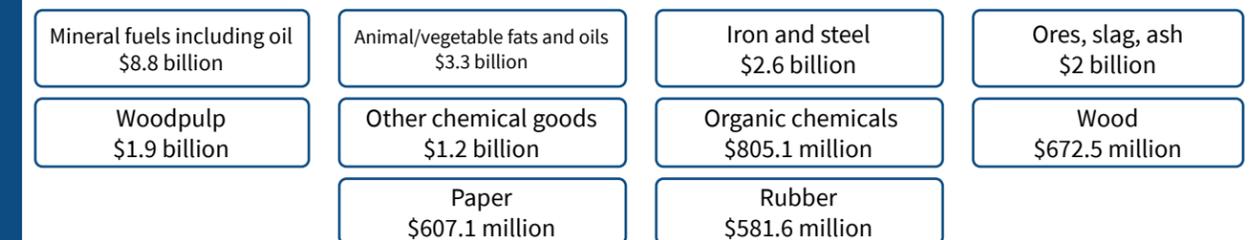
INDONESIA TOP COMMODITY IMPORTS

Indonesia's Top 5 Commodity Imports Commodity Amount (Annually)



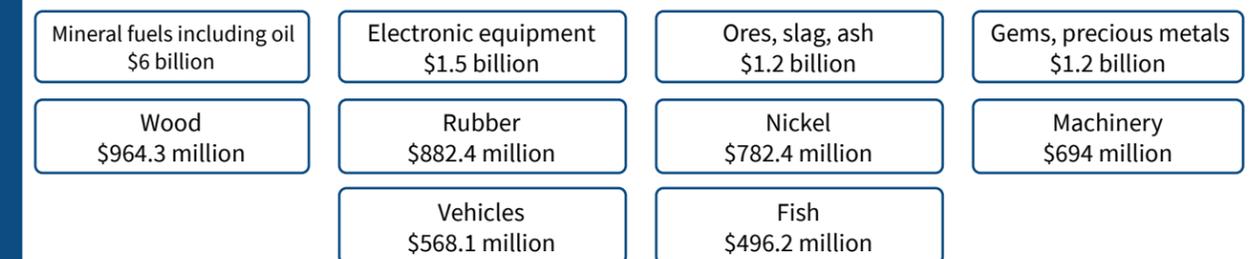
TOP 10 INDONESIAN EXPORTS TO CHINA

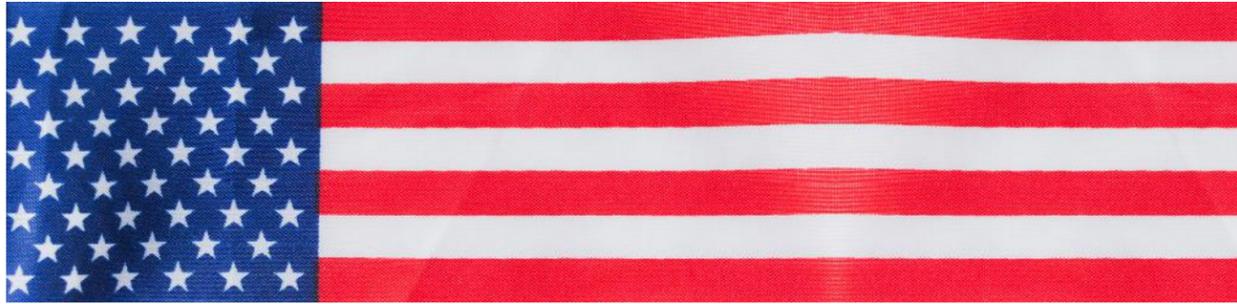
Indonesia's exports to China amounted to \$27.1 billion or 15.1% of its overall exports.



TOP 10 INDONESIAN EXPORTS TO JAPAN

Indonesia's exports to Japan amounted to \$19.5 billion or 10.8% of its overall exports.





TOP 10 INDONESIAN EXPORTS TO THE US

Indonesia's exports to America amounted to \$18.5 billion or 10.2% of its overall exports.

Clothing (not knit or crochet) \$2.3 billion	Knit or crochet clothing \$2.2 billion	Rubber \$1.6 billion	Footwear \$1.4 billion
Fish \$1.3 billion	Animal/vegetable fats and oils \$948 million	Electronic equipment \$830.2 million	Mineral fuels including oil \$823.2 million
	Furniture, lighting, signs \$763.7 million	Machinery \$578.1 million	



TOP 10 INDONESIAN EXPORTS TO INDIA

Indonesia's exports to India amounted to \$13.7 billion or 7.6% of its overall exports.

Mineral fuels including oil \$5.5 billion	Animal/vegetable fats and oils \$3.6 billion	Iron and steel \$470.5 million	Rubber \$460.1 million
Ores, slag, ash \$430.1 million	Other chemical goods \$412.8 million	Inorganic chemicals \$272.3 million	Organic chemicals \$204.5 million
	Paper \$194.4 million	Wood \$170.5 million	



TOP 10 INDONESIAN EXPORTS TO SINGAPORE

Indonesia's exports to Singapore amounted to \$13 billion or 7.2% of its overall exports.

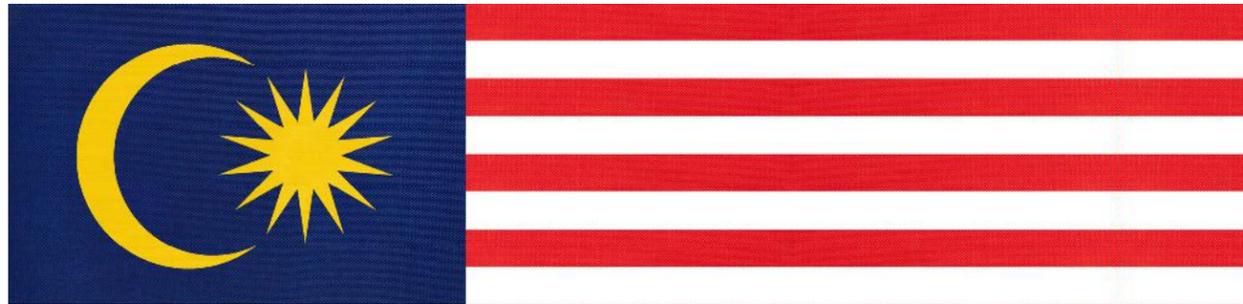
Mineral fuels including oil \$4.3 billion	Gems, precious metals \$2.4 billion	Electronic equipment \$1.8 billion	Machinery \$960.2 million
Tin \$399.5 million	Animal/vegetable fats and oils \$314.1 million	Other chemical goods \$212.5 million	Perfumes, cosmetics \$207 million
	Vehicles \$173.1 million	Iron or steel products \$172.9 million	



TOP 10 INDONESIAN EXPORTS TO SOUTH KOREA

Indonesia's exports to South Korea amounted to \$9.5 billion or 5.3% of its overall exports.

Mineral fuels including oil \$4.1 billion	Animal/vegetable fats and oils \$295.9 million	Iron and steel \$657.1 million	Rubber \$288.7 million
Ores, slag, ash \$616.4 million	Wood \$429.4 million	Electronic equipment \$294.5 million	Tin \$214.9 million
	Gems, precious metals \$212.4 million	Clothing (not knit or crochet) \$193.9 million	



TOP 10 INDONESIAN EXPORTS TO MALAYSIA

Indonesia's exports to Malaysia amounted to \$9.4 billion or 5.2% of its overall exports.

Mineral fuels including oil \$3.2 billion	Animal/vegetable fats and oils \$942.7 million	Copper \$517.7 million	Machinery \$452.4 million
Vehicles \$450.5 million	Other chemical goods \$444.8 million	Electronic equipment \$370.6 million	Paper \$300.2 million
	Iron and steel \$234.7 million	Tobacco \$223.1 million	



TOP 10 INDONESIAN EXPORTS TO THAILAND

Indonesia's exports to Thailand amounted to \$6.8 billion or 3.8% of its overall exports.

Mineral fuels including oil \$2.2 billion	Fruits, nuts \$176.2 million	Copper \$517.7 million	Machinery \$567.6 million
Vehicles \$1 billion	Iron or steel products \$170.9 million	Electronic equipment \$232.4 million	Organic chemicals \$169.5 million
	Plastics \$167.1 million	Paper \$140.5 million	



TOP 10 INDONESIAN EXPORTS TO THE PHILIPPINES

Indonesia's exports to Philippines amounted to \$6.8 billion or 3.8% of its overall exports.

Vehicles \$1.9 billion	Mineral fuels including oil \$1.6 billion	Other food preparations \$485.3 millio	Animal/vegetable fats and oils \$357.9 million
Machinery \$311 million	Ores, slag, ash \$286.1 million	Paper \$223.1 million	Electronic equipment \$172.8 million
	Fertilizers \$125.4 million	Plastics \$117.9 million	



TOP 10 INDONESIAN EXPORTS TO TAIWAN

Indonesia's exports to Taiwan amounted to \$4.7 billion or 2.6% of its overall exports.

Iron and steel \$808.9 million	Mineral fuels including oil \$2.3 billion	Paper \$163.4 million	Wood \$149.9 million
Fish \$114.3 million	Copper \$109.9 million	Tin \$105.2 million	Electronic equipment \$96.2 million
	Machinery \$84.9 million	Rubber \$79.3 million	



TOP 10 INDONESIAN EXPORTS TO VIETNAM

Indonesia's exports to Vietnam amounted to \$4.6 billion or 2.5% of its overall exports.

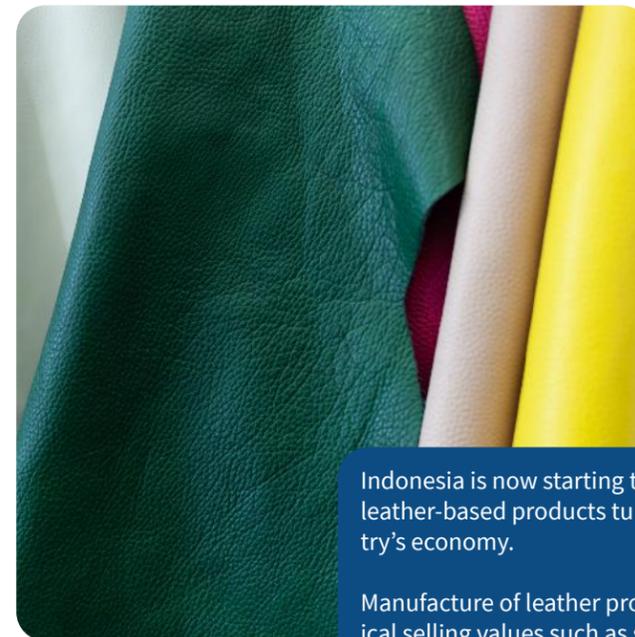
Vehicles \$586.5 million	Mineral fuels including oil \$588.4 million	Electronic equipment \$351.5 million	Animal/vegetable fats and oils \$297.8 million
Paper \$261.1 million	Machinery \$250 million	Plastics \$195.4 million	Iron and steel \$171.3 million
	Organic chemicals \$165.8 million	Copper \$136.6 million	



Coal (Thermal Coal / Antrachite Coal)

Now Indonesia occupies a country that has the largest coal reserves and has the best quality in the world. There are very many coal mining companies or industries in Indonesia, both privately owned and owned by Indonesian SOEs. The coal mining sector has now stretched and flapped its wings abroad.

This is evidenced by the success of Indonesia in exporting coal to India, Vietnam, China, Taiwan and other countries. The value of coal export transactions also shot up to 12.9 billion US dollars, equivalent to more than 165 trillion rupiah per 2016-2017.



Leather and Leather Products

Indonesia is now starting to export leather products. The cultivation of various leather-based products turned out to be able to contribute very well to the country's economy.

Manufacture of leather products that are of high quality and have more economical selling values such as sling bags, leather jackets and other products are now in demand by European markets such as Italy, Switzerland, Germany, the Netherlands and the United States, and Singapore.



Coffe

Indonesia has long earned the title of the largest producer and exporter of coffee in the world by exporting coffee that has the best quality in the universe. Most of the products are super quality and low quality Arabica and Robusta varieties. Indonesia is among the world's top coffee producing and exporting countries. Indonesia is also famous for having a number of specialty coffees such as 'kopi luwak' (known as world's the most expensive coffee) and 'kopi Mandailing' (see below)

Thus, as for the destination countries that often imports coffee originating from Indonesia, such as Malaysia, Singapore, Al-Jazair, Dubai, Qatar, Germany, the Netherlands, and other countries.



Shrimp or Lobster

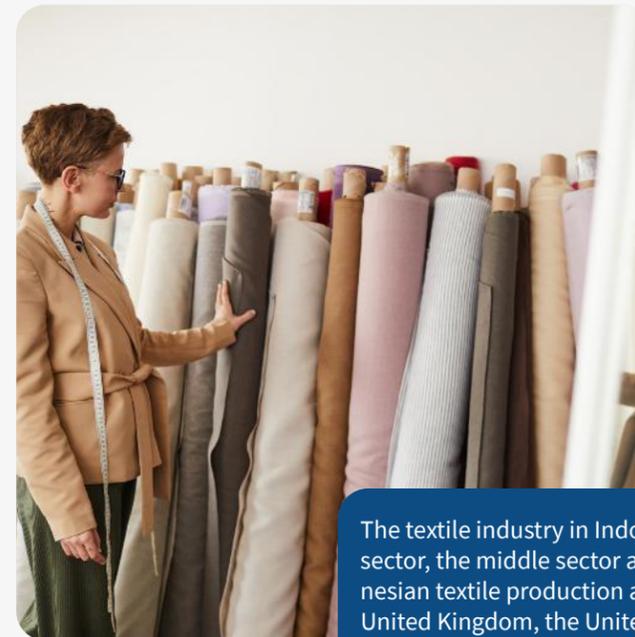
Indonesia from 10 years ago to the present is still the largest exporter of shrimp products in ASEAN and has the best quality in the world. While for the largest shrimp export destination countries from Indonesia are Japan and the United States



Rubber

Rubber is a commodity product that is used in many equipment throughout the world, ranging from industrial equipment to household appliances

Indonesia is the second rubber producer in the world. Indonesia succeeded in producing 3,200,000 tons of rubber in 2014. The five countries that import rubber from Indonesia are the United States, China, Japan, Singapore, and Brazil.



Textile

The textile industry in Indonesia is divided into three sectors: namely the upstream sector, the middle sector and the downstream sector. Countries that export Indonesian textile production are the United States, Japan, Turkey, South Korea, the United Kingdom, the United Arab Emirates, China, Brazil, Malaysia, Belgium, Italy, the Netherlands, Spain, Canada, Saudi Arabia, Thailand, France, Vietnam, and Taiwan.



Forestry Products

Indonesia's next leading export commodity is forestry products, where the Indonesian forestry industry is one of the contributors to government revenues.

The diversity of Indonesian furniture and craft products has a comparative advantage both in terms of their unique design and legality because they are equipped with environmental-friendly certification and trade sustainability. One of the important certificates that need to be owned by exporters of wood products is a certificate of Timber Legality Verification System (SVLK) or V-legal timber.



Palm and derivatives

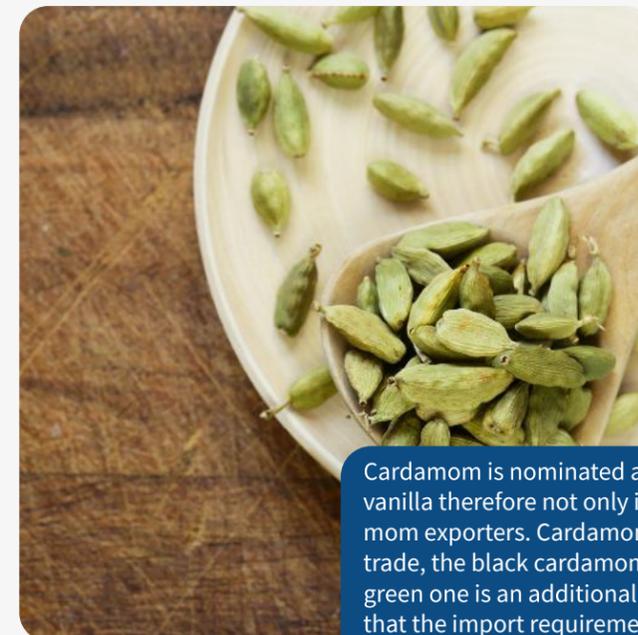
Did you know, Indonesia is the number one producer of palm oil and its number one derivative product in the world? The world production of palm oil (CPO) is dominated by Indonesia and Malaysia. These two countries produce a total of around 85-90% of the world's total palm oil production. At present, Indonesia is the largest producer and exporter of palm oil in the world. Export destinations for palm oil products and their derivatives are: Russia, Japan, China, Bangladesh, India, Pakistan, Singapore and others.



Footwear

The matter of Indonesian creativity is also good, one of them in the field of footwear. Dominated also by small and medium industries, this commodity is able to become one of the 10 mainstays of Indonesian exports whose value is increasing.

Its own export value has reached USD 4.9 billion, equivalent to 2.9% of total exports and is expected to grow.



CARDAMOM

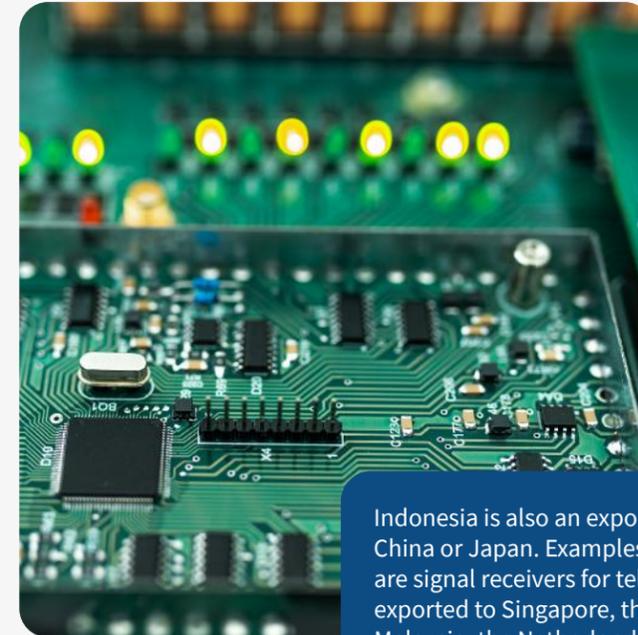
Cardamom is nominated as one of world most expensive spices after saffron and vanilla therefore not only in Indonesia but India and Guatemala become cardamom exporters. Cardamom is at the same price with gold in the international trade, the black cardamom used as an ingredient to make curry meanwhile the green one is an additional ingredient to coffee, tea, and cookies Did you know that the import requirement for world cinnamon is 100,000 metric tons per year on average? Amazing isn't it? The countries that import cinnamon from Indonesia are the United States, Singapore, Dubai and Malaysia. Thus, we must increase the market share for this excellent Indonesian commodity.



Cocoa Beans

making chocolate and other food ingredients. The cocoa sector contributes greatly to the economy in Indonesia. The Indonesian state also succeeded in becoming the third largest cocoa producer in the world.

Importing countries from cocoa from Indonesia are the United States, Japan, China, Britain, Belgium, Hong Kong, Vietnam, Singapore, France, Canada, Australia, Malaysia, Taiwan, Russia, the Netherlands, Italy, Germany, South Korea and Denmark.



Electronic equipment

Indonesia is also an exporter of electronic equipment although it is not as big as China or Japan. Examples of Indonesian electronic equipment exported overseas are signal receivers for television and electronic panels. And these goods are exported to Singapore, the United States, Japan, Hong Kong, China, Germany, Malaysia, the Netherlands, South Korea, the Philippines, France, Thailand, India, Australia, United Arab Emirates, Britain, Taiwan, Vietnam, Belgium, and Italy.



TEA Products

Tea is one of the world's most consumed beverages. Indonesia currently ranks seventh on the list of the world's largest tea producers. Nearly half of Indonesia's tea production is exported abroad. The main export markets are Russia, Great Britain, and Pakistan. Unilever Indonesia buys its raw tea materials from large state-owned or private plantations to produce its tea products.

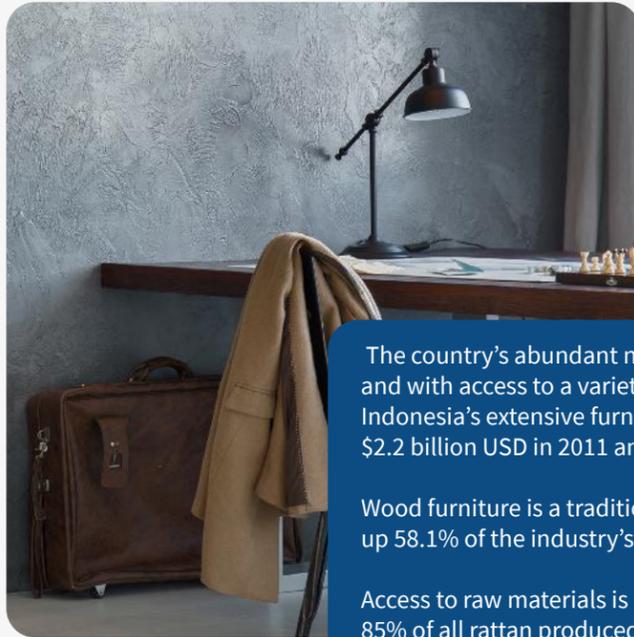
The Indonesian pavilion featured seven companies. For the tea and herbal beverage product category, there were five companies, Harendong Tea Estate, PT Bukit Sari, PT Kepala Djenggot, Mustika Ratu, and Rowadu. For snack product category, there were two companies, Jans Food and Ladang Lima. The products including sweet potato chips, salted butter cookies, Danish cookies and almond vegan cookies.



Fish and Fishery Products

Indonesia is known as the largest fish producer and exporter of fishery products in the world, it turns out Indonesia has never had a scarcity of fish. Indonesia has the best quality fish in the world both from marine catches such as yellow fin tuna and blue fins, red fish, sea carp, etc., and Indonesia also has aquaculture fish such as catfish (cat fish), tilapia, and much more.

The good news is that Indonesia can export canned fish products such as sardines, canned tuna and shredded fish. The transaction value of Indonesian fishery products shot up and exceeded more than 15 billion US dollars or equivalent to 180 trillion rupiah more. The destination countries for exporters of Indonesian fishery products are Japan, China, the United States, Turkey, Qatar, Dubai, the United Kingdom, and other European countries.



Home Décor & Furniture

The country's abundant natural resources as the world's largest rattan producer and with access to a variety of wood types like teak have served as the basis for Indonesia's extensive furniture and homeware industry with exports reaching \$2.2 billion USD in 2011 and expected to reach \$2.7 billion USD in 2012 (ASMINDO,

Wood furniture is a traditional mainstay of the Indonesian furniture sector making up 58.1% of the industry's total exports in 2010 (ASMINDO).

Access to raw materials is another draw given that the country is responsible for 85% of all rattan produced worldwide, has extensive timber production for woods such as teak, bamboo and plywood as well as other useful natural materials such as water hyacinth.



Organic Chemicals

Indonesia Exports of Organic chemicals was US\$2.93 Billion during 2018, according to the United Nations COMTRADE database on international trade.



CLOVE

Indonesia is the biggest clove producer in the world,



Cinnamon

Indonesia it is the chief producer of cassia cinnamon, cassia cinnamon is a hard bark that has sharp smells, spicy, and quite bitter.



PEPPER

Indonesia is the second biggest pepper exporter in the world after Vietnam.



Nutmeg

Indonesia is one of the largest exporter of NUTMAG

EXPORT REQUIREMENTS

Exporters too must first obtain a NIK to carry out export activities. In addition, exporting companies must already have a taxpayer identification number (NPWP) and one of the following business licenses: Trade license (SIUP) from the Ministry of Trade; Manufacturing license from the Ministry of Industry, or other licenses issued by the relevant authority; PMA license issued by the Investment Coordinating Board (BKPM); or Exporter identification number (APE).

Businesses exporting out of Indonesia must provide the following documents:

BILL OF LADING	AIRWAY BILL OR OTHER TRANSPORT DOCUMENTS SUCH AS POSTAL RECEIPT	CARGO RECEIPT	COMMERCIAL INVOICE
CUSTOMS EXPORT DECLARATION	PACKING LIST	EXPORT DECLARATION OF GOODS (PEB)	INSURANCE CERTIFICATE
EXPORT PERMIT AND CERTIFICATE OF ORIGIN. (In some cases, it may also be necessary to provide the following)	INSURANCE	A QUALITY STATEMENT OR QUALITY CERTIFICATE OR EXPORT LKP (Truth Examination Report)	

for products receiving Bapeksta facility or subject to PE (Export Tax) or PET (Export

Importers and Exporters must note that the documents may have to be prepared in a special way to comply with the requirements of the import or export country. The required documents depend upon the nature of goods imported (general goods, personal effects, dangerous goods, and livestock among others), regular trade policy of Indonesia government, specific goods imported to Indonesia such as arms and ammunition, health products, food products, and chemicals.

In order to be an Exporter Company, the following provisions must be met:

<p>1. Legal Entity, in form of:</p> <ol style="list-style-type: none"> 1.CV (Commanditaire Vennotschap) 2.Firm 3.PT (Limited Liability Company) 4.Persero (Limited Liability Company) 5.Perum (Public Corporation) 6.Perjan (Departmental Company) 7.Cooperative 	<p>2. Having NPWP (Taxpayer Identification Number)</p>
<p>3. Having one of the licenses issued by the government, such as:</p> <ol style="list-style-type: none"> 1. Trading Business License (SIUP) from the Department of Commerce 2. Industrial License from Department of Industry 3. Domestic Investment Business License (PMDN) or Foreign Investment (PMA) issued by the Investment Coordinating Board (BKPM) 	<p>4. Having Export Identity Number (APE)</p>

A. Manufacturer Exporter, with the following requirements:

- As Manufacturer Exporter, in seeking its legality, it should meet the requirements of filling the form provided by Department of Industry and Commerce in District/City or Provincial level, and related technical institutions.
- Having Industrial Business License.
- Having NPWP
- Submit the export realization report to the Department of Industry and Commerce or appointed institutions and officials (regularly every three months), and is validated by foreign exchange bank by attaching the letter of statement as follows: Non-involvement of tax arrears, banking arrears, and custom issues.

B. Non-Manufacturer Exporter, with the following requirements:

- As Non-Manufacturer Exporter, in seeking its legality, it should meet the requirements of filling the form provided by Department of Industry and Commerce in District/City or Provincial level, and related technical institutions.
- Having Trading Business License.
- Having NPWP
- Submit the export realization report to the Department of Industry and Commerce or appointed institutions and officials (regularly every three months), and is validated by foreign exchange bank by attaching the letter of statement of non-involvement of tax arrears, banking arrears, and custom issues.

EXPORT DOCUMENTATION

An export declaration has to be submitted together with “Complete Documents”. This means that it has to be submitted together with the commercial invoice and packing list (Bill of Lading will be provided by the freight forwarding companies after the inspection by the Customs Office), certificate of origin, weight-note, measurement list, manufacturer’s certificate; and where applicable inspection certificate, chemical analysis, and test certificate.



The Customs Office will check the export documents to confirm:

- The status of the exporter/PPJK (whether they were blocked or not).
- Conformity between PEB and the supporting documents, such as: proof of paid Non- State Tax Revenue (PNBP, Pendapatan Negara Bukan Pajak) the state income before taxes have been deducted), proof of paid Export Duty (if it applicable).

The Customs Office will declare documentation as follows:

<p><input checked="" type="checkbox"/> (yeS) If it is declared complete and correct.</p>	<p>(NO) If it is declared incomplete and/or incorrect, then Customs will issue a Rejection Notification Note (NPP) stating that the exporter should complete his documents accordingly before handing them in again to the Customs Office.</p>
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DOCUMENT EXAMINATION

If the document examination is deemed complete, customs will continue its process by checking the fulfillment of prohibition requirements and/or restrictions (Iartas).

<p><input checked="" type="checkbox"/> (yeS) If it is deemed fulfilled, the Customs will move it on to the next stage, which is the physical examination.</p>	<p>(NO) If it is declared unfulfilled, then the Customs will issue a Memorandum of Notification Requirements Document (NPPD).</p>
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Once the documents are approved and the restriction provisions are declared met, then Customs will decide whether it will be necessary to conduct a physical examination.

The physical examination might be required for export goods, if the any of the following is deemed applicable:

- If the goods received the Import Facilities for Export Purpose (KITE facility, Kemudahan Import Tujuan Ekspor);
- If it is decided by the customs office to check if the export duty is applicable to the export goods;

If it is decided by the Customs Office, based on the information received from the Directorate General of Taxation; or

- If it is decided by the Customs Office, based on the analysis of the Examination Unit (if there is a strong indication of infringement or a conclusive legal infringement has been found).



(yes)

If physical examination is considered necessary, the Customs will issue a Material Examination Notification (PPB).

(no)

If it is deemed unnecessary, Customs will issue an Export Notification Note (NPE)

THE PHYSICAL EXAMINATION

The required documents for physical examination are as follows:

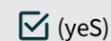
1. PPB (PEB) completed with registration number and application date, signed and stamped with the company stamp (or corrected PEB with signature and stamp of exporter);
2. A signed and stamped Consolidated Notification of Export Goods (PKBE, Pemberitahuan Konsolidasi Barang Ekspor). The PKBE is a notification of export of consolidated goods made by exporters, which contains details of all export documents already approved and customs declarations of goods to be exported as a batch.
3. The copy of invoice and packing list.

The physical examination is always required when exporting under the following circumstances:

- The products are to be re-imported;
- During the importation, the goods are designated to be re-exported;
- The products receive KITE facility;
- The export tariff applies to the products;
- If determined by the General Directorate of Taxation; or
- If required, based on an analysis report of the Controlling Unit that suggests strong indications of infringement or violation of existing regulations.

The physical examination can take place in the following areas:

- The customs area of the loading port.
- The exporter's warehouse (bonded zone).
- Any place where the exporter stored their goods after receiving an approval from the Head of Customs Office.



(yes)

If the physical examination is completed without deficiencies, Customs will issue an Export Notification Note.

NO)

If the examination is completed with deficiencies, the Customs Office will issue an Intelligence Result Note (NHI).

The goods will be stamped and further examined by an Export Document Examination Officer (PPDE). In this case, the export of the goods may not be allowed.

export – Shipment/Further examination by PPde

In order to allow for entry of the export goods into the Customs area of the loading port, the following documents are necessary:

- NPE
- PEB and PPB, if the physical examination is conducted in the Customs area.
- PKBE, if the export goods are considered consolidated goods.
- The detailed descriptions for export management and samples for administrative procedures, as per the flow-chart shown above, are included in the Directorate General for Customs Act No. P-40/BC/2008 about Customs Management for Exports.

PRE-SHIPMENT INSPECTION

European buyers or importers might request a pre-shipment inspection by a third party, in order to determine whether the goods are ready to be exported. There are a number of companies providing this service, such as:

- SGS: <http://www.sgs.co.id/>
- Sucofindo: <http://www.sucofindo.co.id/>
- TUV: <http://www.tuv.com/en/indonesia/home.jsp>

EXPORTING WITH A LETTER OF CREDIT

In international trade, it is common practice to use a Letter of Credit (L/C) as a payment method: a document that provides a guarantee for both parties, both the exporter and the importer.

Rules of origin:

The Certificate of Origin (COO or SKA) is a document that proves a certain export product has fulfilled the Rules of Origin. The various forms of COO can be extracted online. Please be informed that an exporter should get the COO prior to exporting the goods.

There are two common types of COO's when exporting to Europe:

- Form A: Generalized System of Preferences (GSP) Certificates of Origin. This form is used for preferential tariff treatment.
- Form B: This COO is only used for certain goods. It is advisable for the exporter to check the list of products requiring COO Form B in the MoT regulation No: 59/M-DAG/PER/12/2010.

Form A and Form B can be issued by the Ministry of Trade and The Chamber of Commerce and Industry of the Republic of Indonesia (KADIN, Kamar Dagang dan Industri). The price for the KADIN ranges between IDR 25,000 and IDR 350,000 and depends on the invoice value.

In order to be verified and included in KADIN's registry, the exporter will have to provide copies of the following documents:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Latest Business Accreditation (Akta Perusahaan) • Endorsement Document of the Ministry of Law & Human Rights [Pengesahan Akta oleh Kementerian Hukum dan Hak] • Asasi Manusia (Kemenkumham)] • Trading License (SIUP) • Company Registration Certificate (TDP) • Industrial Business Permission or another specific business permission (Izin Usaha Industri Atau Izin Khusus lainnya) • Tax Registration Number, (NPWP) • Official Proof Of Residence (Keterangan Lokasi/ Domisili) • Identification Card, NIK | <ul style="list-style-type: none"> • products excluding fish (Section 1A); Animal or vegetable oils, fats, and waxes (Section 3); and Chemicals other than organic and inorganic chemicals (Section 6B). |
|---|---|

Starting on 1 January, 2014; the following products from Indonesia will no longer be eligible for GSP benefits granted by EU, such as: Live animals and animal

- To check whether a product will get a GSP preference during its exportation to Europe, the product's exact HS Code needs to be identified. The details are available at: Export to EU Help Desk. For every COO the exporter must provide certified copies of the following documents:
- Export Notification (NPE) and Material Export Notification (PEB) from the Indonesian Customs Authority
- Bill of Lading (B/L) and Air Way Bill (AWB)
- Invoice
- Export Permission
- Trading contract of both parties

TAX PROCEDURE

If the exported goods are taxable goods, then the export tax must be paid before delivery to the carriers. The export tax is calculated based on the export reference price (harga patokan ekspor/HPE) which is set by Minister of Trade in form of Decree of Minister of Trade and valid for a certain period of time by taking into account the consideration from Technical Ministers and other related associations. HPE refers to the average international prices and/or average FOB price in some ports in Indonesia.

Export collection tariff (Tarif pungutan ekspor/TPE) used as the base calculation is valid TPE at the time of Export Declaration (pemberitahuan ekspor barang/PEB) is registered at the Custom and Excise Office; this also applies to HPE, where the HPS used as the base calculation is the valid HPE at the time of Export Declaration is registered at the Custom and Excise Office

Calculation of export tax

1. On exported goods subject to ad valorem (percentage), the Export Tax is calculated as follows:
Export Tax = Export Tax Tariff x Export Reference Price x Unit of Good x Foreign Exchange
2. On exported goods subject to ad naturam (specific), the Export Tax is calculated as follows:
Export Tax = Export Tax Tariff x Unit of Good x Foreign Exchange

The Commodity Subjects to Export Collection:

1. Rattan, consist of:
Original rattan, roughly rubbed, washed, smoked, and sulfurized of any types;
Rattan, smoothly polished;
Rattan core; and
Rattan peel
2. Wood, consist of:
Veener
Chip raw materials
Processed woods
3. Oil palm, CPO and derivative products, consist of:
Oil palm/fresh fruit bunches and palm kernel and;
Crude palm oil/CPO (crude olein/CRD; Refined bleached deodorized palm oil/RBD PO; Refined bleached deodorized palm olein/RBD olein)
4. Skin, consists of:
Hide and rawhide/pickled from cow/buffalo and sheep, and
Tanned skin/wet blue from cow/buffalo, sheep and goat

Indonesian customs use a tariff schedule based on the Harmonized Commodity Description and Coding System for classifying imported and exported goods, not originating from ASEAN member states. For goods arriving from ASEAN, Indonesia follows preferential rates available.

IMPORT TARIFF AND TAXES

Customs duties in Indonesia vary from 0 to 170 percent, with most imported items attracting duties in the range of 0 to 15 percent. The amount of duty depends on the type of goods imported, based on the product's HS code.

An import sales tax is imposed on imports at point of entry (except for those goods considered essential by the government) at rates within the range of 5 and 30 percent.

Further, Indonesia is committed to the ASEAN Free Trade Agreement within which duties on imports from the member countries generally range from zero to 5 percent, except for products specified on exclusion lists.

EXPORT TARIFF AND TAXES

Exporters are exempted from export duties, VAT, and tax on luxury products for materials and intermediate products used in manufacturing goods produced from export. However, exports of certain items such as untreated skin, on white tanned leather and coal attract export duties of 25 percent, 15 percent, and 5 percent, respectively.

Free trade zones

Goods imported and exported from free trade zone on Batam Island; free trade facility near Tanjung Priok, the country's main port; a bonded warehouse in Cakung, near Jakarta; and other export processing zones, are exempt from all import and export taxes.

Free trade agreements

Indonesia is a partner to the ASEAN Trade in Goods Agreement and a member of five regional free trade agreements (FTAs) through the ASEAN with: Australia, China, India, Japan and Korea

The country also has a separate bilateral FTA with Japan

INDONESIA IN FREE TRADE AGREEMENTS

Indonesia is a member of Association of Southeast Asian Nations (ASEAN).¹⁶ which is about to become a unified Economic Community through its ASEAN Free Trade Area (AFTA) to be launched in the end of 2015. With the aim of lowering intra-regional tariffs between the members through a Common Effective Preferential Tariff (CEPT) Scheme, ASEAN Member Countries have agreed to set the tariff for intra-AFTA trade between 0 and 5%.

More than 99% products in the CEPT Inclusion List (IL) of ASEAN-6 (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand) are already covered by 0-5% tariffs. However, in Cambodia, Laos, Myanmar and Vietnam, the tariff is still in the development stage.

Currently, Indonesia has not only developed a free market policy between ASEAN Member States, but also made progress in cooperating with other countries, such as Australia, New Zealand, Japan, China, India, Korea and India.

One of the ASEAN's major projects is the establishment of an ASEAN Economic Community (AEC), which aims to integrate Southeast Asia's diverse economies, a region with 600 million people and a combined gross domestic product of \$2.4 trillion.

AEC is defined by four pillars: a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy. The process of regional economic integration is expected to encourage SMEs to upgrade their capabilities and narrow the development gap among ASEAN economies. As a result, ASEAN countries are committed to both implementing the AEC Blueprint¹⁷ for easing tariff and non-tariff barriers, and to monitoring the process based on statistical measures.

Indonesia is a member of Association of Southeast Asian Nations (ASEAN) which nowadays has developed ASEAN Free Trade Area (AFTA) policy in pursuit of lowering intra-regional tariff between the members through Common Effective Preferential Tariff (CEPT) Scheme. The tariff requires the members to set the tariff between 0-5%.

More than 99% products in CEPT Inclusion List (IL) of ASEAN-6, consisting of Countries such as Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand have already implemented 0-5% tariffs, while in other countries such as Cambodia, Laos, Myanmar and Vietnam, the tariff is in the stage of development.

Currently, Indonesia has not only developed free market policy between ASEAN country members but also developed the cooperation with other Countries such as:

- ASEAN-Australia-New Zealand, further information can be accessed at <http://ditjenkpi.kemendag.go.id/index.php?module=aseanausnz> or <http://aanzfta.asean.org/>
- ASEAN-China, further information can be accessed at <http://ditjenkpi.kemendag.go.id/index.php?module=indonesiachina> or <http://www.asean-cn.org>
- ASEAN-Korea, further information can be accessed at <http://ditjenkpi.kemendag.go.id/index.php?module=aseankorea>, <http://www.akfta.net/> or <http://www.aseankorea.org/>
- ASEAN-India, further information can be accessed at <http://ditjenkpi.kemendag.go.id/index.php?module=aseanindia>
- Indonesia-Japan (IJ-EPA), further information can be accessed at <http://ditjenkpi.kemendag.go.id/index.php?module=ijepa>
- And other information of bilateral cooperation which can be accessed at <http://ditjenkpi.kemendag.go.id/index.php?module=PKEKI>

TRADE TARIFFS AND DUTY RELIEF

A trade tariff is a tax or duty placed on goods crossing political borders (or Customs Unions). Import tariffs are the most common barriers, involving a tax being levied on products entering from another country. It is possible to check in advance the duty that applies to a given product and the required documents for the importation process to the EU. The EU Export Helpdesk has a broad and up-to-date library of procedures and requirements for export that apply in Indonesia.²³

The EU's Binding Tariff Information (BTI) system can help you identify the right tariff classification for the goods you intend to export. To obtain the product's tariff information, the importer must apply to the customs authorities of the EU country he/she wishes to export to. Common customs tariff duties are applicable to all goods imported into the EU.

DUTY RELIEF - PREFERENTIAL TARIFF QUOTAS

Duty Relief may be granted under circumstances where such taxation is not justified (Council Regulation 1186/2009). Customs duties can be temporarily suspended (totally or partially) for certain goods. Under tariff quotas, specified quantities of goods can be imported at reduced or zero duty rate, as long as they do not overlap with any anti-dumping duties also in place.

Preferential tariff quotas exist under trade agreements and autonomous preferential arrangements between the EU and selected countries. This means that a predetermined volume of goods originating in a specified country can be imported into the EU at a more favorable duty rate. Indonesia is part of the EU's Generalized Scheme of Preferences (GSP). The GSP allows country exporters to pay less or no duties on their exports to the EU. Indonesia benefits from GSP for all products covered by the system except:

- Live animals and animal products excluded fish;
- Animal or vegetable oils, fats and waxes;
- Chemicals other than organic and inorganic chemicals (Section 6b);

Autonomous tariff quotas can be opened for some economic sectors in order to stimulate competition inside the EU. They are normally granted to raw materials, semi-finished goods or components not available in the EU in sufficient quantities. No tariff quotas are granted for finished products.

In 2015, the EU and Indonesia are restarting negotiations towards a Comprehensive Economic Partnership Agreement. These are developments that are worthwhile to keep up with, as a future agreement might have an important bearing on facilitating EU-Indonesia trade for certain goods and services.

The agreement should be fulfilled on the basis of conditions described through INCOTERMS such as FCA or FOB.²⁴

EXPORT PROHIBITION

In accordance with the Decree of Minister of Trade of Republic of Indonesia Number: 01/M-DAG/PER/1/2007 dated January 22, 2007, the exported goods are classified into four categories:

A. TYPES OF GOODS SUBJECT TO EXPORT TRADE SYSTEM

These types of goods can only be exported by registered exporters. Whereas, registered exporters are the companies or individuals recognized by the Ministry of Trade to export certain goods according to the provision set.

An export of a good is regulated because of the following considerations:

1. Increase the foreign exchange and competitiveness
2. Related to the international agreement
3. Nature preservation
4. Availability of raw materials

The regulated export of goods includes the followings:

- Plantation Products :Roasted/not roasted coffee, processed coffee
- Forestry Products :Rattan or wood products
- Industrial Products :Acetic anhydride, phenylacetic acid, ephedrine, acetone, butanol
- Mining Products :Diamond, tin, gold

C. EXPORT-PROHIBITED TYPES OF GOODS

An export of a good is prohibited because of the following considerations:

1. Preserving nature
2. Fail to comply with quality standards
3. Guarantee the demand of raw materials for small industries or craftsmen
4. Increase of added value
5. Goods with historic and cultural value

The export-prohibited types of goods include the followings:

- Agricultural Products : Fry and Arowana fish, eel fish seed, botia ornamental fish, lobster of 8 cm and paneadae shrimps
- Forestry Products : roundwood, flakes raw materials, rail pads made of wood or sawn timber.
- Maritime Products : Sea sand
- Mining Products : Tin ore and concentrates, arsenic ash and residue, metal or other compounds, especially that contain tin or precious stones

B. EXPORT-CONTROLLED TYPES OF GOODS

The goods where the exports can only be conducted by exporters with export approval from Minister of Trade or appointed Officials. The export-controlled types of goods are the goods where the exports can only be conducted by exporters with export approval from Minister of Trade or appointed officials (specific exporter).

A good is export-controlled because of consideration for maintaining the balance of domestic supply to avoid interruption of domestic consumption.

Export-controlled goods include the followings:

- Livestock products :Cow seeds, non-seeds cow, buffalo, crocodile skin, wet blue, wild animal and plants (appendix ii cites)
- Fishery Products :Napoleon fish, wirasse, milkfish seeds
- Plantation Products :Palm kernel
- Mining Products :Gas, coke/petroleum, precious metals ore, silver, gold,
- Industrial Products :Iron scraps and residue, stainless steel, copper, brass, aluminum, urea fertilizer

D. FREE TYPES OF GOODS

All types of good which are not listed in the above regulation are categorized as free export goods; however, the exporter shall first meet the requirements as exporters

INTERNATIONAL STANDARDS

TECHNICAL BARRIER TO TRADE (TBT)

It is an agreement in General Agreement on Tariffs and Trade (GATT) which regulates the obstacles in relation to technical regulation, standard and conformity assessment. The purpose is to prevent the excessive use of standard and technical regulations (technical obstacles).

SANITARY AND PHYTOSANITAR (SPS)

it refers to any actions implement to protect the life or health of human, animal, and plants.

Things should be understood by the exporters in relation to the standards before conducting export activities are:

- Standard requirements and technical regulations apply in destination country of export as well as public requirements.
- Accredited laboratory with the scope and capability in accordance with the standards in the destination country which is recognized by the authority in the destination country of export.
- Competence and accredited certification institution, and is recognized by the authority of the destination country of export.
- Competence inspection institution, and is recognized by the authority of the destination country of export.
- Metrology of traceability

EXPORT FROM INDONESIA TO ANOTHER ASEAN COUNTRY

- Under the ASEAN Free Trade Area (AFTA) rules, EU companies producing goods in Indonesia may find more market opportunities, especially regarding procurement in ASEAN, while enjoying AFTA's comprehensive tariff elimination, which varies from country to country in ASEAN, as well as from industry to industry.¹⁹
- The establishment of an ASEAN Economic Community (AEC) at the end of 2015 will bring new tariff rules for intra-ASEAN trade. The main focus of ASEAN will be placed on the full elimination of non-tariff barriers (NTB). The elimination of tariffs on all intra-ASEAN goods in accordance with the CEPT-AFTA Agreement and other relevant Agreements/Protocols will also push towards the introduction of Rules of Origin (ROO) responding to dynamic changes in global production processes so as to facilitate trade and investment among ASEAN Member Countries.²⁰

EUROPEAN UNION IMPORTING REQUIREMENTS

- The required type of certification depends on the company, the product category and the business sector. The food sector, for example, normally requires many types of certifications, while other sectors require less or none.
- The following are the highlights of the requirements established by the EU. Before starting a sourcing operation from Indonesia, companies should consult the respective website of the EU Export Helpdesk for the most updated information,²¹ which also states the administrative documents required.

HS CODE OF THE PRODUCT

- The first 6 digits of the HS Code are the same in every country worldwide. Possible additional digits may be used by individual countries if they require a more detailed system to suit their national standards.
- Europe has an 11-digit system based on the international 6-digit system. The additional digits indicate European product categories (the 7th-10th digits) and a national number used for national VAT purposes and national restrictions (the 11th digit).

TARIC CODE

- The integrated Tariff of the European Union (TARIC) is a multilingual database covering all measures relating to EU customs tariffs, including commercial and agricultural legislation.
- By integrating and coding these measures, the TARIC ensures their uniform application by all Member States and gives economic operators a clear view of the wide set of provisions which are to be undertaken when importing in or exporting goods from the EU.²²
- Finding the right tariff category for particular goods is very important, because it will affect the duty and taxes, as well as the importation documents.

PACKAGING

- The European Packaging Directive (Directive 94/62/EC, revised by Directive NO. 2004/12/EC) regulates packaging requirements in Europe. There are three main packaging types which depend on the purpose of the packaged goods. Each main type is subject to requirements.
- They can be divided into sales packaging for private consumers, sales packaging for business customers and other business packaging (e.g. transport packaging).

LABELING

- The labeling requirements depend on the imported goods. Violating labeling regulations can cause several problems, including fines or even the prohibition of goods from entering the European market. Usually, there are stricter regulations for products that will be directly distributed to the consumer. To find the specific labeling regulations for goods, check the EU Export Helpdesk website mentioned above.

WOOD PACKAGING MATERIAL

- According to EU regulations, all wood packaging material entering the EU has to carry the ISPM 15 mark. This mark proves that the wood met the requirements during inspection at the point of export or import. The ISPM 15 mark can be granted by the NPPO (National Plant Protection Organization). According to the most recent amendment to the regulations in 2009, used wood must be free of bark, with small exceptions. This mark has a specific IPPC (International Plant Protection Convention) logo and three codes (the country code, the number assigned by NPPO and the treatment measure applied). The markings should be legible, visible, permanent and non-transferable.

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