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Indonesia

Grain and Feed

New Regulation on

Indonesian Rice Exports and Imports

2008

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Report Highlights:

On April 11, 2008 the Indonesian Minister of Trade issued a new regulation on Rice Exports and Imports.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Jakarta [ID1]
[ID]

SITUATION AND OUTLOOK

The production, supply, procurement, and distribution of rice, the Indonesia's staple food is very important. In an effort to maintain Indonesian food security, to improve farmer income and prosperity, and to maintain national economy stability, on April 11, 2008 the Indonesian Minister of Trade issued a regulation on the importation and exportation of rice.

The regulation classifies rice imports into three categories:

1. Import of rice for price stabilization, emergency situation, poor people, and food scarcity.
2. Import of rice for certain specific needs: a) related to health and dietary, for specific segment, and for seed procurement, b) import of specific rice that is not produced domestically for raw material or as an additional ingredient for certain industries.
3. Import of rice as a grant.

1. Imports of rice for price stabilization, emergency situation, poor people, and during food scarcity situation.

Rice (HS code of 1006.30.90.00) maximum 25 percent broken, can be imported for price stabilization, emergency situation, poor people, and during food scarcity situation. Imports of rice for these purposes are prohibited one month prior to, during, and two months after the main harvest period and can only be carried out by BULOG after receiving approval from the Minister of Trade based on Coordinating Team agreement meeting. The coordinating Team (Staple Food Stabilization Coordinating Team), established by the Coordinating Minister of Economy is to coordinate food stabilization programs. Rice import permits will contain information about the type and volume of the rice, broken amount, country of origin, destination ports, and the import permit validity. The imported rice must be packed in a package with the information about volume and type of the rice, broken amount, country of origin, and the importer name and address printed on it.

2. Import of rice for certain specific needs: a) related to health and dietary, for specific segment, and for seed procurement, b) import of specific rice that is not produced domestically for raw material or additional ingredient for certain industries.

Imports of rice for health and dietary, needs such as for Japanese and Indian restaurants, and for seed can be carried out by importers who have received import permits from the Director General on behalf of the Minister of Trade. The importer must submit a written request to the Minister of Trade completed with:

- a. A copy of General Importer Identification Number (API-U) or Limited Importer Identification Number (API-T).
- b. A copy of Rice Specific Importer Identification Number (NPIK).
- c. A copy of Tax Payer Number (NPWP).
- d. A copy of Custom Identification Number (NIK).
- e. Recommendation Letter from the Director General of Agricultural Products Processing and Marketing, Ministry of Agriculture.
- f. Statement Letter from Bank stating that the importer has a financial capability to support the issuance of L/C.

Within 5 working days the Director General will approve or reject the proposal. The imported rice must be packed in a package with the information about the type and volume of the rice, broken amount of the rice (only when it is being required), country of origin, and the importer name and address.

Rice as a raw material or additional ingredient for processing industry that can not be produced domestically can be imported by importers who have received Rice Importer Producer (IP-rice) recognition by the Director General on behalf of the Minister of Trade, and the imported rice must not be sold nor handed over to other parties. To obtain an IP-rice recognition, an importer must submit a written proposal to the Director General of the Ministry of Trade completed with:

- a. A copy of Producer Importer Identification Number (API-P) or API-T.
- b. A copy of Rice Specific Importer Identification Number (NPIK).
- c. A copy of Tax Payer Number (NPWP).
- d. A copy of Custom Identification Number (NIK).
- e. Recommendation letter from the Director General of Agro and Chemical, Ministry of Industry, and recommendation letter from the Director General of Agricultural Products Processing and Marketing, Ministry of Agriculture.
- f. Statement Letter from Bank stating that the importer has a financial capability to support the issuance of L/C.

Within 5 working days the Director General will approve or reject the proposal. The imported rice must be packed in a package with the information about the type and volume of the rice, broken amount of the rice (only when it is being required), ports of destination, import permit validity, and the importer name and address.

3. Import of rice as a grant.

Rice that can be imported as a grant is classified into the HS code no. 1006.30.19.00 and 1006.30.90.00, maximum of 25 percent broken. Rice as a grant can only be imported by social organizations or government institutions. The institutions do not have to have Importer Identification Number (API) and Specific Importer Identification Number (NPIK). The imported rice must be packed in a package with the information about the type and volume of the rice, broken amount of the rice, the country of origin, and the name of the institution or organization receiving the grant.

To obtain a permit to import granted rice, a government institution or social organization must submit written request to the Minister of Trade completed with:

- a. A gift certificate from an organization in the granting country that has already been acknowledged by the Indonesian Representatives in the granting countries.
- b. Distribution plan that has already been acknowledged by the Minister of Social Affairs or by the appointed officials.
- c. Recommendation letter from the Director General of Agricultural Products Marketing and Processing, Ministry of Agriculture declaring the volume and the quality of the rice and ports of destination for grant other than for natural disaster aid.
- d. Recommendation letter declaring the volume and quality of the rice and ports of destination from the appointed official for granted rice earmarked for natural disaster aid.

Within 5 working days the Director General will approve or reject the request. The imported rice must be packed in a package with the information about the type and volume of the rice, broken amount of the rice (only when it is being required), ports of destination, import permit validity, and the importer name and address.

The Minister of Trade decree also stated that rice can only be exported when there is an excess supply in the country. Rice for seed (HS code no. 1006.10.00.00), fragrant rice other than Thai Hom Mali (HS Code no. 1006.30.19.00) with a maximum broken of 5 percent, and rice (HS code no. 1006.30.90.00) with a broken amount from 5 percent to 25 percent can only be exported by BULOG after receiving export approval from the Minister of Trade.

Any company can export glutinous rice (HS code no. 1006.30.30.00) after receiving export permit from the Director General on behalf of the Minister of Trade based on the recommendation from the Director General of the Agricultural Products Marketing and Processing, Ministry of Agriculture. To obtain the export permit, a company must submit a written request to the Director General, Ministry of Trade completed with:

- a. Trade Business License (SIUP).
- b. Company Registration Number (TDP).
- c. Recommendation from the Coordinating Team.
- d. Recommendation letter from the Director General of the Agricultural Products Marketing and Processing, Ministry of Agriculture.

Within 5 working days the Director General will approve or reject the request.

Despite the issuance of the decree, Bulog is highly unlikely to export rice this year and will continue to maximize its domestic procurement in order to meet its target of 2.4 million tons of milled rice equivalent. Reportedly Bulog had already obtained 675,000 tons of milled rice equivalent from domestic procurement activities. Nevertheless BULOG may consider exports to neighboring countries in an effort to dampen skyrocketing regional rice prices.

Medium quality rice is currently priced at Rp. 5,200/kg (US\$ 564/ton) at the wholesale level. It is expected that the rice price will continue to decline as main harvest period in Java will go on until June 2008. The Cipinang rice market also recorded that the inter island rice distribution in April 2008 increases to an average of 464 tons per day from 184 tons per day in March 2008. Considering the high price disparity between local rice price compared to world market rice price, there is a concern that the inter island rice is being smuggled to neighboring countries such as Philippines or Malaysia.

TYPE OF RICE THAT CAN BE IMPORTED

No.	HS Code No.	Description	Remarks
	10.06	Rice	
1.	1006.10.00.00	- Husked rice (paddy)	
	1006.20	-Unhusked paddy	Broken husk
2.	1006.20.10.00	-- Thai Hom Mali rice	
3.	1006.20.90.00	-- Other	
	1006.30	- Rice partially milled, or wholly milled, polished or not	
		-- Fragrant rice	
4.	1006.30.15.00	--- Thai Hom Mali rice	
5.	1006.30.19.00	--- Other	Maximum broken 5 percent, e.g: Japonica rice, Basmati
6.	1006.30.20.00	-- Half cooked rice	
7.	1006.30.30.00	-- Glutinous rice	
8.	1006.30.90.00	-- Other	5 to 25 percent broken
9.	1006.40.00.00	- Broken rice	100 percent broken
	11.03	Cereal groats, meal and pellets	
		- cereal groats and meals	
	1103.19	-- of other cereals	
10.	1103.19.20.00	--- of rice	

Notes:

- Imports of rice for health and dietary and for specific consumption no. 1, 2, 3, 4, 5, 6, 7.
- Imports of rice for price stabilization, emergency situation, poor people, and food scarcity situation conducted by Bulog, no. 8.
- Imports of rice for grants with maximum broken of 25 percent, no. 5 and 8.
- Imports of rice for processing industry, no. 5, 9, and 10.

TYPE OF RICE THAT CAN BE EXPORTED

No.	HS Code No.	Description	Remarks
	10.06	Rice	
1.	1006.10.00.00	- Unhusked Rice (paddy)	Only for seed
	1006.30	- Rice partially milled or wholly milled, polished or not	
		-- Fragrant rice	
2.	1006.30.19.00	--- Other	Maximum of broken 5 percent, e.g.: organic rice, red rice, Siam rice, fragrant rice.
3.	1006.30.30.00	-- Glutinous rice	
4.	1006.30.90.00	-- Other	5 to 25 percent broken rice

Note: Exchange rate is Rp. 9,214/US\$ 1.