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Indonesia

Trade Policy Monitoring

Imports Face New Quarantine Fees

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Report Highlights:

A new Presidential Decree allows the imposition of "quarantine" fees on a wide range of agricultural commodities and products for a wide range of services. The proposed fees range from reasonable to outlandish and in some cases could add significant costs to U.S. products. The proposal appears to be WTO inconsistent because different fees would be levied on the same products depending on if it is being imported, exported or shipped within the country. Implementation on this decree is awaiting Ministry of Agriculture implementing regulations. It is unclear when such regulations might be issued or when they will be notified to the WTO.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Jakarta [ID1], ID

Executive Summary

Indonesian Government Regulation (Peraturan Pemerintah No. 49/2002) signed by President Megawati, and issued on September 17, 2002, allows the Ministry of Agriculture to collect fees from non-taxed government revenues. The fees may be applied on services that relate to agricultural activities such as pesticide registrations, quality and residue evaluations, field observations, seed tests, and registrations for producers/traders/distributors. In addition, different levels of fees will be applied to agricultural products depending on whether they are imported, exported, and distributed within the country. This Presidential decree will need more specific guidance for implementation which will be announced in a Ministerial (Minister of Agriculture) decree. It is unclear on when the Ministerial implementation decree will be issued. So far, there is no indication that the government has notified this new regulation to the World Trade Organization (WTO).

Overview

An important aspect of this decree is that it will allow the Agriculture Quarantine Agency (Badan Karantina Pertanian-Barantin) to impose various fees on imported, exported, and inter-regional distribution of agricultural products, including animal and animal products, i.e., meat, milk, egg and products and plant and plant products, i.e., fresh fruits, grains (bulk and non-bulk), fibre, processed plant products including in liquid form, and wood products. See the attached table for details.

Quarantine procedures which are subject to fees will include examination, isolation, and observation of live animal (pet animal, laboratory, and wild animals), animal products (for food and non-food), animal products (processed), animal feed, pet food, services such as disinfection, disinfestation, fumigation, immunization/vaccination, medication, laboratory/diagnostic, quarantine document issuance, and quarantine facility (cowshed, warehouse, cold storage, incinerator, and scale) utilizations.

There is concern about this decree but also some skepticism about the implementation of this regulation because its potential to raise inefficiencies, increase the price of the products and lower the competitiveness of products. In addition, regional autonomy questions remain unresolved and confusing since they might lead to double taxation for the very same products that are being distributed across regional borders within the country.

This decree is presented only as a revenue generation program for the government. There is no attempt in the decree to justify it on food safety grounds.

Potential impact of this decree if fully implemented include:

1. Beef imports - Rp 500/kg (\$0.056/kg or \$0.025/lb). This is equivalent to about \$890 on a 20 foot container.
2. Beef liver imports - Rp 500/kg. This is equivalent to about \$670 on a 20 foot container.
3. Fresh fruit imports - Rp 10/kg. This is equivalent to about \$13 per 20 foot container of grapes and \$11 per container of apples.
3. Hatching eggs imports - Rp 50 per egg (\$0.06 per egg).
4. Rice, grain, vegetable seed inspection - Rp 2,000/kg (\$0.223/kg or \$0.10/lb).
5. If they determine that rice/grains need to be isolated and observed the charge is Rp 10,000/kg (\$1.12/kg or \$0.51/lb.) while for fruits and vegetables the charge is Rp 50,000/kg (\$5.59/kg or \$2.53/lb.).

Obviously, if fully implemented this decree has the potential to disrupt trade and add costs to U.S. products. It also provides additional opportunities to pressure importers for informal payments to avoid spurious SPS issues.

Quotation and Unofficial Translation; Partial Listing Extracted from the Regulation				
QUARANTINE FEES ON AGRICULTURAL PRODUCTS				
Government Regulation No. 49/2002 - Dated September 17, 2002				
Type of Government non-tax Revenue	Unit	Fees (in Rupiah)		
		Import	Export	Inter Province
Animal Quarantine Services				
I. Examination, Isolation, Observation				
a. Life Animal				
1. Bovine Animal				
-- Bovine Animal -Large				
--- Breeding Animal	Per Head	10,000	10,000	5,000
--- Slaughtered Animal	Per Head	10,000	5,000	2,500
-- Bovine Animal -Small				
--- Breeding Animal	Per Head	5,000	5,000	1,000
--- Non-Breeding Animal	Per Head	5,000	2,500	500
-- Non-Bovine Animal	Per Head	5,000	2,500	500
-- Large Poultry				
--- Large Poultry Breeding	Per Bird	1,000	500	250
--- Large Poultry Non-Breeding	Per Bird	750	250	100
-- Small Poultry				
--- Small Poultry Breeding	Per Bird	10	5	5
--- Small Poultry Non-Breeding	Per Bird	10	5	5
-- Day Old Poultry	Per Bird	10	5	5
2. Pet Animal				
- Horse	Per Head	100,000	50,000	25,000
- Dog	Per Head	20,000	10,000	5,000
- Cat	Per Head	15,000	10,000	5,000
- Primate	Per Head	50,000	20,000	10,000
- Large Poultry	Per Head	20,000	10,000	5,000
- Small Poultry	Per Head	10,000	5,000	2,500
- Reptile	Per Head	20,000	10,000	5,000

Type of Government non-tax Revenue	Unit	Fees (in Rupiah)		
		Import	Export	Inter Province
b. Animal Products (unprocessed)				
1. For Food				
-- Bovine Animal Meat	Per Kg.	500	250	100
-- Poultry Meat	Per Kg.	500	100	50
-- Milk	Per Kg.	100	50	25
-- Egg for consumption	Per Kg.	50	25	10
-- Honey	Per Kg.	100	50	25
-- Bird Nest	Per Kg.	100,000	150,000	50,000
-- Intestine for consumption	Per Kg.	500	250	100
2. Non-Food				
-- Leather of Large Animal	Per Piece	1,000	500	500
-- Leather of Small Animal	Per Piece	500	250	250
-- Leather of Wild Animal/Reptile (large)	Per Piece	200,000	10,000	5,000
-- Leather of Wild Animal/Reptile (sml)	Per Piece	10,000	5,000	2,500
-- Hatching Eggs	Per Piece	50	25	10
-- Material for Reproduction	Per Pack	100,000	50,000	25,000
-- Bone, horn, feather and its side prod.	Per Kg.	100	50	25
-- Feed Ingredients, i.e., kangaroo meat,	Per Kg.	10	5	5
MBM, Blood				
c. Animal Products (processed)				
1. For Food				
-- Bovine Animal Meat Products	Per Kg.	200	100	50
-- Poultry Meat Products	Per Kg.	100	50	25
-- Milk Products	Per Kg.	100	100	50
-- Egg Products	Per Kg.	100	50	25
-- Proc. Animal Products for Consump.	Per Kg.	100	50	25
-- Side Products	Per Kg.	100	50	25
2. Not for Consumption (Non-Food)				
-- For Industry	Per Kg.	100	50	25
-- For Feed	Per Kg.	50	25	10
d. Other Substance				
-- Animal Feed	Per Kg.	10	5	5
-- Pet Food	Per Kg.	1,000	100	50
Type of Government non-tax Revenue	Unit	Fees (in Rupiah)		
		Import	Export	Inter Province

II. Quarantine Services				
a. Desinfection, Desinfestation, Fumigation				
-- Life Animal				
--- Large Animal	Per Head	500	500	500
--- Small Animal	Per Head	100	100	100
--- Pet Animal	Per Service	10,000	10,000	10,000
--- Animal for Research	Per Head	1,000	1,000	1,000
--- Large Poultry	Per Head	50	50	50
--- Small Poultry	Per Service	5,000	5,000	5,000
--- Day Old Poultry	Per Service	5,000	5,000	5,000
--- Wild Animal/Reptile (large)	Per Head	500	500	500
--- Wild Animal/Reptile (small)	Per Service	5,000	5,000	5,000
--- Bees and other Insects	Per Colony	5,000	5,000	5,000
--- Mammal (live in water)	Per Head	1,000	1,000	1,000
- Animal Products/Prod. of Animal Orig.	Per Cubic M	500	500	500
- Other Products				
--- Animal Feed	Per Cubic M	100	100	100
--- Pet Food	Per Cubic M	500	500	500
b. Vaccination/Immunization				
--- Large Animal	Per Head/Service	500	250	50
--- Small Animal	Per Head/Service	200	100	25
--- Non-Bovine Animal	Per Head/Service	100	50	25
--- Large Poultry	Per Head/Service	100	50	10
--- Small Poultry	Per Head/Service	25	10	5
--- Day Old Poultry	Per Head/Service	1	1	1
c. Pet Animal				
- Horse	Per Head/Service	20,000	10,000	5,000
- Dog	Per Head/Service	10,000	5,000	1,000
- Cat	Per Head/Service	10,000	5,000	1,000
- Primate	Per Head/Service	25,000	15,000	10,000
- Large Poultry	Per Head/Service	5,000	2,500	1,000
- Small Poultry	Per Head/Service	2,500	1,000	500
- Reptile	Per Head/Service	15,000	10,000	5,000

Type of Government non-tax Revenue	Unit	Fees (in Rupiah)		
		Import	Export	Inter Province

A. Plant Quarantine Treatments				
I. Inspection				
a. Live Plant and Seeds				
-- Tuber	Per Kg.	100	50	10
-- Leaves	Per Kg.	100	50	10
-- Rice, Grains, Vegetables, Fruits	Per Kg.	2000	1000	100
b. Plant Products (non-seeds)				
-- Fresh Fruits	Per Kg.	10	5	5
-- Grains (bulk)	Per Kg.	0.5	0.3	0.1
-- Grains (non-bulk)	Per Kg.	1	0.5	0.1
-- Leaves, Flowers	Per Kg.	1	0.5	0.2
-- Tuber	Per Kg.	1	0.5	0.2
c. Processed/Unprocessed Plant Prod.				
-- Bark, Leaves, Dried Flowers, Fruits	Per Kg.	5	2	1
-- Grains, Flour, Pellets (bulk)	Per Kg.	0.5	0.3	0.1
-- Grains, Flour, Pellets (non-bulk)	Per Kg.	1	0.5	0.1
-- Fibre	Per Kg.	1	0.25	0.1
-- Tuber, Roots	Per Kg.	1	0.5	1
	Per Cubic M	5000	2000	1000
2. Isolation and Observation				
- Life Plant and Seeds				
--- Tuber	Per Kg.	100	50	20
--- Leaves	Per Kg.	5,000	2,000	1,000
--- Rice, Grains	Per Kg.	10,000	5,000	1,000
--- Vegetable, Fruits	Per Kg.	50,000	25,000	10,000
3. Treatments				
a. Physical				
-- Cold	Per Cubic M	---	---	---
-- Heat Vapour	Per Cubic M	---	---	---
-- Water Soaked	Per Kg.	1,000	1,000	1,000
-- Irradiation	Per Cubic M	100	100	100

Type of Government non-tax Revenue	Unit	Fees (in Rupiah)		
		Import	Export	Inter Province

b. Chemical				
-- Fumigation	Per Cubic M	7,500	7,500	7,500
-- Spraying	Per Cubic M	1,000	1,000	1,000
-- Water Immersed	Per Piece	500	500	500
	Per Kg.	1,000	1,000	1,000
-- Powdered	Per Kg.	5,000	5,000	5,000
c. Mechanical				
-- Washing	Per Kg.	250	250	250
	Per Cubic M	500	500	500
-- Qrnt Treatment Inspections	Per Serv./Pers.	10,000	10,000	10,000
-- Laboratory Test incl. Biotechnology	Per Sample	10,000-100,000	10,000-100,000	10,000-100,000
-- Documentation	Per Pc. of Form	5,000	5,000	5,000
B. Quarantine Facilities Utilization				
1. Glass/Screened House	Per Cubic M/Day	50	25	10
2. Warehouse	Per Cubic M/Day	25	25	10
3. Incinerator	Per Cubic M/Day	10,000	10,000	10,000
4. Quarantine Plot	Per Sqr. M/Day	25	25	10

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