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Indonesia's Imposing Safeguard Duty on Wheat Flour

Report Categories:

Grain and Feed

Approved By:

Jonn Slette

Prepared By:

Jonn Slette, Sugiarti Meylinah

Report Highlights:

On December 5, 2012, the Government of Indonesia (GOI) issued the Ministry of Finance Decree Number 193/PMK.011/2012, hereafter referred to as Decree 193, on the Enforcement of Temporary Safeguard Duties on Wheat Flour. The decree mandates that a 20 percent safeguard duty shall be imposed on imported wheat flour for a period of 200 days, effective per the stipulation date of the regulation.

Also, due to an avian influenza (AI) outbreak in Australia, the GOI recently banned the importation of poultry products and poultry-based feed ingredients from Australia.

General Information:

WHEAT

Indonesian flour millers are concerned over alleged dumped Turkish wheat flour onto the Indonesian market. Several small-scale Indonesian flour millers have complained about their inability to compete, as well as financial losses which they attribute to the Turkish flour. After an investigation, the Indonesian Anti-Dumping Commission claims to have found enough evidence to indicate that Turkey exports their wheat flour to Indonesia at dumped prices. As a result, the Indonesian Trade Safeguard Committee (*Komite Pengamanan Perdagangan Indonesia, KPPI*) has recommended to Indonesian Minister of Trade to impose a Safeguard Duties on wheat flour imports. Based this recommendation, on December 5, 2012 the GOI issued Decree 193 on the Enforcement of Temporary Safeguard Duty on Wheat Flour Imports. With the new regulation, imports of wheat flour under the HS Code of 1101.00.10.10 and 1101.00.10.90 will be subjected to 20 percent safeguard duties for the period of 200 as of the stipulation date of the regulation. 118 developing countries which export three percent or less of their wheat flour to Indonesia will be exempted from the new regulation.

According to the Global Trade Atlas, 54.11 percent of Indonesia's wheat flour imports came from Turkey in MY 2011/12, which represents a decline from 60 percent in MY 2010/11. The Indonesian Flour Millers Association (APTINDO) expects that the new regulation will increase Indonesian wheat imports to 7 MMT in CY2013 compared to 5.9 MMT in CY2012.

FEED

Following the outbreak of AI in Wales, Australia on November 22, 2012 the GOI has banned imports of poultry products (limited to whole turkeys and ducks) and poultry-based feed ingredients from Australia. Indonesia claims it will lift the ban after the Office International des Epizooties (OIE) declares that Australia is free from AI. The Indonesian Feed Millers Association (*Gabungan Pengusaha Makanan Ternak Indonesia, GPMT*) reports the ban's impacts are insignificant to the local poultry and feed industries, as Indonesia imports small amounts of poultry products and poultry-based feed ingredients from Australia.