

## INDONESIA – MARKET ACCESS BARRIER

ECSA is highly concerned by the recently adopted Indonesian new decree on maritime transportation of certain goods.

It requests the EU to react upon this violation of free trade principles, especially in the light of the ongoing FTA discussions between the EU and Indonesia.

The European Community Shipowners' Associations are highly worried by the adoption by the Indonesian authorities of the "Ministerial Decree 82/2017 on Provisions for the utilisation of national maritime transportation and insurance for the exportation and importation of certain goods", as promulgated on 31 October 2017, and entering into force 6 months from that day. The decree is herewith enclosed.

This new decree imposes:

- that all **export of coal and/or crude palm oil** is carried out by maritime transport which is controlled by National Maritime Transportation Companies (art. 3,(1)); these exporters must utilise insurance from national insurance companies (art. 4,(1));
- that all **import of rice** is carried out by maritime transport which is controlled by National Maritime Transportation Companies (art. 3,(2)); importers of these goods must utilise insurance from national insurance companies (art. 4,(2));
- that all **import of goods for government procurement** is carried out by maritime transport which is controlled by National Maritime Transportation Companies (art. 3, (3)); importers of these goods must utilise insurance from national insurance companies (art. 4,(2));
- that, when the availability of the National Maritime Transportation Companies is limited or not there at all, one is exempted

from using them and can turn to foreign maritime transportation companies (art. 5);

- that there will be a system of reporting on the utilisation of these services. Violations will be subject to administrative sanctions (art. 6-9).

ECSA has several questions about the text as such, for instance on the definition of "National Maritime Transportation Companies", on the commodities actually covered by the regulation and whether they include or exclude their derivatives, and on the conditions and procedures, if any, for waivers in the event of unavailability of National Maritime Transportation Companies for foreign maritime transportation companies.

Above all, **ECSA is highly worried by this new decree** as these rules:

- are incompatible with principles of free trade and customary law regarding international maritime transport services;
- are going against commitments made by Indonesia in the context of the WTO;
- are leading to unfair competition and market distortion;
- will reduce confidence in Indonesia's business climate with EU companies.

ECSA stressed that this decree goes against fundamental principles of free trade and **its adoption at a time when the European Union and Indonesia are in negotiations on a bilateral free trade agreement, is unacceptable.**

ECSA therefore calls upon the EU to:

- approach the Indonesian authorities in order to have this law taken off the table;
- ensure inclusion of strong principles on maritime transport services in any future free trade agreement with Indonesia that will avoid any of such rules to re-emerge.



ECSA is a trade association representing the national shipowners' associations of the EU and Norway. The European shipowners control 40% of the global commercial fleet. ECSA promotes the interests of European shipping so that the industry can best serve European and international trade in a competitive free business environment to the benefit of shippers and consumers.