



H.E. Enggartiaso Lukita  
Minister of Trade  
Ministry of Trade (Indonesia)  
M. I. Ridwan Rais Road  
No. 5 Central Jakarta, 10110  
Indonesia

23 September 2019

Dear Minister Lukita,

**AMENDMENT OF MINISTERIAL DECREE NO 82/2017 ON 'THE PROVISION OF THE USE OF SEA TRANSPORTS AND NATIONAL INSURANCE FOR THE PURPOSE OF EXPORT AND IMPORT OF CERTAIN GOODS'**

The International Chamber of Shipping (ICS), the Asian Shipowners' Association (ASA) and the European Community Shipowners' Associations (ECSA) are the principal global and regional trade associations for shipowners and operators, representing all sectors and trades. The membership of ICS, ASA and ECSA combined represents more than 90% of the world's merchant tonnage.

In this respect, we are writing on behalf of the global shipping industry, as a follow up to official letters sent by ICS (attached for ease of reference) and ASA (also attached) on 1 February 2018 and 30 April 2018, respectively.

The global shipping industry wishes to respond to the decision by the Ministry of Trade in Indonesia to postpone the implementation of the cargo reservation provisions contained in Decree No 82/2017, as specified in Decree No 80/2018.

**Postponement of cargo reservation provisions**

The global shipping industry welcomes the decision by the Indonesian Government to postpone the cargo reservation provisions of the ministerial regulation – which had been intended to enter into force in April 2018 – to 1 May 2020. This includes Article 3 (1) of the decree that restricts exportation of coal and/or crude palm oil (CPO) to vessels “controlled by national maritime transportation companies” only, as well as Article 3 (2) that restricts the importation of rice to vessels “controlled by national maritime transportation companies” only.

## **Global shipping industry concerns**

The global shipping industry, as represented by ICS, ASA and ECSA, is particularly concerned about the lack of clarity regarding the definition of 'national maritime transportation companies' in the context of the Decree. The postponement of the cargo reservation provisions was therefore timely, as it allows the Indonesian Government some additional time to consult with all the relevant local, regional and international stakeholders.

## **Global shipping industry recommendations**

If the Decree is implemented as drafted on 1 May 2020, this is likely to have damaging impacts on the wider Indonesian economy and those national industries whose cargoes will be directly affected, i.e. coal, rice and crude palm oil. Implementing such protectionist measures would also limit competition in Indonesian shipping trades and almost certainly lead to an increase in shipping costs.

The global shipping industry sincerely hopes the Indonesian Government will give thorough consideration to revoking the cargo reservation provisions of the ministerial regulation, and therefore continue to allow transportation of the goods and products specified under Article 3 (1) and Article 3 (2) on international voyages – to and from Indonesian territory – to be conducted by all ships irrespective of flag or ownership. This would be in line with customary global trade practices and will help to safeguard the stability and reliability of international maritime transportation to and from Indonesia.

The global shipping industry also strongly believes that the implementation of the regulation would hurt the Indonesian economy. As a result, the industry, like other local stakeholder groups in Indonesia affected by these provisions – including the Indonesian Coal Mining Association (ICMA) – are willing to continue to engage in further discussions in order to highlight the negative impact of the provisions, if allowed to enter into force.

## **Need for thorough and robust consultation**

In light of the above mentioned concerns, the global shipping industry wishes to reemphasise the need for the Ministry of Trade to conduct in-depth consultations with all affected industries as soon as possible, well before the intended entry into effect of the Decree on 1 May 2020. This includes the shipping industry (local and foreign companies, and their representatives), as well as those national stakeholders whose cargoes will be directly affected by the Decree.

We also respectfully recommend coordination with other relevant Government bodies, such as the Ministry of Energy and Mineral Resources, the Ministry of Transportation and the Ministry of Foreign Affairs.

## Planning for future investment in Indonesia

The global shipping industry further suggests that unilateral or regional imposition of these cargo reservation measures is likely to destabilise local trade growth and economic development. Moreover, the industry is also of the view that government intervention in the operation of international maritime trade, in addition to leading to unfair competition and market distortion, would reduce confidence amongst international shipping companies, in the context of planning for future business investments in Indonesia.

If the cargo reservation provisions of the Decree are implemented in 2020 (as drafted), this would also create an unwelcome precedent that could be emulated by other nations, through the adoption of potential retaliatory measures against Indonesian vessels engaged in international trade.

Therefore, the industry once again requests that the Indonesian Government revoke Article 3 (1) and Article 3 (2), for consistency with accepted principles of global maritime trade and the commitments governments have made at the World Trade Organization (WTO).

## Proposed dialogue between the Government and the global shipping industry

With the above in mind, we also wish to propose a constructive dialogue (at your earliest convenience) between the Government of Indonesia and the global shipping industry, to discuss and address the existing concerns of all stakeholders and hopefully avoid the need for adoption of the proposed decree.


The global shipping industry hopes that the Government of Indonesia will once again give our comments and requests for clarification serious consideration.

We look forward to receiving a response at your earliest convenience.

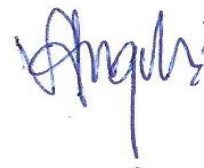
Yours sincerely,



.....  
Mr Guy Platten  
Secretary General  
ICS



.....  
Mr Martin Dorsman  
Secretary General  
ECSA



.....  
Captain Ang Chin Eng  
Secretary General  
ASA

Copy to:

H.E. Budi Karya Sumadi, Minister of Transportation, Ministry of Transportation,  
Republic of Indonesia

H.E. Ignasius Jonan, Minister for Energy and Mineral Resources, Ministry of Energy  
and Mineral Resources, Republic of Indonesia

H.E. Dr. Rizal Sukma, Ambassador Extraordinary and Plenipotentiary, Permanent  
Representative of Indonesia to IMO, Embassy of the Republic of Indonesia, London

Mr. Nur Rakhman Setyoko, Trade Attaché, Embassy of the Republic of Indonesia,  
London

Mr. Simson Sinaga, Transportation Attaché, Alternate Permanent Representative of  
Indonesia to IMO, Embassy of the Republic of Indonesia, London

Mr. Vitto Tahar (Minister Counsellor), Economic Affairs Attaché, Embassy of the  
Republic of Indonesia, London

Mr Andreas Nordseth, Chairman, Consultative Shipping Group (CSG)