



**H.E. Airlangga Hartarto**

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**H.E. Agus Suparmanto**

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**H.E. Luhut Binsar Pandjaitan**

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**H.E. Budi Karya Sumadi**

Minister of Transportation  
Ministry of Transportation  
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No. 8 Jakarta Pusat, 10110  
Republic of Indonesia

26 February 2020

Dear Coordinating Minister Hartarto, Coordinating Minister Pandjaitan, Minister Suparmanto and Minister Sumadi,

**CONCERNS REGARDING 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.

First and foremost, ICS, ASA and ECSA wish to congratulate Coordinating Minister Hartarto and Minister Suparmanto on their recent appointments as the new Indonesia Coordinating Minister for Economic Affairs and Minister of Trade, respectively. 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 by ASA (also attached) on 1 February 2018 and 30 April 2018, respectively.

In this respect, the global shipping industry is seeking to once again provide some constructive perspective about the implications of the cargo reservation provisions contained in Decree No 82/2017, which is set to enter into effect on 1 May 2020, as stipulated in Decree No 80/2018.

The provisions of particular concern to the industry are Article 3 (1) of the Decree, which 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), which restricts the importation of rice to vessels “controlled by national maritime transportation companies” only.

### **Global shipping industry concerns**

1. The global shipping industry remains concerned about the current plans to implement the Decree from 1 May 2020. This is likely to have a damaging impact on the wider Indonesian economy and especially on those strategic 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, to the detriment of the Indonesian economy.
2. The global shipping industry also remains concerned about the lack of clarity regarding the definition of ‘*vessels controlled by national maritime transportation companies*’ in the context of the Decree. As emphasised in previous letters from the industry, clarity on this particular point would be highly appreciated.
3. As explained in our previous letters, the global shipping industry strongly believes that unilateral or regional imposition of these cargo reservation measures is likely to destabilise local trade growth and economic development. The global shipping 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 likely reduce confidence amongst international shipping companies, in the context of planning for future business investments in Indonesia.
4. These regulatory measures are also inconsistent with accepted principles of global maritime trade and the commitments that Indonesia has made under the ‘Model Maritime Schedule’ of the World Trade Organization (WTO).

Finally, recent reports indicate that some exporters continue to express concern about their own readiness to adapt to this new regulatory framework, as well as the readiness of Indonesia's domestic shipping industry to implement the provisions in question, in light of the limited national fleet capacity to accommodate production. It is also understood that, as a result of the current uncertainty and due to potential shipping issues after 1 May 2020, some major importers of Indonesian coal and CPO are already actively engaging new (non-Indonesian) suppliers to mitigate the expected disruption to their business operations.

### **Global shipping industry recommendations**

1. With the above in mind, the global shipping industry sincerely hopes that the Indonesian Government will give thorough consideration to revoking the cargo reservation provisions of the ministerial regulation, and therefore continue to permit the 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.
2. The global shipping industry wishes to reemphasise the need for the Ministry of Trade to conduct in-depth consultations with all affected stakeholders and industries as soon as possible, in advance of the intended entry into effect of the Decree. This should include the international shipping industry (e.g. relevant international shipping companies and their representatives, such as ICS, ASA and ECSA), as well as those national stakeholders whose cargoes will be directly affected by the Decree.
3. To be able to assess the full impact of this Decree, ICS, ASA and ECSA also respectfully highlight the vital need for cooperation and inputs from all relevant Government bodies in the Republic of Indonesia, including the Coordinating Ministry of Economic Affairs, the Coordinating Ministry of Maritime Affairs and Investments, the Ministry of Trade, the Ministry of Transportation and the Ministry of Energy and Mineral Resources.

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

With the above in mind, we wish to propose a constructive dialogue (at your earliest convenience), between the relevant representatives from the above mentioned ministries and the global shipping industry, to discuss and address the existing concerns of all stakeholders and hopefully avoid the need for adoption of the Decree.

In this respect and if deemed appropriate, as representatives of the international shipping industry, ICS, ASA and ECSA would be ready and willing to visit Indonesia or alternatively, the Embassy of the Republic of Indonesia in London (United Kingdom), to further discuss these critical issues of mutual interest.

ICS, ASA and ECSA sincerely hope that the Government of Indonesia will once again give our comments and requests serious consideration and we look forward to receiving a response at your earliest convenience.

Yours sincerely,



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Mr Guy Platten  
Secretary General  
ICS



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Mr Martin Dorsman  
Secretary General  
ECSA



.....  
Mr Michael Phoon  
Acting Secretary General  
ASA

Copy to:

H.E. Arifin Tasrif, 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. Lollan Panjaitan, Transportation Attaché, Alternate Permanent Representative of Indonesia to IMO, Embassy of the Republic of Indonesia, London

Mr. Adi Winarso (Counsellor), Economic Affairs Attaché, Embassy of the Republic of Indonesia, London

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