

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Indonesia

**Post:** Jakarta

### **An Update on the Implementation of New Soybean Import Regulation**

**Report Categories:**

Oilseeds and Products

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**Report Highlights:**

Soybean importers have expressed multiple concerns about new soybean import regulation that was implemented in August 12, 2013 that include requirement to apply for being a registered importer (IT), the purchase of locally grown soybeans as a pre-condition to receive an import permit, and pre-inspection of soybean shipments.

### General Information:

The Ministry of Trade's (MOT) new soybean import regulation ([Regulation No. 24](#)) was implemented August 12, 2013. Soybean importers have expressed multiple concerns about the regulation. Importer concerns include that the MOT now requires soybean importers to apply for being a registered importer (IT). The IT is a defacto import license, and implies that the MOT can decide who is allowed to import ([GAIN ID1334](#)). MOT also requires importers to purchase locally grown soybeans as a pre-condition to receive an import permit. Finally, MOT now requires pre-inspection of soybean shipments and the delivery of a surveyor report in order to export to Indonesia.

The latest developments on the implementation of Regulation No. 24 are listed below:

- MOT has issued 24 ITs as of August 2, 2013.
- MOT has received 21 import permit application and approved two, as of August 23, 2013. Importers report that under current market conditions, most small-scale importers (container) will delay orders until October/November 2013 due to Indonesia's weakening exchange rate with the dollar and anticipated lower new crop prices on the CBOT.
- MOT has agreed to temporarily relax the local soybean purchase requirements. Importers, however, have to sign commitment letter to purchase local beans at government-set prices whenever and wherever the beans are available.
- Indonesia's state-owned surveyor, KSO, has officially appointed Bureau Veritas to carry out soybean pre-shipment inspections from the United States. Importers must have an IT and an import permit as a pre-condition to submit the verification request. Importers will be subject to the following inspection fees:

**Figure 1: Indonesia: Soybean Pre-Shipment Inspection Charges, 2013**

	<b>Bulk</b>	<b>Container</b>
Normal		\$80/Container
Minimum	\$1,500	\$400
Maximum	\$2,500	\$2,000 (up to 35 containers)

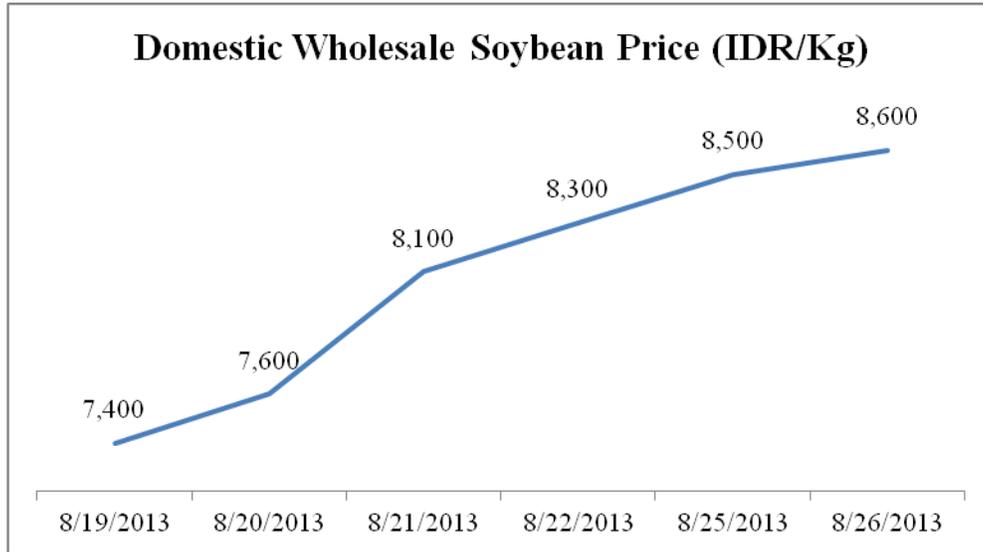
*Source: KSO*

The fee structure favors bulk importers over container importers.

- Domestic soybean prices increased from IDR 7,400 to IDR 8,700 per kg during the week of August 19 due to IDR depreciation against the U.S. Dollar. In reaction to high prices, MOT initiated the following interventions :
  - MOT has agreed to release 150,000 tons of on-the-water soybeans without a surveyor report or a local soybean purchase receipt in order to ensure domestic soybean supply through October 2013. MOT data shows current Indonesian soybean stocks at 300,000 metric tons, 50 percent of which is on the water.
  - MOT set the November-December 2013 soybean import quota at 584,000 tons, and it will be distributed to 19 registered importers. Importer's quota distribution will be based on the importers' past performance and their October 2013 stock positions. The importation of 584,000 tons of soybeans is subject to the new import regulation.

- MOT proposed to the Coordinating Minister for Economic Affairs to temporarily remove the 5 percent import duty on soybeans. The proposal was blocked by other ministries during the Economic Cabinet meeting held on August 27, 2013.

**Figure 2: Indonesia: Domestic Wholesale Soybean Price (IDR/Kg), August 2013**



Source: USSEC Indonesia