



## **ARMA Update: July 16, 2021**

*(English Version)*

### **The Implementation of the Minister of Trade Regulation Number 17 of 2021 concerning Reputable Exporters and Importers**

#### **Overview**

In order to provide support to the trade sector, the Government through the Ministry of Trade provides facilities to facilitate the export and import activities to reputable exporters and importers. This facilitation is contained in the Minister of Trade Regulation Number 17 of 2021 concerning Reputable Exporters and Importers (“**MoT Reg 17/2021**”) which has been effective since June 1 of 2021 as the implementing regulation of Government Regulation Number 29 of 2021 concerning the Implementation of the Trade Sector (“**GR 29/2021**”).

In this ARMA Update, we shall discuss the general overview of Reputable Exporters and Importers regarding its definition, the advantages, the criteria and process of the determination up to the suspension and revocation of the status as regulated in the MoT Reg 17/2021.

#### **1. Definition of Reputable Exporter and Importer**

Exports and imports are activities in which goods enter or leave the customs area. This activity is carried out by Exporters and Importers, which are individuals or institutions or business entities, both in the form of legal and non-legal entities. In this regard, Reputable Exporters and Importers are Exporters and Importers who have a good track record of compliance in implementing the laws and regulations in the field of export and import.<sup>1</sup>

#### **2. Supporting Facilities for Reputable Exporters and Importers**

In order to support the export and import activities in Indonesia, the Government provides supporting facilities to provide convenience for exporters and importers who are determined to be Reputable Exporters and Importers. This determination can provide convenience in the business licensing process. This facility is in the form of the issuance of business licenses in the export and import field to be done electronically and automatically.<sup>2</sup> Thus, this can cut the stages of the process that needs to be taken to obtain a business license. However, this auto permit facility does not eliminate the inspection authority.<sup>3</sup>

The types of business licenses are described in the MoT Reg 17/2021 Attachment, namely Export Approvals and Import Approvals. Export Approvals that are included in the facilitation for Reputable Exporters are for 9 (nine) types of goods and commodities, including organic rice, animals and animal products, as well as metal scrap. As for Reputable Importers, the business licenses that is facilitated is Import Approvals for 77 (seventy-seven) types of

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<sup>1</sup> Article 1 (5) and (7) of MoT Reg 17/2021

<sup>2</sup> Article 6 (1) of MoT Reg 17/2021

<sup>3</sup> Explanation of Article 17 (3) of GR 29/2021



goods and commodities, including fresh animal products, oil and gas, as well as complementary goods for various industries.

### 3. The Determination of Reputable Exporters and Importers

There are several criteria to be determined as a Reputable Exporter or Importer. For exporters, they must meet the following criteria:<sup>4</sup>

- a. have fulfilled the obligation to report on the realization of all export approvals that has been carried out for each commodity in the past year;
- b. have obtained a valid status of taxpayer status confirmation from the Ministry of Finance for the last 2 (two) years;
- c. carry out the export of goods in the last 2 (two) years in accordance with the line of business;
- d. have never been subject to administrative sanctions on the form of regulation violations in the export sector for the last 2 (two);
- e. currently not being subject to administrative sanctions in the form of written warnings, license postponement or license suspension for regulation violations in the export sector; and
- f. have never been subject to criminal sanctions in the trade sector.

Another way to be determined is if an exporter has been recognized as an Authorized Economic Operator<sup>5</sup> or as a Main Partner of Customs<sup>6</sup> from the Ministry of Finance or has received a Primaniyarta Award from the Minister of Trade starting in 2018, then they can be determined as a Reputable Exporter, without having to meet the criteria mentioned above.

Furthermore, to be determined as a Reputable Importer, the following criteria must be met:<sup>7</sup>

- a. a producer importer;
- b. have fulfilled the obligation to report on the realization of all import approvals that has been carried out for each commodity in the past year;
- c. have obtained a valid status of taxpayer status confirmation from the Ministry of Finance for the last 2 (two) years;
- d. carry out the import of goods in the last 2 (two) years in accordance with the line of business;
- e. have never been subject to administrative sanctions on the form of regulation violations in the import sector for the last 2 (two) years;
- f. currently not being subject to administrative sanctions in the form of written warnings, license postponement or license suspension for regulation violations in the import sector; and
- g. have never been subject to criminal sanctions in the trade sector.

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<sup>4</sup> Article 3 (1) of MoT Reg 17/2021

<sup>5</sup> As regulated in the Minister of Finance Regulation Number 227/PMK.04/2014 on Authorized Economic Operators

<sup>6</sup> As regulated in the Minister of Finance Regulation Number 229/PMK.04/2015 on Main Partner of Customs as amended by the Minister of Finance Regulation Number 211/PMK.04/2016 on Amendments to the Minister of Finance Regulation Number 229/PMK.04/2015 on Main Partner of Customs

<sup>7</sup> Article 4 (1) of MoT Reg 17/2021



Another way to be determined is if an importer has been recognized as an Authorized Economic Operator or as a Main Customs Partner, then the importer can be determined as a Reputable Importer, without having to meet the criteria above.

The determination as a Reputable Exporter and Imported is carried out by the Director General of Foreign Trade on behalf of the Minister of Trade.<sup>8</sup> Ministries and Non-Ministerial Government Institutions (*Lembaga Pemerintah Non Kementrian* or “LPNK”) may recommend Exporters and/or Importers to the Director General of Foreign Trade to be determined. In the determination process, an Assessment Team is created which is tasked with:<sup>9</sup>

- a. identifying the prospective Reputable Exporters and Importers;
- b. conduct an assessment of the prospective Reputable Exporters and Importers in accordance with the criteria mentioned above;
- c. provide a proposal for determination based on the results of the assessment or recommendation from the Ministry/LPNK;
- d. conduct evaluations and compliance assessments; and
- e. report the results of the evaluation and compliance assessment to the Minister of Trade.

With that, the determination is made by the Assessment Team automatically based on the assessment of export and import activities that have been carried out by the Exporter and Importer, without the need for self-registration to be determined as a Reputable Exporter and Importer.

#### **4. The Suspension and Revocation of the Reputable Exporter and Importer Status**

The status as a Reputable Exporters and Importers can be suspended based on the results of the evaluation and compliance assessment it is found that:<sup>10</sup>

- a. does not meet the Reputable Exporter and Importer criteria;
- b. is under investigation on suspicion of a criminal act in the trade sector; and/or
- c. currently being subject to sanctions in the customs sector by officials at the Directorate General of Customs and Excise of the Ministry of Finance.

This suspension will result in the facilities not being provided in the implementation of export and import activities.<sup>11</sup>

The status as a Reputable Exporter and Importer can be revoked if it is found that:<sup>12</sup>

- a. does not meet the suspension conditions after a period of no later than 30 (thirty) days as of the suspension date;
- b. abuses the business licenses in the export and import sector;
- c. found guilty based on a court decision that has permanent legal force for a crime in the trade sector; and/or

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<sup>8</sup> Article 2 (3) of MoT Reg 17/2021

<sup>9</sup> Article 8 (2) of MoT Reg 17/2021

<sup>10</sup> Article 10 (1) and (2) of MoT Reg 17/2021

<sup>11</sup> Article 10 (3) of MoT Reg 17/2021

<sup>12</sup> Article 10 (5) of MoT Reg 17/2021



- d. have received suspension sanctions as a Reputable Exporter and Importer as much as 3 (three) times within a period of 3 (three) years.

Regarding this revocation, an application may be submitted to the Minister of Trade to be established as a Reputable Exporter and Importer after meeting the criteria after 2 (two) years from the date of revocation.<sup>13</sup>

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<sup>13</sup> Article 1 of MoT Reg 17/2021