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Labels and Licensing: Draft Regulations for the Trade Sector

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The Government has released draft regulations* relating to the implementation of the Job Creation Law in the trade sector. This Article will focus on the provisions of the draft regulations relating to licensing and labelling.

The draft regulations require goods sold in Indonesia (either imported to or produced/packaged in Indonesia) to have labels in the Indonesian language. For goods to have labels, the draft regulations state that the labelling requirement will only apply to certain categories of goods that will be set in the annex. The draft regulations also provide exemptions to the labelling requirement for items sold in bulk directly to customers and those sold by micro and small enterprises.

The draft regulations also require self-service shops, shopping center operators, and shops in the shopping center and public markets to have an electronic business license.

The Draft is not yet in force and its provisions may change.

*Regulations arising from Law No. 11 of 2020 concerning Job Creation in relation to Law No. 7 of 2014 concerning Trade.

Foreign Exchange: New Regulations

Bank Indonesia has issued new regulations to help stimulate the economy during the COVID19 pandemic.* The new Regulations came into effect on 1 January 2021. While the Regulations cover a number of areas, the main provision for businesses relates to any shortfall between the proceeds from export and their value.

The Regulations state that when then the proceeds from export are less than their export value by IDR 50 million or 2.5% then the exporters must submit documents showing this shortfall to Bank Indonesia. Shortfalls generally occur as a result of exchange rates, discounts, administrative fees, etc.

The Regulations broaden the shortfall between proceeds from export and their export value. The Regulations broaden the shortfall between proceeds from export and their export value. Consequently, this new amendment takes away some of the red tape associated with export, particularly for those whose export businesses are affected by COVID19.

Exporters who do not submit supporting documents may receive a suspension from the government and will not be able to carry on their export business.

However, the new Regulations set out provisions to postpone sanctions relating to those that have not complied with their import payment obligations, again, giving those businesses that have been adversely affected by COVID19 some leeway.

* Bank Indonesia Regulation Number 22/21 / PBI / 2020 concerning Amendments to Bank Indonesia Regulation Number 21/14 / PBI / 2019 concerning Export Proceeds and Import Payment Foreign Exchange.

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