

MINISTER OF TRADES OF THE REPUBLIC OF INDONESIA

MINISTERIAL DECREE OF THE REPUBLIC OF INDONESIA

NUMBER 26/M-DAG/PER/3 /2015

CONCERNING

SPECIAL POLICY ON THE USE OF LETTER OF CREDIT FOR THE EXPORT OF CERTAIN GOODS

WITH THE BLESSING OF THE ALMIGHTY GOD

MINISTER OF TRADES OF THE REPUBLIC OF INDONESIA,

In considering

- a. that in order to enhance the effectiveness of the implementation of Ministerial Decree of Trades Number 04/ M-DAG/ 1/ 2015 on the stipulation of the use of Letter of Credit for the export of certain goods, it is necessary to enact a special regulation on the use of Letter of Credit for the export of certain goods;
- b. that based on the above consideration as cited in letter a, it is necessary to enact a Ministerial Decree of Trades on special regulation on the use of Letter of Credit for the export of certain goods;

As referring to in

1. Law Number 7 Year 1994 on the endorsement to Agreement at the Establishment of The World Trade Organization (Approval on the Creation of the World's Trade Organization) (State Gazette of the Republic of Indonesia Year 1994 Number 57, Supplement to State Gazette of the Republic of Indonesia Number 3564);
2. Law Number 10 Year 1995 on Customs House (State Gazette of the Republic of Indonesia Year 1995 Number 75, Supplement to State Gazette of the Republic of Indonesia Number 3612) as having been revised or amended by Law Number 17 Year 2006 (State Gazette of the Republic of Indonesia Year 2006 Number 93, Supplement to State Gazette of the Republic of Indonesia Number 4661);
3. Law Number 24 Year 1999 on the Flows of Foreign Exchanges and System of Exchange Rates (State Gazette of the Republic of Indonesia Year 1999 Number 67, Supplement to State Gazette of the Republic of Indonesia Number 3844);
4. Law Number 39 Year 2008 on State Ministries (State Gazette of the Republic of Indonesia Year 2008 Number 166, Supplement to State Gazette of the Republic of Indonesia Number 4916);
5. Law Number 2 Year 2009 on Indonesian Agency of Export Funding (State

Gazette of the Republic of Indonesia Year 2009 Number 2, Supplement to State Gazette of the Republic of Indonesia number 4957);

6. Law number 7 Year 2014 on Trades (State Gazette of the Republic of Indonesia Year 2014 Number 45, Supplement to State Gazette of the Republic of Indonesia number 5512);
7. Government Regulation (PP) Number 1 Year 1982 on the Realization of Export, Import and Flows of Foreign Exchanges (State Gazette of the Republic of Indonesia Year 1982 Number 1, Supplement to State Gazette of the Republic of Indonesia Number 3210) as having been amended by government regulation (PP) Number 24 Year 2006 (State Gazette of the Republic of Indonesia Year 1985 Number 33, Supplement to State Gazette of the Republic of Indonesia Number 3291);
8. Presidential Decree Number 24 year 2010 on the Position, Task, and Function of State Ministry as well as the Organizational Structure, Task, and Function of Echelons I of State Ministry as having been revised or amended for several times and the latest amendment by Presidential Decree number 135 year 2014;
9. Presidential Decree Number 121/ P Year 2014 on the Creation of Ministries and Assignment of Ministers of the Work Cabinet in a period of years 2014-2019;
10. Presidential Regulation (Decree) Number 165 Year 2014 on How to Organize Tasks and Functions of the Work Cabinet;
11. Presidential Regulation Number 7 Year 2015 on the Organization of State Ministries;
12. Ministerial Decree of Finance Number 145/ PMK.04/2007 on Customs House of Export as having been amended for several times and the latest amendment by Ministerial Decree Number 145/ PMK.04/2014;
13. Ministerial Decree of Trades Number 31/ M-DAG/ PER/7/2010 on Organization and Work Procedure of the Ministry of Trades as having been amended by Ministerial Decree of Trades Number 57/M-DAG/ PER/8/2012;
14. Ministerial Decree of Trades Number 31/ M-DAG/ PER/3/2012 on General Policy of Export
15. Ministerial Decree of Trades Number 04/ M-DAG/ PER/1 /2015 on Policy of the use of Letter of Credit of Export of Certain Goods;

DECIDES:

To enact

MINISTERIAL DECREE (REGULATION) ON SPECIAL POLICY FOR THE IMPLEMENTATION OF THE USE OF LETTER OF CREDIT FOR EXPORT OF CERTAIN GOODS.

Article 1

In this Ministerial Decree what is meant by:

1. Goods are tangible and intangible, moveable and immoveable, consumable and inconsumable commodities that can be traded, worn, used, or utilized by consumer or business person.
2. Letter of Credit, hereinafter referring to L/C, shall be a promise to pay by bank of issuer to bank of recipient as long as the recipient provides the bank of issuer all documents as required in L/C.
3. Export is the activity to bring out goods from area of Customs.
4. Exporter is individual or agency or business entity, whether of legal entity or non-legal entity, who or that is conducting an activity of export.
5. Minister is the Minister who is in charge of governmental roles on trades.

Article 2

- (1) In case that the Exporter has yet to be able to use a procedure of payment with L/C, the Exporter shall request for an exception or postponement of using a method of payment with L/C to Minister.
- (2) Minister shall grant an exception or postponement of using a method of payment with L/C after having been recommended by a Minister in regard of technical issues.
- (3) In providing a recommendation as cited in paragraph (1) some points below shall be considered:
 - a. contract between Exporter and overseas buyer on the export of certain goods, of which the payment without L/C has actually been agreed prior to the enactment of Ministerial Decree number 04/ M-DAG/ PER/ 1/ 2015 concerning the policy to use Letter of Credit for the export of certain goods;
 - b. readiness of the Exporter of certain goods to later on adjust with the payment with L/C in a certain period of time; and
 - c. letter of statement with sufficient seal to confirm about the truth of contract as cited in letter a, and the readiness to adjust with the method of payment with L/C as cited in letter b.

Article 3

- (1) The document as cited in Article 2 paragraph (3) and the realization of export of certain goods shall be subject to a post audit by a team.
- (2) The team as cited in paragraph (1) shall be determined by Minister.

Article 4

In case that from the result of post audit as cited in Article 3 paragraph (1) is found that the document and realization of Export of certain goods turn to be incorrect, the Exporter shall be sanctioned as follows:

- a. termination of exception for the obligation to use a method of payment with L/C; and/ or
- b. other sanction based on the prevailing laws and regulations.

Article 5

- (1) In regard of the method of payment with L/C, in addition to payment by domestic bank of foreign exchanges, the payment shall also be allowed through an agency of export funding as created by the Government.
- (2) The agency of export funding as cited in paragraph (1) when receiving the payment with L/C shall comply with the regulation of Bank Indonesia concerning foreign exchanges from the proceeds of Export.

Article 6

This Ministerial Decree shall be effective as of April 1, 2015.

Any person shall be made aware of the enactment of this Ministerial Decree as having been published in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
Dated 30 March 2015
MINISTER OF TRADES OF THE REPUBLIC OF INDONESIA

Signed

RACHMAT GOBEL

Copy as the original version
Secretary General
Ministry of Trades
Head of Bureau of Laws

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