

INDONESIA

DEVELOPING A RISK-BASED APPROACH AT THE MINISTRY OF TRADE



The joint project between the Indonesian Ministry of Trade (MoT) and the German Alliance for Trade Facilitation created a solid basis for a risk-based approach on import management and documentation. The project piloted a “Trusted Trader Scheme” to analyse the feasibility and applicability of the approach by assessing selected companies. The pilot project’s results were seen as a starting point for the MoT to

further develop its integrated risk management system (IRMS). By simplifying procedures for authorised traders, the MoT is in a position to create incentives for those who invest in compliance and respect all regulations. An intelligence-led risk-based approach leads to faster processing of import and export licenses with fewer interventions – which is beneficial for both the private and the public sector.



50% less processing time needed
per import license permit on average

Even though activities had to be adapted to the Covid-19 pandemic, the project achieved measurable results. The average processing time for an import authorization in 2019 was reduced to 3.9 days per permit. In 2018, the average pro-

cessing time was 7.8 days. Overall, the project contributed to an improved environment for import documentation and processing in Indonesia. Moreover, it enhanced the digitalization of related work procedures.



THE PROJECT AT A GLANCE

COMMISSIONED BY	German Federal Ministry for Economic Cooperation and Development (BMZ)
IMPLEMENTING PARTNER	Ministry of Trade (MoT), Directorate General of Customs and Excise
DURATION	June 2019 to October 2021

PROJECT APPROACH

Between 2019 and 2021, the MoT and the German Alliance for Trade Facilitation closely collaborated in developing the risk-based approach. Further to the “Trusted Traders Scheme”, joint work included, inter alia, measures such as:

- A guidebook on risks related to processes when issuing import/export licenses;
- Inputs to draft regulations (see below); and
- Establishing a task force for the implementation of the risk management system (i.e. inter-agency collaboration).



In addition, the MoT issued three new regulations during the project period to improvedocumentation and processing for imports and exports:

1. Simplification of trade through the regulation for reputable traders (Reg 17/2021).
2. Simplification of controls post border: No need for self-declaration for companies based on Reg 51/2020.
3. Cooperation between authorities: Memorandum of Understanding (MoU) between Customs and the MoT for purposes of data sharing.



ARE YOU INTERESTED TO LEARN MORE?

The German Alliance for Trade Facilitation is a public-private partnership. In joint projects worldwide the time and costs involved in cross-border trade are reduced significantly. Check out the website to get more information on the projects and the team.



RELATION TO THE TRADE FACILITATION AGREEMENT

This project contributes towards the implementation of the following article of the World Trade Organization (WTO) Agreement on Trade Facilitation:

- **Article 7.4:** Risk Management

The overall idea was to simplify import and export processes for companies with a low-risk profile that have achieved the status of a Trusted Trader. This would help authorities to avoid risks while enabling a faster and smooth flow of goods. The MoT continues its work on further improving its IRMS to create favourable framework conditions for cross-border trade. While the project team issued recommendations for the full deployment of the approach, implementation lies with the MoT.



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