



## Client Alert

### **New provisions on the importation of Iron or Steel, Alloy Steel, and Its Derivative Products- Requirement of Technical Verification or in Indonesian, *Pertimbangan Teknis* – “Pertek”.**

#### **BACKGROUND**

Pertek is a recommendation letter issued by the Ministry of Industry (“**MOI**”) as a requirement to obtain an import approval or in Indonesian, *persetujuan impor* – “**PI**” from the Ministry of Trade (“**MOT**”). PI is a license to import iron or steel, alloy steel and its derivate products (“**Steel Products**”) to the Indonesia’s territory.

To promote the utilization of domestic products, the MOI has enacted Regulation of the Minister of Industry No. 1 of 2024 on the Procedure for Issuing Technical Considerations for Imports of Iron or Steel, Alloy Steel, and Its Derivative Products (“**MOI Regulation 01**”).

Upon the enactment of MOI Regulation 01, Regulation of the Minister of Industry No. 1 of 2019 on Technical Considerations for Imports of Iron or Steel, Alloy Steel, and its Derivative Products as lastly amended by Regulation of the Minister of Industry No. 4 of 2021 on Second Amendment to MOI 1/2019 is revoked.

The issuance of the Pertek replaces the obligations to obtain a Commodity Balance or in Indonesian, *Neraca Komoditas* – NK which was required forobtaining the PI.

#### **BUSINESS ACTORS**

Business actors who intend to import Steel Products must have a business identification number (“**NIB**”) that is also valid as Producer Importer Identification Number (“**API-P**”) or General Importer Identification Number (“**API-U**”). Holders of API-P and API-U which may apply Pertek are as follows:

<b>NO</b>	<b>HOLDER OF API-P</b>	<b>HOLDER OF API-U</b>
1	Industrial Company, including the industrial company in the construction phase.	A non-industrial company that imports Steel Products to be sold to any end-user industrial company.
2	Industrial Service Company	Raw Material Provider Center ( <i>Pusat Penyedia Bahan Baku</i> – PPBB)
3	Non-Industrial Company that imports Steel Products for internal purposes.	

## REQUIREMENTS

No	Business Actors	Requirements
1	<b>Industrial Company and Industrial Service Company</b>	<ul style="list-style-type: none"> <li>• It has fulfilled business license commitments as stipulated in the laws and regulations.</li> <li>• It has been registered in National Industry Information System (<i>Sistem Informasi Industri Nasional</i> - "SIINas").</li> <li>• It has submitted industrial data through SIINas.</li> <li>• For industrial service company: it has a valid cooperation contract or sales contract with an end-user that has been registered in the SIINas and has reported its business activities under the applicable provisions that contain a description of goods, quantity of goods, and purpose of use.</li> </ul>
2	<b>Non-Industrial Company that imports Steel Products for internal purposes.</b>	<ul style="list-style-type: none"> <li>• It has fulfilled business license commitments as stipulated under the laws and regulations.</li> <li>• It has been registered in SIINas pursuant to the prevailing laws and regulations.</li> <li>• It has submitted regular business reports through SIINas every February 1 and August 1.</li> <li>• For Non-Industrial Company engaging in services sector that imports Steel Products for internal purposes: it has a valid cooperation contract or sales contract with an end-user that has been registered in the SIINas and has reported its business activities based on the applicable provisions that contain a description of goods, quantity of goods, and purpose of use.</li> </ul>
3	<b>A non-industrial company that imports Steel Products to be sold to any end-user industrial company.</b>	<ul style="list-style-type: none"> <li>• It has fulfilled business license commitments as stipulated under laws and regulations.</li> <li>• It has been registered in the SIINas in accordance with the prevailing laws and regulations.</li> <li>• It has submitted a report on the realization of distribution of Iron or Steel, Alloy Steel, and Derivative Products in the previous year through the SIINas every February 1 and August 1.</li> <li>• It has a cooperation contract or sales contract with an end-user who has been registered with the SIINas and has reported its business</li> </ul>

		activities in accordance with the applicable provisions containing a description of the goods, the number of goods, and the purpose of use (except for derivative products).
4	Raw Material Provider Center ( <i>Pusat Penyedia Bahan Baku – PPBB</i> )	<ul style="list-style-type: none"> <li>• It has been determined by the MOI as PPBB.</li> <li>• It has submitted a report on the realization of distribution of Iron or Steel, Alloy Steel, and Derivative Products in the previous year through the SIINas every February 1 and August 1.</li> <li>• It has a cooperation contract or sales contract with an end-user who is classified as small medium enterprise.</li> </ul>

## PROCEDURES

- Application for obtaining the Pertek should be submitted electronically to the authorized Director General in the MOI through the Indonesia National Single Window System (“**SINSW**”) which is further forwarded to the SIINas.
- Henceforth, the authorized Director of the MOI shall verify the suitability of the data and documents provided. In verifying the suitability of the submitted data and documents, the Director may examine conditions in the field, which shall be carried out offline or online.
- If the application is not complete, the Pertek application will be returned to the business actor for rectification. If the business actor does not rectify the application within 5 (five) working days from the date of return, the application will be rejected automatically. Within a maximum period of 5 (five) working days, after the application for issuance of Pertek is declared complete and appropriate, the authorized Director General in the MOI shall issue: (i) the Pertek; or (ii) the rejection of Pertek.
- Pertek shall be issued once in a year, which has a validity period of 1 (one) calendar year (until December of the relevant year) from the time it is issued electronically through the SIINas and forwarded to the SINSW.

## AMENDMENT TO PERTEK

Pertek which has been issued by the MOI may be amended by the business actor due to change of data and/or import allocation number. Change of data consists of (i) Identity of the business actor (name and or domicile); (ii) HS Code; (iii) Detail of goods, amount, unit, and technical specification of goods will be imported; (iv) Country of origin; and/or (v) Destination port. While, change of import allocation may only be applied by the business actor if: (i) the business actor has imported at least 60% of the import allocated has been granted; and (ii) change of import allocation applied by the business actor for each HS Code is equal or higher than import realization of the current year.

## SANCTIONS

A holder of a Pertek and/or an amended Pertek, who uses, utilizes, and/or distributes imported goods inconsistently with their purposes, shall be subject to administrative sanctions in the form of (i) Rejection of Pertek application for the following 1 (one) year; and (ii) Recommendation for revocation of Import Approval that has been issued by the MOT.

## ADDITIONAL INFORMATION

- The list of Steel Products is stipulated in Attachment I of MOI Regulation 01.
- Pertek is not a business license to import Steel Products. Upon obtaining Pertek, business actors must apply for a PI. Provisions related to the PI are stipulated in the Minister of Trade Regulation No. 36 of 2023 on Import Policy and Regulations which will come into force on 10 March 2024.

**Yuliani Yoga, Managing Partner**

+62 815 8875 021 

yuliani.yoga@ylc-law.com 

## Yoga Partnership - Legal Consultant

The Vida Building, 3A Floor, Unit 4  
Jl. Raya Perjuangan No. 08  
Kebon Jeruk – DKI Jakarta  
Phone: + 62 21 2966 1375  
Email: info@ylc-law.com



**Yoga Partnership**  
Legal Consultant

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