

Indonesia – Coal and Crude Palm Oil Cabotage – Regulation 82/2017.

Obligation

After 26 April 2018, all coal and/or Crude Palm Oil (CPO) exporters in Indonesia shall be obliged to use 'National Sea Transportation Company', art. 3(1). The same exporters shall be obliged to use Insurance from National Insurance Company, art. 4(1). The regulation also applies to rice importers and transporters of goods to and from the government.

This means that all Exporters of coal and CPO from Indonesia, can only carry cargo if an Indonesian Sea Transport Company and a National Insurance Company is involved (not defined).

This will likely pose a problem since only 6.4% of Indonesian import/export is currently carried on Indonesian flagged vessels.

Exception

Perhaps for this reason, articles 6(1) and 7(1) allow the Exporters to report their 'utilization of National Sea Transportation Company' and 'Insurance'. This might indicate an exception, if the Exporter might not have available vessels or insurances.

After the Exporters do not comply, wither either articles 3 and 4, or articles 6 and 7, fines and penalties are available, Art. 9(1) and (2).

Concerns

The legislation is not very clear to say the least, and leaves more questions than answers. Questions like:

- There is no distinction between Owners and Charterers for instance. Does that mean the Owners of the vessel must be Indonesian, or may an intermediate Charterer be enough, perhaps as a Voyage Charterer?
- There is no definition of which types of insurances the regulation targets. If this is all insurances involved in a shipment of cargo (H&M, P&I, Cargo) or only specific insurances, such as Cargo insurance?
- How are the Exporters to 'report'?
- Are there any exceptions to these rules?

just to name a few.

It has also been mentioned that it might drive up costs of transportation, making Indonesian products more expensive.

Considerations

Indonesia is recognizing the impact this legislation might have on shipping to and from the country. Spica will speak the concerns of the international shipping community when possible. Any input you might have would be welcomed.

We are unfortunately not able to provide more accurate information at this stage, but will follow the Indonesian debate closely up to the date of 26 April 2018 and keep you updated. You may of course contact either Mario (Jakarta) or Thomas (Singapore) for any updates.

What is required perhaps is that Members and Clubs start to query their Exporters in how they plan to comply with this new regulation, to avoid confusion and perhaps situations where vessels are delayed.

Best regards,

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