

Covid-19 Response: Indonesia Temporarily Halts Export of Masks and Medical Protective Equipment

Following the announcement from the World Health Organization that declared Covid-19 as a pandemic, the Indonesian government continues making adjustment and taking steps to deal with the outbreak. As of 23 March 2020, there were 579 confirmed COVID-19 cases, with 49 deaths and 30 recovery. Globally, the pneumonia-like illness has infected more than 330,000 people and taken at least 14,000 lives.

Amidst this outbreak, the Indonesian Central Statistics Agency (“**BPS**”) noted an increase in the export of protective masks from Indonesia to trading partner countries by an average of 3,000% during February 2020. BPS recorded that the value of the export of masks increased from USD 2,1 million in January 2020, to USD 74,7 million in February 2020.

Ironically, the increase in the export of masks occurs when Indonesia is suffering from a shortage of protective masks due to panic buying and an increase of price. In a bid to safeguard domestic supply and to protect the public health of the Indonesian public, the government issued the Minister of Trade Regulation No. 23 of 2020 on the Temporary Ban of Export of Antiseptics, Raw Materials for Masks, Personal Protective Equipment and Masks on 17 March 2020 (“**Regulation**”).

Based on the Regulation, exporters are prohibited from exporting antiseptics, raw materials for masks, personal protective equipment and masks that fall under the following Tariff Post/Harmonized System (“**HS**”):

1. alcohol-based hand rub antiseptics, hand sanitizers and the like (HS code 3004.90.30);
2. hand rub antiseptics, hand sanitizers and the like that contain a mixture of coal tar acid and alkali (HS code 3808.94.10);
3. aerosol-packaged hand rub, hand sanitizer and the like (HS code 3808.94.20);
4. hand rub antiseptics, hand sanitizers and the like that contain a mixture of coal tar acid and alkali and packaged in non-aerosol packaging (HS code 3808.94.90);
5. meltblown non-woven fabrics made from artificial filaments weighing more than 25 g/sqm (HS code 5603.11.00);
6. meltblown non-woven fabrics made from materials other than artificial filaments weighing not more than 25 g/sqm (HS code 5603.91.00);
7. medical protective clothing (HS code 6210.10.19);
8. surgical clothing (HS code 6211.43.10);
9. surgical masks (HS code 6307.90.40); and
10. other masks made from non-woven material (HS code 6307.90.90).

The export of the above items is prohibited from 18 March 2020 until 30 June 2020. Exporters who violate the Regulation may be subject to sanctions in accordance with the provisions of the prevailing laws and regulations.

Our Commentary

Indonesia's move follows the move of other countries, including EU members and some ASEAN countries, to ensure that sufficient supplies of these items remain within the country. The next natural progression is for the government to cooperate with the medical industry to boost production and set a ceiling price for these items, and we will keep our clients updated of any development in this area.

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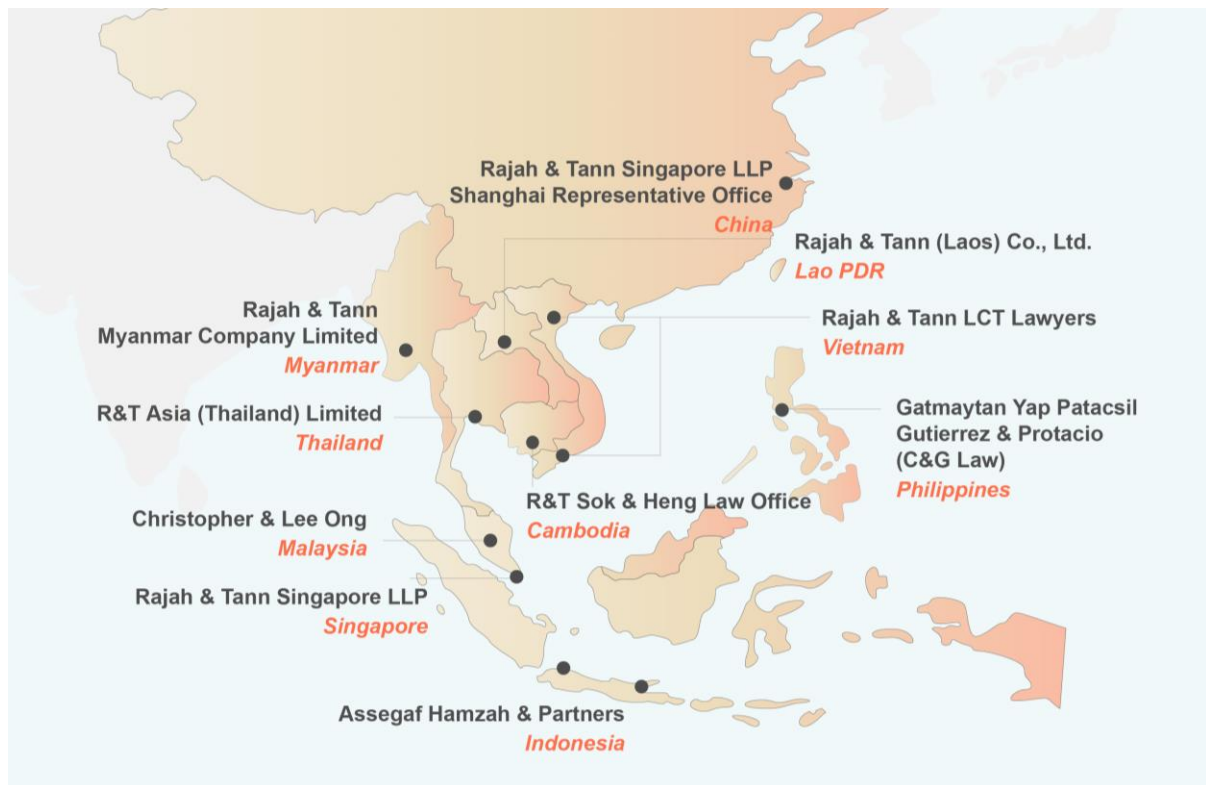
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