

INDONESIA



THE CHALLENGE

Indonesia is the second-largest fisheries producer in the world after China, with aquaculture in particular sustaining double-digit growth for several decades.

In 2021, the country imported around US\$ 500 million worth of maritime products and exported almost US\$ 107 million worth of fresh fish. Its 18 million inhabitants are among the biggest per capita consumers of fish products in the world, underlining the importance of the industry to the national economy and to food security.

The Indonesian government has made meaningful strides in modernising its risk management system for fish exports but lacked similar procedures for imports. This meant that the government agency responsible for quality control, Marine and Fishery Quality Assurance Agency (MFQAA), had to physically inspect 100% of imports and sample 20% of containers to ensure safety compliance and prevent the spread of fish diseases. By comparison, roughly 1% of European Union fish imports are subject to inspections and sampling.

This one-size-fits-all approach was straining inspection resources from riskier shipments and adding significant time and cost for importers, almost one-fifth of them micro, small, and medium enterprises (MSMEs).

ADDRESSING THE WORLD TRADE ORGANIZATION'S TRADE FACILITATION AGREEMENT

Article 7.4

Risk management

WHAT WE DID

Working in public private partnership, the Alliance supported the MFQAA in improving its risk management of control systems and import inspections. A key reform involved streamlining inspection guidelines covering food safety and quality and standard operating procedures in imports of tuna, mackerel, and sardines, with indications that these will likely be extended in future to cover additional import species.

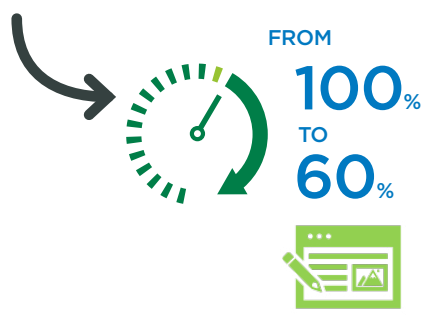
The project encompassed assessments of potential bottlenecks, public private dialogues, technical assistance, capacity building through training sessions and materials for government and business stakeholders, (all of which were gender mainstreamed to maximise the participation of women) and a study visit for MFQAA staff to Japan to observe best practice.

THE IMPACTS

A revised imports inspection regime operating under new guidelines is expected to generally expedite border clearances. Introducing a more robust risk management system will mean a proportion of import transactions can be classified as 'low-risk', exempting such shipments from physical inspections and laboratory testing. This will produce several anticipated benefits, including:

- saving importers on storage and laboratory testing costs
- reducing the wait times for import clearance and release, enabling fish and fishery products to reach markets faster – and fresher
- improving food safety and cutting costs by enabling more efficient and effective laboratory testing resulting from fewer physical inspections.

PROJECTED TIME AND COST REDUCTION



SAVING
approx.
US\$ 2.3M
annually

*includes potential savings from reducing border delays

Public private partnership

- ✓ Alleviated the administrative burden
- ✓ Helped level the playing field for MSMEs
- ✓ Increased Transparency
- ✓ Built momentum for increased digitalisation
- ✓ Improved food security

Additionally, the percentage of inspections will likely decrease as officials become more comfortable operating the new system and realise its effectiveness. An increased ability to handle more cargo will also likely see overall import volumes increase, leading to future increases in overall savings and competitiveness.

In an Alliance end-survey, government stakeholders said better risk management would better align import controls with international best practice. Following successful implementation, officials also expressed confidence in the anticipated benefits of the new procedures.



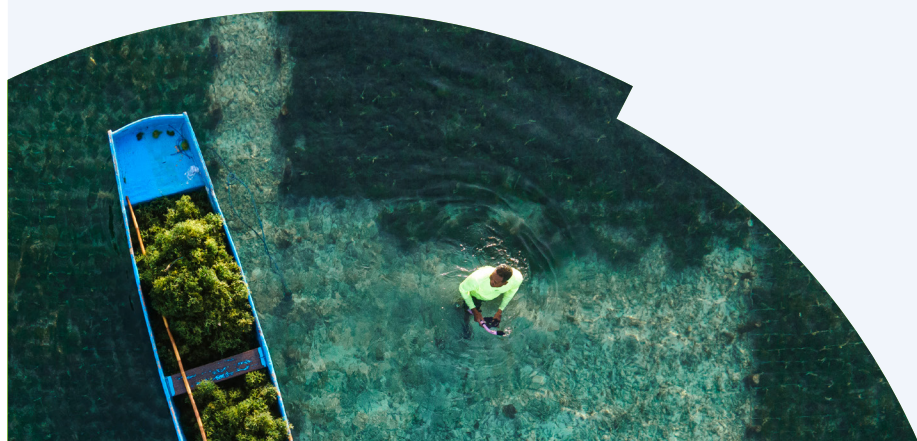
REFORM THROUGH PUBLIC PRIVATE PARTNERSHIP

In keeping with the Alliance's public private partnership approach, government and business stakeholders engaged frequently throughout project implementation, establishing unprecedented awareness of the challenges facing both sectors and recognising the need for ongoing, mutual transparency to optimise risk management.

There was also near-unanimous agreement that public private partnership had been key to the project's success and 100% of respondents to the end-survey said that the project had improved the trade facilitation environment. Both sides cited increased trust through ongoing engagement.

"We are pleased to see the reforms outlined in the recently issued government decision on the import of tuna, sardines, and mackerel. We hope that the dialogue can continue and can lead to this reform being expanded to other fish types in the future."

Budhi Wibowo, President, Indonesian Fishery Producers Processing & Marketing Association



"The advisory support of this project has raised our understanding of international best practices in the monitoring and management of biosecurity, fish disease, and food safety and quality."

Aji Purbayu, MFQAA Head of Cooperation and Public Relations Affairs.

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