The background of drug regulatory authority economics essay

Economics

In 1983, Indonesian National Drug Policy was established with the motive to control efficacy and safety of drugs, ensuring availability of drugs through responsible distribution, so that rational use of drugs can be promoted.

1. Drug Regulatory Authority

The regulatory authority for pharmaceuticals is the Directorate General of Drug and Food Control (DG DFC) at the central level. Its main functions are to formulate policies and programs on drugs; to supervise and control the supply of drugs for the public sector; to control distribution, production and utilization of drugs. In the private sector, DG DFC performs drugs registration, licenses providing for drugs imports and exports, monitors and supervises for implementation of Good Manufacturing Practices (GMP), controls drug promotion activities, monitors distribution of drugs and examine the quality of drugs before and after in the market and. Standard Treatment Guidelines for primary health care are develop by The Directorate General of Community Health Services coordinates with DG DFC. Pharmaceuticals are classified as indicated below: Narcotics (Category O), Prescription Medicines (Category G), OTC Medicine With Warning Labels (Category W), AndGeneral OTC Products (Category F).

2. Selection of Drugs

Every three years the Indonesia Essential Drug List (EDL) is revised by the Committee. Minister of Health appoints committee for Essential Drugs List; any revisions in Indonesia Essential Drug List are a result of consultations and meetings organized by the Committee for Essential Drugs List Formulation. The Indonesia EDL reflects standard requirements for hospital,

primary health centre and village drug depots, while the WHO Essential Drug List is not stratified into these levels of health care. Utilization of drugs outside of the on National Essential Drug List (NEDL) is banded in community health centres but is allowed in Private hospitals but Director of private hospitals should approve such drugs which then have to report to the National Committee on the NEDL. Public hospitals and community health centres have to compulsorily use drugs on National Essential Drug List (NEDL). The total value of these deviations should not be more than 25% by value due to budget limitation. The private sector is not obliged to follow the NEDL. However, some private hospitals have started using the NEDL as a reference for developing their own hospital formulary.

3. Production and Quality Assurance

In terms of value, 95% of all drugs for public and private sectors are manufactured in Indonesia itself. The national private pharmaceutical companies produce almost all drugs including vaccines on the NEDL. Government-owned pharmaceutical companies manufacture drugs for the public sector and generic drugs. With the assistance of WHO the National Quality Control Laboratory (QC Lab) and the 27 provincial QC Lab were developed. The government controls for quality by taking samples from the manufactures to be analyzed in the quality control laboratory. In 1971, implementation of good manufacturing practices (GMP) in pharmaceutical factories was started.

4. Trade and Industry Policy Environment

1. Overview

ASEAN Consultative Committee for Standards and Quality (ACCSQ) was formed by the ASEAN Economic Ministers in 1992. ASEAN Consultative Committee for Standards and Quality setup a Pharmaceuticals Product Working Group (P-PWG) in 1999, with help of Malaysia as the lead country. The objective of this group of experts is to agree differences of regulations in the ASEAN member states, and to develop common guidelines with the aim of arriving at a Mutual Recognition Agreement (MRA). The National Agency of Drug and Food Control (Jakarta, Indonesia) confirms that Indonesia observes patents for a period of 20 years, and is very keen to be regarded as a reliable partner in the World Trade Organization (WTO, the international organisation dealing with rules of trade between nations) and agreements like TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights).

2. Major Agreements

(a) TRIPS

Indonesia is of the view that TRIPS will delay the introduction of generics; reduce access to medicines for the majority of patients in developing countries and increase prices. TRIPS will on the other hand attract foreign direct investment as well as technology transfer from developed countries, and enhance local innovation and infrastructure capability. In order to compensate the protection of innovative medicines, testing and regulatory approval of generics will be allowed before patent expires. Parallel

importation without the consent of the patent holder and Compulsory License is allowed in defined cases.

(b) ASEAN Mutual Recognition Agreements

AFTA aims to eliminate all technical barriers and tariff rates, non-tariff barriers of trade. In order to reach this goal, product standards need to be similar through alignment with existing international standards e. g. ICH, and by implementing Mutual Recognition Agreements (MRAs). The Bureau of Industry and Services, Trade, Jakarta, ASEAN Secretariat, outlines that MRAs help to avoid replica of testing, reduce costs for industry and encourage investment in research and development of innovative drugs. The ACCSQ signed a Memorandum of Consultation with the USA In 2000. There is also an EU Regional Cooperation Programme on Standards, Quality, and Conformity Assessment to be implemented in the ASEAN region. For the pharmaceutical industry, however, the most important ASEAN MRA is the Agreement on Common Technical Requirements (ACTR) and subsequently on a Common Technical Dossier (ACTD) in this region. The plan is to agree on the ASEAN CTR first, followed by an agreement on the ASEAN CTD.

(c) ASEAN Common Technical Requirements (ACTR)

In a first phase, the experts compared existing registration requirements, and developed the ASEAN Common Technical Requirements (ACTR). The workload was split between the countries as follows:• ACTR – Administrative Data: Malaysia• ACTR – Quality: Indonesia• ACTR – Safety: The Philippines• ACTR – Efficacy: Thailand

3. Customs procedures in general

(a) Structure of the tariff schedule

On the base of Harmonized System Indonesia applies a nine-digit tariff nomenclature. The tariff schedule has six columns showing the import duty rates as well as the rates of additional import duties, sales tax on luxury goods, value added tax, and import trade procedure legal requirements. Other provisions are reserved to be accommodated in last column, which are not yet considered in the previous column.

(i) Tariff rates

Tariff assessments of Imports are classified in four broad groups A to D, with the highest duties applying to the least essential items: Group A for extremely essential items such as, food grains (rice , flour), certain organic chemicals and pharmaceuticals, agricultural and industrial machinery and equipment , certain iron and steel products, cotton, medicine, some fertilizers and insecticides, and some raw materials. Group B includes essential items, i. e. Spare parts and materials for manufacturing units. Group C for less essential items for economy, andGroup D covers some consumer goods, luxury goods; and in the case of machinery and manufactured goods, manufacturing machinery which needs less manpower are subject to higher rates of duty and finished goods. In general, tariffs are charged less on goods most essential for economic development and basic necessary consumer needs and goods competing with locally produced items. While tariffs are charged high on goods less essential for economic development.

(ii) MFN

MFN duty rates range from 5% to 30% based on the CIF value.-All food items are dutiable at a maximum of 5%.-Automotive parts dutiable at 15%.-Auto vehicles are dutiable at up to 80%,-Certain basic chemicals and Distilled spirits are dutiable at 170%. In the agricultural sector, essential products such as wheat, yellow soybeans, rice flour, palm oil coconut and, cane sugar are zero-rated.

(iii) Bound rates

Bound rates are set on about 38. 4% on all general essential goods, agricultural goods on 47. 3%, and manufacturing goods on 36. 8%.

(iv) Temporary reduced duties

Certain service activities and select internal market oriented industries are granted duty reductions and suspensions on investment. Exemption of import duties on raw material imported for manufacturing export products are; sales taxes, value added taxes as are goods imported for use in foreign-funded government projects. BKPM approve projects which are eligible for exemptions or reductions cover the import of capital goods and raw materials required in the production processes. There are also schemes of exemption, which provide for the importation of licensing requirements and inputs free of tariffs. Also, to promote certain industries Finance Ministry may grant additional tariff exemptions, e. g. producers of electronic products and certain cable makers and for imports of polyethylene. Over 1, 000 product items have been decided by government for reducing import tariffs between zero and 25 %. The import tariff reduction affects a wide range of products

including synthetic flowers, watches, electrical devices , paint, varnish, cosmetics, , cooking wares, screws, gloves, bed covers, woven cotton clothes, gold (not coin), platinum, toys, and many other products.

(b) Fees (Customs Duties and Tariff Nomenclature)

Customs duties and import-related taxes currently applicable are:• Import duties which vary from 0% to 170% rates;• Value Added Tax (VAT) which is 10% except for certain goods (e. g. unprocessed and/or natural products);• Sales Tax On Luxury Goods with rates vary from 10% - 75%;• Income Tax, which is 2. 5% for Registered Importers and 7. 5% for Unregistered Importers;• Anti-dumping and countervailing duties, if any. The above taxes are on CIF (Cost, Insurance and Freight) basis. Payment of the taxes can be done through foreign exchange bank or directly through Customs Office during office hours before submission of customs declaration. At Customs Offices where EDI system is fully implemented, payment can be done through electronic transfer.

(c) Valuation

The customs value of imported goods is the transaction value which is the price actually paid or payable for the goods and may be adjusted in accordance with the provisions of article VIII of the agreement on Implementation of Article VII GATT 1994 (WTO Valuation Agreement). The Indonesian Customs has implemented the agreement fully since 1 January 2000. The Agreement provides that transaction value between both the buyer and seller can be accepted as long as both sides are not related, or where the buyer and seller are related, that the transaction value is

acceptable as long as it does not influence the price. Several basic principals used by the customs to determine whether or not the relationship influence the prices are as follows:• Where the price paid is based on normal transaction in trade of the industry;• The import price is relatively the same as the selling price to the unrelated party; or• The import price has already included production cost and profit.

(d) Inspection

Indonesian Customs has been using EDI (Electronic Data Processing) to process customs declarations submitted by the importers. The system is done especially in major ports such as Tanjung Priok Seaports and Soekarno-Hatta Airport branch offices. In other offices, it may be done manually or using diskettes (semi-computerized). Customs examinations, consisting of document verification and/or physical inspection, are applied for imported goods based on very selective basis. Physical inspections shall be focused particularly on high-risk imported goods. High-risk means that physical inspection shall be applied only based on customs intelligence information or by random sampling automatically determined by computer. The imported goods that should be physically examined are passed through red channel which are not more than 10% of total import, while the others are passed through green channel. Indonesian Customs has set up a standard time frame for each step of cargo clearance. For example, red channel or green channel decisions must be done within 4 hours since the import declaration was submitted, and when the physical examination is needed, it must be ready to be conducted within 12 hours and finished not more than 40 hours. Also, when there is no indication of cheating, the cargo can be released

before the document clearance for importer’s own good. Any person/importer who is not satisfied with the decision made by the Customs regarding tariff classification and/or valuation, may file a written objection to the Director General of Customs and Excise within 30 days of the date of the assessment by depositing a security promise at the amount of the taxes due. The Director General should make the decision on the objection within 60 days period. If the period has passed without any decision made, the objection shall be deemed accepted and the security must be returned. If the person/importer is still unsatisfied with the decision made by the Director General regarding classification and valuation, he or she still has the chance to file written appeal to the Board of Tax Dispute Settlement within 60 days after the taxes due has been paid.

(e) Activities/measures

The Indonesian Customs Authority has taken all necessary steps to better facilitate export and import. It also has been working diligently to transform itself from merely an agent of revenue collection and law enforcement to amore trade facilitator. To meet this challenge, some measures have been taken to improve customs services. These include: In April 1, 1995, Indonesia enacted a new Customs Law No 10/1995 which has come into effect since April 1, 1997. The Law accommodates some basic elements to provide, among others, better trade facilitation. Since April 1, 1997, Indonesia has provided an Advance Tariff Classification facility. The facility enables traders and importers to have a written information on tariff classification and import duty rate of goods, which will be imported prior to the lodgment of customs declaration. In April 1, 1998, Indonesia has fully applied the Electronic Data

Interchange (EDI) system in some of its main customs service officers. The Tax Appeal Court has been operated since April 1998. Indonesia has fully implemented WTO Valuation Agreement since January 1, 2000 by providing necessary procedure on customs valuation. Indonesia will ratify the Kyoto Convention on he simplification and harmonization of customs procedures, once the Convention is completely revised. Indonesia is in the process of accession to the ATA Convention. Indonesia has applied Harmonized System Convention as a basic nomenclature for its customs purposes. Indonesia is developing Harmonized Trade Data Element in accordance with the implementation of UN/EDIFACT. Indonesia has taken several customs related actions to implement the TRIP’s Agreement by the year 2000. Indonesia also provides necessary information (e. g. brochures) in strategic locations such as airports and seaports, and has introduced the Indonesian Customs Web Site. Indonesia has further improved the implementation of Risk Management Approach in order to enhance the expeditious flow of goods. In accordance with the main principles of WCO Guidelines on Express Consignment Clearance, Indonesia implements a specific customs clearance procedure called " Rush Handling". By using Post Clearance Audit Methods, Indonesian Customs Administration intensifies its efforts on combating fraud, particularly in customs valuation area. In achieving the Bogor goal, Indonesia has been active in the work of the Sub Committee on Customs Procedures. Additionally Indonesia has prepared to work together with all member economies to better simplify and harmonize customs procedures in the region by fully taking into consideration the principles of Facilitation, Accountability, Consistency, Transparency, and Simplification.

4. Import restriction

(a) Import licenses

Companies having import license registered from the Ministry of Industry and Trade are allowed to Import into Indonesia. A company must have import license from the Ministry of Industry and Trade and only registered pharmaceutical wholesaler or organisation with a permit from the Ministry of Health are allowed to import pharmaceutical products

(b) Quotas

There are no quotas or restrictions in importing pharmaceutical products, officially . the Ministry of Health has allocated around US$ 180 million to import pharmaceutical ingredients by an appointed importer in case of emergency situation. The raw materials are processed into generic medicines for distribution to the public and government institutions through normal distribution system.

(c) Bans

There are no special law or treaty to restrict import of pharmaceutical products from world. Indonesia adopted general rules that all imported material or finished goods should be WTO compliant. Any cooperative, a limited liability company (PT) or a state owned limited liability company (Persero) can apply for Import licenses in Indonesia. Necessary list for a company wishing to import pharmaceutical products should have the following: A permit as a pharmaceutical wholesaler or a pharmaceutical manufacturer from the Ministry of Health. An import license from the Ministry of Industry and TradeAdequate storage space and equipment to serums and

vaccinesLaboratory facilities particularly to test and evaluate serums and vaccines. In the absence of the same, the company concerned should have an arrangement with a laboratory appointed by the Ministry of Health to test serums and vaccinesAn import license is non-transferrable.

5. Investment Requirements In General

(a) General policy

In order to drive investment, general policies of Indonesian Government among others are: Government Regulation No. 20/1994 and Presidential Decree No. 31/95 provide that foreign investors are allowed to acquire 100% shares of the company; and pharmaceutical sector is open for foreign direct investment. A joint venture is only required in eight investment sectors vital to the public interest, such as the operation of harbors, telecommunication, power generator, shipping lines, potable water, public railways and nuclear power generator; The minimum capital requirement for foreign investment has been eliminated; Ministry of Finance Decree No. 297/1997 jo. No. 545/1997, 546/1997, and 135/2000 provide exemption or deduction of import duty for production machines, equipment and raw materials for new investment. It is also apply to industries which restructuring their production capabilities (such as diversify and improve the quality of the products). Investment application, including approval procedure, has been substantially simplified. Foreign investment’s application with a value of up to US$ 100 million (which formerly needed the President’s approval) is now only subject to the approval or the Minister of Investment/Chairman of the Investment Coordinating Board. The Investment Coordinating Board (BKPM) is now also making the necessary preparations to grant more authority to Local

Government Authority to issue investment licenses. Tax incentive to the investor for 22 categories of manufacturing activities. The basic period of enjoying the tax incentive is three years for Java and Bali. Beyond this period the incentive can still be extended up to 12 years maximum if certain requirements are met.

(b) Equity restrictions/requirements

Government Regulation No. 20/1994 provides that foreign investors are allowed to acquire 100% shares of the company established in Indonesia. Therefore, there is no equity restriction implemented in connection with investment regulation in Indonesia.

(c) Profit repatriation requirements

Not applicable.

(d) Foreign exchange balancing requirements

Not applicable.

6. Export Policies and Incentives

(a) Export controls

Like Indonesia's import tariff regime, export controls are in a state of rapid change as the government works to implement reforms associated with the IMF program. Many of the restrictions and taxes placed on exports affect agricultural products, including major cash crops like rubber, palm oil, coffee, and copra. Export restrictions and controls are applied by the government to a number of food commodities, most notably crude palm oil (CPO) which remains subject to a 5 % export tax, in an effort to ensure adequate

domestic availability and stable prices of such products, particularly with the weak economy in recent years.

(b). Research and development

The Ministry of Finance Decree No. 769/1990 provides that Research and Development cost could be deducted from gross income of the company. This policy is to drive companies to do a R&D activity in order to improve performance of the company and to invent new technology.

(c). Human resources development

The similar incentive is also applicable to those upgrading the capability of their human resources through training activities. This is stipulated in the Decree of Ministry of Finance No. 770/1990.

(d). Tax incentive

The Government Regulation No. 45/1996 provides the tax incentive to an investor for 22 categories of manufacturing activities. The basic period of enjoying the tax incentive is three years for Java and Bali. Beyond this period the incentive can be extended up to 12 years maximum if certain requirements are met.

7. Import Practices

In recent years, Indonesia has liberalized its trade regime and taken a number of important steps to reduce protection. Since 1996, the Indonesian Government has issued a series of deregulation packages that have reduced overall tariff levels, simplified the tariff structure, removed restrictions,

replaced non-tariff barriers with more transparent tariffs with the aim of encouraging foreign and domestic private investment.

(a). Trade barriers

Despite the severe economic crisis of the past four years, Indonesia has maintained its policy of steady long-term tariff liberalization. Indonesia's applied tariff rates range from 5 to 30 %, although bound rates are, in many cases, much higher. The long-term liberalization policy has been reinforced by consecutive IMF programs in which Indonesia committed to implement a three-tier tariff structure – 0. 5 or 10 % - on all imported products except motor vehicles and alcoholic beverages. Indonesia also committed to eliminate all non-tariff barriers, except those for health or safety reasons, by the end of 2001. Indonesia has liberalized its distribution system, including ending some restrictions on trade in the domestic market.

(b). Customs valuation

Since April 1997, the Customs Directorate of the Ministry of Finance has operated a post-entry audit system, which relies primarily on verification and auditing rather than inspection to monitor compliance. A paper-less electronic data interchange system that links importers, banks, and customs was also introduced and is slowly being adopted. Indonesia is in compliance with the WTO Customs Valuation Agreement but U. S. companies operating in Indonesia have reported problems with Customs procedures and valuations made by Indonesian Customs. The U. S. government continues to monitor the situation.

(c). Import licenses and restrictions

According to the Directorate General of Customs and Excise the following goods are still subject to import restrictions, licensing and/or prohibition: narcotics, psychotropics, explosive materials, firearms and ammunition, fireworks, certain books and printed materials, audio and /or visual recording media, telecommunications equipment, color photocopying equipment and parts and equipment thereof, endangered wild fauna and flora and parts thereof, certain species of fish, medicines, unregistered food and beverages at the Department of Health, dangerous materials, pesticides, ozonedepleting substances and goods containing ozone depleting substances, wastes, culturally valuable goods, and other items.

(d). Import documentation requirements

The government requires the following for most imports: pro-forma invoice; commercial invoice; certificate of origin; bill of lading; insurance certificate; special certificates. According to the Indonesian Customs Law that came into effect in April 1997, importers are now required to notify the Customs Office in the first stage by submitting the import documents on a standard form computer diskette. Customs Inspections of imported goods may be made after they are imported in the importer's warehouse. Typically, the Indonesian importer takes care of the process.

(e). Free trade zones and warehouses/import provisions/temporary entry

The government encourages foreign investors who export to locate in bonded or export processing zones (EPZ). There are a number of EPZs in Indonesia, the most well-known being Batam Island, located 20 km. south of

Singapore. Indonesia also has several bonded zones or areas that are designated as entree ports for export destined production (EPTE). Companies are encouraged to locate in bonded zones or industrial estates whenever possible. Other free trade zones include a facility nearProducers located within the bonded areas are allowed to sell up to 15% of their product into the local market. Foreign and domestic investors wishing to establish projects in a bonded area must apply to the National Investment Coordinating.

(f). Labelling and marketing requirements

Food labelling regulations requiring labels in the Indonesian language and expiration date are in place but are not being enforced. . All advertising materials must be approved by the NADFC. Category G prescription drugs are not permitted to be advertised to the public. Category W drugs can be advertised to consumers, provided they have warning labels on packages. There is no restriction on the advertising of category F products. All pharmaceutical products must state their generic or chemical name, along with their brand name on the packaging. NADFC issued Regulation Number HK. 00. 05. 1. 23. 3516 (also known as Halal labeling Regulations) which stated that pharmaceutical, products that do not match " Halal" regulation standards must attach a new label otherwise they will be not eligible for distribution licence.

(g). Membership in Free Trade Agreements

As a member of the Association of Southeast Asian Nations (ASEAN), Indonesia is party to the ASEAN Free Trade Agreement (AFTA). Through

AFTA, ASEAN members are phasing in a Common Effective Preferential Tariff (CEPT) scheme, which will be completed for most traded goods in 2003.

8. Distribution System

(a). Overview

According to Regulation of the Minister of Health No. 1010/Menkes/Per/XI/2008 on Drug Registration. The regulation sets out only domestic pharmaceutical companies having production facilities (factories) are allowed to register and distribute drugs in Indonesia. To get a license for a new product, a pharmaceutical company must apply to the Indonesian Department of Health. The procedure takes two months to a year, depending on the product. Companies who apply for a license eventually get one. The main problem is the government bureaucracy, which is sometimes very inefficient. In Indonesia, factories are not allowed to sell their products directly to the consumers or retailers; they must go through wholesalers. There are two major types of retail establishments that distribute pharmaceutical products to the public. Apotik is the Indonesian term for pharmacy, apothecary or dispensary. Apotiks sell prescription drugs and a small number of OTC drugs. Most apotiks are agents of particular pharmaceutical firms. They are highly regulated by the government, and must be managed by certified pharmacists. Toko obats, meaning medicine shops, sell OTC drugs, along with some fakes and illegally imported drugs from the gray market. The products sold by toko obats are usually cheaper than those sold by apotiks. Apotiks and hospitals do not buy gray market products. Apotiks caught violating these regulations may be fined or even closed by the government. Producers are largely required to leave the

promotion and distribution tasks to wholesale companies. The role of toko obats is also important. Toko obats sell pharmaceuticals at relatively cheaper prices, often 10% to 20% less than apotiks. In addition to OTC drugs, stronger drugs are also available at the toko obats outside metropolitan areas. In these locations, toko obats act like apotiks, and, on occasion, strong drugs are even sold by cigarette retailers on the street (see exhibit below). Export of Pharmaceutical Products and Basic IngredientsImporters of special drugsImporters of Pharmaceutical Basic IngredientsPharmaceutical FactoriesPharmaceutical WholesalersGray MarketDoctorsClinicsHospitalsApotiksToko ObatsCONSUMERS

9. Pharmaceutical Sales Promotion and Pricing

Pharmaceutical factories advertise their non-ethical products through the media such as newspapers, magazines, radio and billboards. Ethical products are advertised through medical and pharmaceutical magazines, such as the Index of Indonesia's Medical Services (IIMS), Informasi Spesialis Obat (Indonesia) (ISO), and especially through promotional seminars. Some producers continue to hire " detailers" pharmaceutical salespeople) to promote their products directly to practicing physicians. Such detailing is not always effective, however, because most MDs do not like to meet detailers in person. Instead, doctors tell their nurses to pick up the samples. Then the doctors contact the detailer later by phone. The government health authorities also discourage the use of detailers because they are considered to be " disturbing the established order." Detailers are no longer allowed to go into hospitals, especially government hospitals. Consequently, most companies now conduct seminars and workshops to introduce new products,

rather than use detailers. At these seminars, companies present papers and lab results in conjunction with marketing their products, as is the practice in industrialized countries.

(a). Pricing pharmaceutical products

According to a regulation set by Indonesia's Food and Drug Supervision Directorate General, an apotik (dispensary) is to sell its product at a price 1. 425 times the buying (net) price (see the section, Distribution System of Pharmaceutical Products in Indonesia for a description of retail establishments distributing pharmaceuticals to the public). A description of the price calculation system used can be summarized as follow. CIF (raw) price 100. 0Import duty 5. 0

105. 5

Value added tax (10%) 10. 5Handling cost 5. 0Land cost 120. 5Factory processing costProcessing cost 50. 0Auxiliary material cost 20. 0Packing 15. 0Marketing expense 40. 0Production cost (1+2)245. 5Factory’s Profit (est 30%) 73. 7Factory selling price (3+4)319. 2Wholesaler’s Profit (20%) 63. 8

383. 0

Dispensary’s buying priceExploitation (10%) 38. 3

421. 3

Interest on capital (16%) 67. 4

488. 7

Risk (10%) 48. 9

537. 6

Margin dispensary 40. 7Dispensary’s selling price577. 9

10. Trade Promotion Authority

(a). Ministry of Trade and Industry (http://www. dprin. go. id)

The Ministry of Trade and Industry's mission is to promote Indonesian small and medium enterprises to the global market place. It is also the coordinating and regulatory agency for counter trade deals.

(b). National Agency for Export Development (http://www. nafed. go. id)

The Indonesian Government established the National Agency for Export Development within the Ministry of Trade to promote the export of less renowned products. These products include handicrafts (i. e., jewelry, batik, hand-woven fabric, and wood carvings), agricultural and cottage industry products, and new manufactured products. The agency will also assist foreign buyers and importers in establishing contacts with Indonesian companies. national export through market information services and implementation of export promotion. The missions of Nafed are as follows:• To formulate policy and establish guidelines for encouraging and supporting the expansion of nonoil and gas exports• To provide information services and market co-ordination• To implement and co-ordinate export promotion• To expand the range of export products and markets

(c). Indonesian Chamber of Commerce and Industry (KADIN)

The major trade association in Indonesia is the Indonesian Chamber of Commerce and Industry(KADIN). Members include representatives from private industry, cooperatives, public corporations, utilities, as well as state-owned enterprises. Business and government leaders of Indonesia officially established the Indonesian Chamber of Commerce and Industry in 1968 as a result of the joint efforts. The KADIN is an independent, nongovernmental, non-profit making economic/business organisation - the sole organisation uniting Indonesian entrepreneurs and the business world, representing all private enterprises and State enterprises. Kadin Indonesia regularly holds various kinds of meetings, workshops, issues publications and establishes an information network to facilitate contact and exchange of information among businessmen. Indonesia has brought thousands of business leaders and key entrepreneurs from all parts of the world into personal contacts, business meetings and one on one meeting.

(d). GP Farmasi (Gabungan Perusahaan Farmasi Indonesia) / Indonesian Association of Pharmaceutical Companies

GP Farmasi is the reference point for the pharmaceutical industry in Indonesia. In its present form it came into existence on the 19th August 1969. The association has the following constituents:• G. A. S. I (Gabungan Apotik Seluruh Indonesia) – Pharmacy/Dispensary Association• P. I. PH. I. (Persatuan Importir Pharmasi Indonesia) – Pharmaceutical Importers Association• G. A. F. I (Gabungan Industri Farmasi Indonesia) – Pharmaceutical Industry Association (others including manufacturers)The

objectives of the association are to promote sharing of the pharmaceutical domain knowledge within the economy, and to contribute to the development of the national economy by providing inputs to the government (on matters concerning healthcare and the pharmaceuticals industry). As of September 2002, GP Farmasi’s members only include firms with legal operating licenses.