

TECHNICAL INSTRUCTIONS
FOR INVESTMENTS
2004

INVESTMENT COORDINATING BOARD

INTRODUCTION

The Cabinet Session on 25 November 2002 has decided that in order to give protection and to enhance realization and to facilitate investment services, it is necessary to establish a National Team for Investment Protection and to provide the Investment Coordinating Board (BKPM) with one-roof services for capital investment licenses. Besides, in order to mobilize awareness and understanding of all components of the nation, community and business world on the importance of investment in the economic recovery and creation of job opportunities, the Government proclaims the Investment Year 2003.

In order to support the three programs already stipulated by the Government and to make them a success, the arrangement of legislative regulations in investment needs to be immediately materialized to create consistency and transparency and certainty in business and finally to materialize conducive investment climate.

The TIFI (Technical Instructions for Investment) 2002 book as one of the regulations in investment constitutes the enhancement of the TIFI 1998 book containing list of business sectors open for investment with certain technical requirements for investment that must be complied with by investors in forwarding an application and in investing in Indonesia.

This book serves as one of the references for prospective investors desiring to perform investment activities in Indonesia among the existing investment regulations such as Government Regulation No. 20/1994 in conjunction with No. 83/2001 concerning Ownership of Shares of Companies Established in the Framework of Foreign Investment, Presidential Decree No. 96/2000 in conjunction with No. 118/2000 concerning List of Business Sectors Closed and Open for Investments under Certain Conditions and Presidential Decree No. 127/2001 concerning Business Sectors/Types reserved for Small-scale Businesses and Business Sectors/Types open for Medium- or Large-scale Businesses under Partnership Scheme, on business sectors absolutely closed and open for Foreign Investment under certain conditions.

It is expected that this TIFI 2002 book will provide clarity and benefit the business world in enhancing its participation for the interests of national economic development through investment activities.

May God bless all our efforts. Thank you.

Jakarta, December 2002
Investment Coordinating Board
Head,

Signed

Theo F. Toemion

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GENERAL DESCRIPTION

I. INVESTMENT IN INDONESIA

1. Investment in the framework of Domestic Investments (PMDN) is the investment executed in accordance with the Law No.6/1968 concerning Domestic Investments as already amended with the Law No. 12/1970.
2. Investment in the framework of Foreign Investment is investment executed in accordance with the Law No. 1/1967 concerning Foreign Investment as already amended with the Law No.11/1970.
3. Government Regulation No. 20/1994 concerning Requirements for the Ownership of Shares of In Foreign Investment Companies in conjunction with No. 83/2001.

a. Foreign Investment can be executed as follows:

- 1) Joint venture between foreign capital owned by Expatriate, and/or Foreign Legal Entity with the capital owned by Indonesian Citizens and/or State-owned Enterprises, Regional Government-owned Enterprises, cooperatives, Foreign Investment Companies, Domestic Investment companies, Non-foreign Investment/Non-domestic Investment Companies, or;
- 2) Direct investment, meaning all its capital (100%) consists of foreign investment, namely belonging to Expatriates and/or Legal Entity.

This Foreign Investment Company is obliged to sell some of its shares to Indonesian Citizens and/or Indonesian Legal Entities within 15 years as of its commercial operation, the total share capital sold is stipulated pursuant to a memorandum of understanding.

- b. Company incorporated in the framework of Foreign Investment must be in the form of Limited Liability Company based on Indonesian laws and domiciled in Indonesia.
- c. Business activities of Foreign Investment companies can be located in the territory of the Republic of Indonesia in accordance with their allocation as stipulated in the Regional Spatial Planning.
4. Prospective investors planning to perform investment activities in Indonesia need to consider the provisions of the laws and regulations applicable in investment sector, namely the Government Regulation No. 20/1994 in conjunction with No. 83/2001 concerning requirements for the ownership of shares of companies in foreign investment companies, Presidential Decree No. 96/2000 in conjunction with No. 118/2000 concerning business sectors absolutely closed or open for Foreign Investment under conditions, Presidential Decree No. 127/2001 concerning sectors preserved for small-scale activities and business sectors open for large- and medium-scale activities under partnership conditions, and

procedures for Foreign Investment and Domestic Investment application are regulated in the Presidential Decree No. 97/1993 as already amended several times, lastly with the Presidential Decree No. 117/1999 and the Decree of the State Minister of Investment/Head of the Investment Coordinating Board No. 38/SK/1999 concerning Guidelines and Procedures for Investment Application established in the Framework of Foreign Investment and Domestic Investment and technical procedures for investment.

5. Kinds of investment approval and permits are:
 - a. Investment Approval (SP, PMA/SPECIAL, PMDN);
 - b. Approval for Provision of Facilities for import of capital goods/raw/support materials;
 - c. Limited Importer Identification Number (APIT);
 - d. Expatriate Placement Plan (RPTKA);
 - e. Permanent Business Permit (IUT);
 - f. Location Permit given and signed by Regent/Mayor, particularly for Capital Special Region of Jakarta, by Governor;
 - g. Interference Law Permit (UUG/HO) by the Regency/City;
 - h. Permit To Build (IMB) by Regency/City;
 - i. Permit To Employ Expatriate (IKTA).

After more definitive investment regulation is issued, investment must obligatorily conform thereto.

II. LOCATION PERMIT AND RIGHTS UPON LAND

1. Based on the Regulation of the State Minister of Agrarian Affairs No. 2/1999 concerning Location Permit for any company introduced is no more than the following coverage:
 - a. Development of housing and settlement:
 - 1) Housing-settlement area : 1 province : 400 Ha
All regions in Indonesia : 4,000 Ha
 - 2) Hotel resort : 1 province : 200 Ha
All regions in Indonesia : 2,000 Ha
 - b. Industrial Zone : 1 province : 200 Ha
All regions in Indonesia : 2,000 Ha

c. Large plantation with Business Permit:

- | | | |
|---------------------------|--------------------------|--------------|
| 1) Sugar cane commodities | : 1 province | : 60,000 Ha |
| | All regions in Indonesia | : 150,000 Ha |
| 2) Other commodities | : 1 province | : 20,000 Ha |
| | All regions in Indonesia | : 100,000 Ha |

d. Swamp:

- | | | |
|------------------------|--------------------------|------------|
| 1) In Java Island | : 1 province | : 100 Ha |
| | All regions in Indonesia | : 1,000 Ha |
| 2) Outside Java Island | : 1 province | : 200 Ha |
| | All regions in Indonesia | : 2,000 Ha |

Permit period for location of up to 25 Ha : 1 year.

Permit period for location of 25 through 50 Ha : 2 years.

Permit period for location of more than 50 Ha : 3 years.

And can be extended for 1 year, if the land acquisition has reached more than 50% of the area assigned in the said location permit.

2. Location Permit is not required and considered to be available in the corresponding company if:

- a. The land to be acquired is entered by shareholder;
- b. The land to be acquired is the land already controlled by other company to continue the implementation of either some or entire investment plans of other company and therefore has obtained the approval from the Authority;
- c. The land to be acquired is needed to perform industrial activities in an industrial zone;
- d. The land to be acquired comes from the regional development body or authority in accordance with the said regional development spatial planning;
- e. The land to be acquired is needed to expand business that has been in progress and, for such expansion, a business expansion permit has been acquired pursuant to the prevailing laws and regulations, while the land location is in the boundary with the corresponding business location;
- f. The land required to execute the investment plan is not more than 25 Ha for agricultural activities or not more than 10,000 m² for non-agricultural activities;
- g. The land to be used to perform the investment plan is the land belonging to the corresponding company.

With a condition that the said land is situated in a location which is, according to the regional spatial planning, allocated for use in accordance with the corresponding investment plan.

3. Rights upon Land

a. Based on the Regulation of the State Minister of Agrarian Affairs/Head of the State Land Agency No. 3/1999, the authority to give the right upon land shall be regulated as follows:

1) Right To Exploit (HGU) shall be given to:

- a) BPN: for the land area of more than 200 Ha;
- b) Provincial Office of BPN: for the area of up to 200 Ha.

2) Right To Build (HGB) shall be given to:

- a) BPN: for the area of more than 15 Ha;
- b) Provincial Office of BPN: for the area of more than 2000 m² up to 15 Ha;
- c) Regent/City Office of BPN: for the area of up to 2000 m².

3) Right To Use (HP) for Agriculture shall be given to:

- a) Provincial Office of BPN: for the area of more than 2 Ha;
- b) Regent/City Office of BPN: for the area of up to 2 Ha.

4) Right To Use (HP) for Non-Agriculture shall be given to:

- a) BPN: for the area of more than 15 Ha;
- b) Provincial Office of BPN: for the area of more than 2000 m² up to 15 Ha;
- c) Regent/City Office of BPN: for the area of up to 2000 m².

b. Based on Government Regulation No. 40/1996, the period of right upon land shall be given to:

- 1) HGU: maximum 35 years, and can be extended for maximum 25 years, and can be renewed.
- 2) HGB: maximum 30 years, and can be extended for maximum 20 years, and can be renewed.

- 3) HP (for Agriculture and Non Agriculture): maximum 25 years, and can be extended for maximum 20 years, and can be renewed.
- c. HGU and HGB on the name of company can be used as debt guarantee encumbered with mortgage.
- d. For the company in the framework of Foreign Investment under a joint venture, HGU upon land can be given to the joint venture company (pursuant to the Presidential Decree No. 34/1992).

III. TAX FACILITIES

A. Customs Facilities for Investment

Pursuant to the Minister of Finance's Decree No. 135/KMK.05/2000 in conjunction with No. 28/KMK.05/2001 in conjunction with No. 456/KMK.04/2002, Customs Facilities for Investment comprise:

1. Relief of customs for import of machineries.
 - a. Relief shall be given with regard to customs for import of machineries in the framework of development of industries/service industries so the final customs tariff becomes 5%.
 - b. If the customs tariff mentioned in the Indonesian Customs Tariff Book amounts to 5% or less, then the applicable customs shall conform to those stipulated in the Customs Tariff Book.
 - c. Relief of customs for import of machineries shall be given for a period of 2 years as of the date of import duty Relief Decree.
2. Relief of customs for raw/support materials.
 - a. Relief shall be given with regard to customs for raw/support materials in the framework of development so the final customs tariff becomes 5% within a period of import of 2 years as of the date of the said Decree on relief of customs for raw/support materials. The raw materials facility is given for 2-year production in accordance with the installed capacity.
 - b. For company that will carry out development including also restructurization by adding investment of at least 30% of the investment for machineries/equipment stated in the first Permanent Permit To Perform Business, relief of customs for raw/support materials can be given for the 2 year production and the final customs tariff becomes 5%, for a period of import of 2 years as of the date of Decree on Relief of Customs for raw/support materials.
 - c. Industries carrying out development by using domestic produce machineries, relief of customs for import of raw/support materials shall be given for

production/additional production period of 4 years, with the 4-year period of import as of the date of Decree on Relief of Customs for raw/support materials.

B. Income Tax Facilities

1. Pursuant to the Government Regulation No. 148/2000, for Domestic Investment and Foreign Investment companies engaged in economic sectors with high priority in the national scale, particularly in order to enhance the export and/or those located in remote areas, namely the regions which are economically inadequate and inaccessible to public transportation, including sea regulating with a depth of more than 50 meters, the seabed of which has mineral reserve including natural gas, tax facilities can be given.
2. These Income Tax Facilities are:
 - a. Reduction of net income by 30% of the total investment.
 - b. Accelerated depreciation and amortization.
 - c. Longer compensation but not longer than 10 years.
 - d. Imposition of Income Tax upon dividend as referred to in Article 26 of the Income Tax Law amounting to 10% or lower tariff based on the applicable Double Taxation Avoidance Agreement.
3. Pursuant to the Government Regulation No. 42/2000 as already amended with the Government Regulation No. 41/2001, whenever a resident departs overseas, then he (she) shall be obligated to pay Income Tax. This obligation shall not apply to Expatriate working in Indonesia for the interest of the Foreign Company's Representative Office as stipulated by the Minister of Finance.

C. Value Added Tax Facilities (PPN)

1. For entrepreneur importing and/or delivering certain Taxable Goods and/or delivery of certain Taxable Services exempted from any imposition of Value Added Tax pursuant to the Government Regulation No. 146/2000 (the amendment of which is being prepared), then:
 - a. Taxable Goods the import of which is exempted from any imposition of Value Added Tax are:
 - 1) Weapons with ammunitions, water transportation equipment, underwater transportation, air transportation equipment, armored cars and other specific transportation equipment, and components or materials required in the production of weapons and ammunitions by PT. Pindad, for TNI (Indonesian National Army) and POLRI (Indonesian Police) not yet produced at home;

- 2) Polio vaccine in the framework of National Immunization Week (PIN) Program;
 - 3) General learning books, holy books, and religion learning books;
 - 4) Ships, river vessels, lake vessels and crossing vessels, guide ships, tugs, fishing vessels, barges and spare parts and shipping safety devices or safety devices imported and used by National Trade Shipping Companies or National Fishing companies;
 - 5) Airplanes and spare parts and flight safety devices or human safety devices, repair or maintenance tools imported and used by the National Trade Airlines;
 - 6) Trains and spare parts and repair and maintenance tools and equipment imported by PT. Kereta Api Indonesia; and
 - 7) Equipment used for the supply of aerial photos and boundaries in the territory of the Republic of Indonesia taken by the Indonesia National Army.
- b. Taxable Goods the delivery of which is exempted from any imposition of Value Added Tax are:
- 1) Simple, very simple houses, simple apartment, cottages, dormitories for students and pupils and other housings, the conditions of which are stipulated by the Minister of Finance after hearing the Minister of Settlement and Regional Infrastructure's considerations;
 - 2) Weapons with ammunitions, water transportation equipment, underwater transportation, air transportation equipment, armored cars and other specific transportation equipment, and components or materials required in the production of weapons and ammunitions by PT. Pindad, for TNI (Indonesian National Army) and POLRI (Indonesian Police);
 - 3) Polio vaccine in the framework of National Immunization Week (PIN) Program;
 - 4) General learning books, holy books, and religion learning books;
 - 5) Ships, river vessels, lake vessels and crossing vessels, guide ships, tugs, fishing vessels, barges and spare parts and shipping safety devices or safety devices imported and used by National Trade Shipping Companies or National Fishing companies;
 - 6) Airplanes and spare parts and flight safety devices or human safety devices, repair or maintenance tools imported and used by the National Trade Airlines;

- 7) Trains and spare parts and repair and maintenance tools and equipment imported by PT. Kereta Api Indonesia; and
 - 8) Equipment used for the supply of aerial photos and boundaries in the territory of the Republic of Indonesia taken by the Indonesia National Army.
- c. Taxable Services the delivery of which is exempted from imposition of Value Added Tax are:
- 1) Services acquired by National Trade Shipping companies or National Fishing companies comprising:
 - a) Ship rental services;
 - b) Harbor services comprising tug, guide, mooring and anchoring services;
 - c) Ship maintenance or repair (docking) services.
 - 2) Services acquired by National Commercial Airlines comprising:
 - a) Airplane rental services;
 - b) Airplane maintenance or repair services.
 - 3) Train maintenance or repair services acquired by PT. Kereta Api Indonesia;
 - 4) Services given by the Contractor to construct houses or simple apartment, cottages, dormitories for students or pupils, and construction of places of worship;
 - 5) Simple apartment, houses and very simple houses rental services;
 - 6) Services provided by Indonesian National Army to supply aerial photos and boundaries data of the territory of the Republic of Indonesia.
2. For entrepreneur importing and/or delivering certain strategic Taxable Goods exempted from any imposition of Value Added Tax pursuant to the Government Regulation No. 12/2001 in conjunction with the Government Regulation No. 43/2002, then:
- a. Certain strategic Taxable Goods the import of which is exempted from any imposition of Value Added Tax are:
 - 1) Forage for livestock, poultry and fish, and/or raw materials for producing livestock, poultry and fish forage;
 - 2) Pure-bred breeding animals or seed for agricultural goods, plantation, forestry, livestock farming, breeding or fishery.

- b. Certain strategic Taxable Goods the delivery of which is exempted from any imposition of Value Added Tax are:
- 1) Forage for livestock, poultry and fish, and/or raw materials for producing livestock, poultry and fish forage;
 - 2) Agricultural products directly cut, taken, or tapped from their sources including products from the processing carry out by certain method delivered by the farmers or a group of farmers;
 - 3) Pure-bred breeding animals or seed for agricultural goods, plantation, forestry, livestock farming, breeding or fishery;
 - 4) Clean water flowed through pipes or flowed by other method by Drinking Water Company belonging to either the Government or private;
 - 5) Electricity, except for housing with the power of above 6600 Watt.

D. Tax Facilities in KAPET Regions

1. Income Tax (PPh)

- a. Facilities in Income Tax (PPh) sector given to entrepreneurs conducting business activities in Integrated Economic Development Zone (KAPET) pursuant to the Government Regulation No. 20/2000 in conjunction with the Government Regulation No. 147/2000 are as follows:
- 1) Reduction of net income by 30% of the total investment;
 - 2) Options to apply accelerated depreciation and/or amortization as follows:

Group of Property	Benefit Period Becomes	Method-based Depreciation and Amortization Tariff	
		Straight Line	Decreased Balance
I. Non-building or Intangible Property			
Group I	2 years	50%	100%
Group II	4 years	25%	50%
Group III	8 years	12.5%	25%
Group IV	10 years	10%	20%

II. Permanent Building or Impermanent Building	10 years	10%	-
	5 years	20%	-

- 3) Fiscal compensation as of the following tax year consecutively up to maximum 10 years;
 - 4) Imposition of Income Tax upon dividend paid to the foreign tax subject amounts to 10%, or lower tariff according to the applicable Double Taxation Avoidance Agreement.
- b. Relief of Income Tax (PPH) Article 22 can be given pursuant to the Minister of Finance's Decree No. 200/KMK.04/2000 to the Bonded Zone Entrepreneurs in KAPET regions to:
- 1) Import of capital goods or equipment for development/construction/expansion of Bonded Zone and office equipment solely used by PKB;
 - 2) Import of capital goods or factory equipment directly associated with PDKB production activities solely used in PDKB;
 - 3) Import of goods or materials to be processed in PDKB.
2. Value Added Tax (PPN) and Sales Tax on Luxurious Goods (PPnBM)
- Tax facilities can be given to entrepreneurs in the Bonded Zone in the Integrated Economic Development Zone (KAPET) region, such facilities may be exemption of Value Added Tax for Goods and Services and Sales Tax on Luxurious Goods for:
- a. Import of capital goods or other equipment directly associated with PDKB's production activities solely used in PDKB.
 - b. Import of capital goods and/or materials to be processed in PDKB.
 - c. Entry of Taxable Goods from other Indonesian Customs Areas to PDKB for further processing.
 - d. Delivery of goods produced by PDKB to other PDKB for further processing.
 - e. Release of goods and/or materials from PDKB to industrial companies in DPIL or other PDKB in the framework of subcontract.
 - f. Re-delivery of Taxable Goods produced from subcontracted work by Taxable Entrepreneur in DPIL or other PDKB to Taxable Entrepreneur of original PDKB.

- g. Rental of machineries and/or factory equipment in the framework of subcontract from PDKB to industrial company in DPIL or other PDKB and their returning to the original PDKB.

3. Customs Facilities

- a. Customs facilities given to entrepreneurs conducting business activities as PKB or PKB doubling PDKB in the Integrated Economic Development Zone (KAPET) region comprise suspension of customs for:

- 1) Capital goods or equipment for development/construction/expansion of Bonded Zone and office equipment solely used by PKB;
- 2) Capital goods and factory equipment directly associated with PDKB production activities solely used in PDKB; and
- 3) Foods and/or materials to be processed in PDKB;

- b. Facilities given to Industrial Entrepreneurs and Certain Services Industrial Entrepreneurs conducting business activities in the framework of development of industry/service industries in the Integrated Economic Development Zone (KAPET) region however located outside the Bonded Zone are:

- 1) Relief of customs for import of machineries directly associated with industrial/service industrial activities so the final customs tariff becomes 5%;
- 2) If the customs tariff of machineries as stated in Indonesian Customs Tariff Book (BTBMI) amounts to 5% or more, then the customs tariff in BTBMI shall apply;
- 3) Relief of customs tariff by 5% shall be given for 2 year period of import as of the date of decree of customs relief;
- 4) No relief of customs shall be given for import of spare parts and of machineries.

- c. Facilities also given to Industrial Entrepreneurs, other than service industrial entrepreneurs, who have obtained relief of customs, are:

- 1) In the framework of industrial development, relief of customs for import of goods and materials shall be given for 4-year production based on installed capacity so the final customs tariff becomes 5% with a 4 year period of import as of the date of decree on relief of customs for goods and materials;
- 2) In the framework of industrial development, relief of customs for import of goods and materials shall be given for 4 year additional production based on installed capacity so the final customs tariff becomes 5%, if the

development is carried out by increasing the capacity by at least 5% of the installed capacity with a 4 year period of import as of the date of decree on relief of customs for goods and materials;

- 3) If the customs for goods and materials as stipulated in BTBMI is 5% or less, then the customs tariff as stated in BTBMI shall apply.

Request to obtain suspension and/or relief of customs tariff in KAPET region shall be forwarded to the Director General of Customs and Excise or the designated Official. Request of facilities for income tax and value added tax of goods and materials and sales tax on luxurious goods in KAPET region shall be forwarded to the Directorate General of Tax.

E. Tax Facilities for Foreign Investment and Domestic Investment in KTI

Additional facilities/relief particularly given to Domestic Investment and Foreign Investment located in East Indonesian Region are:

1. Deduction of Land and Building Tax (PBB) by 50% for 8 years as of the land allocation permit is obtained (pursuant to the Minister of Finance's Decree No. 748/KMK-04/1990).
2. Compensation for losses no longer than 8 years as of the first year after suffering losses (pursuant to the Minister of Finance's Decree No. 747/KMK-05/1990).

IV. BONDED COLLECTION PLACES

A. Bonded Zone (KB)

1. Pursuant to the Government Regulation No. 33/1996 on Bonded Collection Places in conjunction with No. 43/1997, the Production Entrepot for Export Destination (EPTE) is declared as Bonded Zone (KB).
2. KB is a building, place or zone with certain boundaries in which industrial activities such as goods and materials processing, design, engineering, sorting, initial inspection, final inspection and packaging of imported goods and materials, or goods and materials from other Indonesian Customs Regions, the products of which are mostly for export.
3. Designation of a region or place as KB and granting of permit for Bonded Zone Operator (PKB) is carried out pursuant to the Minister of Finance's Decree.
4. To get the permit as KB and to give permit of PKB, the party that will become PKB must meet the following requirements:
 - a. To have evidence of ownership or control of a building, place or region with clear boundaries (separating fences).

- b. To have Industrial Permit, Environmental Impacts Analysis and other permit required from relevant technical bodies.
 - c. To have designation as Taxable Entrepreneur (PKP) and to enclose Annual Tax Notification (SPT) PPh of the last year for companies obligated to submit SPT.
 - d. KB layout plan.
 - e. Industrial owner's written statement that the company is located in an industrial zone, and the building location map and situational map.
5. Approval from the local Regent/City Government shall be obligatorily required for Foreign Investment/Domestic Investment or Non Foreign Investment and Domestic Investment that will work as PKB/PDKB in Non Industrial zone or Industrial Allocation Zone.
 6. KB operated by PKB that has obtained a permit can be allocated for one company or more performing processing industrial activities.
 7. KB operator is a Limited Liability Company, cooperative in the form of legal entity, or foundation that owns, controls, manages and provides facilities and infrastructures for other parties carrying out business activities in Bonded Collection Places operated pursuant to a permit to operate Bonded Collection Places.

B. Bonded Warehouse (KB)

1. Bonded Warehouse is a building or place with certain boundaries in which collection, packaging, sorting, packing, marking/labeling, cutting or other activities are carried out serving as center of distribution for imported goods to be delivered into other Indonesian Customs Regions, Bonded Zones or re-exported without any processing.
2. Granting of permit as Bonded Warehouse Operator (PGB) and/or Bonded Warehouse Entrepreneur (PPGB) is carried out by the Director General of Customs and Excise on behalf of Minister of Finance.
3. To get the permit as PGB or PPGB must meet the following requirements:
 - a. PGB:
 - 1) Deed of Incorporation of Limited Liability Company (PT);
 - 2) Designation as Taxable Entrepreneur (PKP);
 - 3) Location map to serve as Bonded Warehouse.

- b. PPGB:
 - 1) Permit To Trade;
 - 2) Import Identification Number (API) or Limited Importer Identification Number (APIT);
 - 3) Deed of Incorporation of Limited Liability Company (PT);
 - 4) Designation as Taxable Entrepreneur (PKP);
 - 5) Recommendation from Bonded Warehouse Entrepreneur;
 - 6) Statement of commitment to place guarantee for obligatory companies;
 - 7) Minutes of location inspection made by the Head of Customs and Excise Office.
- 4. Suspension of customs shall be given to goods and materials used in the framework of development and Bonded Warehouse activities and imported by PGB while Value Added Tax (PPn), Sales Tax on Luxurious Goods (PPnBM) and Income Tax (PPh) Article 22 shall not be collected thereof.
- 5. Facilities such as suspension of customs, imposition of excise, shall be given to imported goods or materials placed into will be by PGB and PPGB, while Value Added Tax (PPn), Sales Tax on Luxurious Goods (PPnBM) and Income Tax (PPh) Article 22 shall not be collected thereof except the entry of goods to be consumed in the Bonded Warehouse.
- 6. In performing its activities, PPGB must have the status of importer.
- 7. A company given the permit as PGB and PPGB shall be the one in the framework of Foreign Investment/Domestic Investment, Non Foreign Investment/Domestic Investment in the form of Limited Liability Company (PT) or cooperative.

V. SMALL-SCALE INDUSTRIES/BUSINESS

- 1. a. Small-scale industrial/enterprise criteria pursuant to the Law No. 9/1995 concerning Small-scale Enterprise shall be as follows:
 - 1) Value of the entire asset (other than land and building occupied) amounting to maximum Rp.200 million; or
 - 2) Having annual sales turnover of maximum Rp. 1 billion;
 - 3) Owned by Indonesian Citizen;

- 4) Independent;
 - 5) In the form of personal business activity.
- b. Some business sectors reserved for small-scale enterprises and open business sectors for medium-scale or large-scale enterprises under partnership conditions are as stipulated in the Presidential Decree of the Republic of Indonesia No. 127/2001.
- c. Medium-scale or large-scale enterprises desiring to invest in business sectors for which partnership is required, as stipulated in the Presidential Decree of the Republic of Indonesia No. 127/2001 must meet the following provisions:
- 1) To obligatorily make partnership with diverse partnership patterns, namely through share participation pattern, plasma core, subcontractor, franchise, general trade, agency, and other forms and carried out pursuant to a written agreement.
 - 2) To obligatorily give guidance to small-scale enterprise to enhance job opportunities and managerial capability in one aspect or more in production and processing, marketing, human resources, technology, supply of raw materials, management of business and funding.
2. Handicrafts are goods made by hands or machines driven by foot and/or hands.

SPECIAL DESCRIPTION ON AGRICULTURE SECTOR

I. SUBSECTOR OF CROPS

1. The agricultural business sector of crops covers the industrial development activities of seedlings, seeding, planting/cultivation, after harvest, processing, marketing, development of agriculture machinery industries, agricultural and machineries rental services before and after harvest.
2. The importation of plants and seeds from abroad must comply with the following conditions:
 - a) It must be in the form of seeds for production or main materials for research.
 - b) It must be carried out by the Government Agencies, individuals or corporations pursuant to the Minister of Agriculture's permit.
 - c) It must be carried out if the seeds or main materials are not available in the Indonesian territory.
 - d) It must be carried out in the quantity as required.
 - e) It must be accompanied with description on varieties from the quality cultivator or the authorized institution in the country of origin containing productivity, adaptation capabilities, also resistance against diseases and pests.

II. SECTOR OF PLANTATION

1. The horticultural business sector covers the industrial activities comprising seedling, cultivation/production, after harvest, storage, processing and agro-tourism. Horticultural after harvest activities are a series of horticultural plants production processing activities aimed at extending storage capacity and/or enhancing added values. Horticultural agro-tourism activities are activities benefiting horticultural activities as tourism object aimed at diversification of activities, expansion of job opportunities and promotion of horticultural activities.
2. Import of plants and seeds from abroad must comply with the following conditions:
 - a) It must be in the form of seeds for production or materials for research.
 - b) It must be carried out by the Government Agencies, individuals or corporations pursuant to the Minister of Agriculture's permit.
 - c) It must be carried out if the seeds or main materials are not adequately available in Indonesia.

- d) The quantity must be as required.
 - e) It must be accompanied with description on the corresponding varieties, namely morphological traits/features, physiology, quality and agronomy.
3. Types of horticultural cultivation activities are divided into 4 groups, namely fruit plants, vegetables, decorative plants and diverse plants.
 4. Horticultural cultivation activities must conform with the conditions of Good Farming Practices for Horticulture published by the Department of Agriculture.

III. SUBSECTOR OF LIVESTOCK FARMING

1. The livestock farming sector covers activities in animal farming comprising production facilities (seeds, forage, medicine and equipment), cultivation, post harvest activities (cutting, processing and marketing).
2. Livestock farming company is a legal entity performing livestock farming regularly and continuously in a place and in certain period for commercial purposes covering activities to produce livestock (hatchery and beef cattle) and livestock products (eggs, milk, meat, joining products and byproducts) including collection, distribution, processing and marketing.
3. Livestock farming company can be operated by individual or Legal Entity.
4. Cultivation activities are activities to produce livestock, livestock products and joining products for raw materials and/or consumption. Cultivation activities can be carried out by people's livestock farming, company and/or joint venture with people's livestock farming.
5. Livestock farming partnership is cooperation between livestock farming company and company in livestock farming sector or people's livestock farming in a mutually supplementing, strengthening and benefiting principle.
6. Business location is the place in which business is carried out in accordance with the decision of the Regional Government based on Spatial Planning.
7. Kinds and quantity of livestock that can be cultivated in livestock farming company and people's livestock farming are adjusted with the Minister of Agriculture's Decision No. 404/Kpts/OT.210/6/2002.

IV. SUBSECTOR OF PLANTATION

1. Plantation sector consists of:
 - a. Plantation Cultivation Activities are a series of plantation plants cultivation activities comprising pre-planting, planting, plants care and harvesting

activities including changes of plant species. Plantation cultivation activities consist of:

- 1) Small-scale Plants Cultivation (UBTSK) is plantation activities in an area of less than 25 hectares.
 - 2) Large-scale Plants Cultivation (UBTSK) is plantation activities in an area of more than 25 hectares or more.
- b. Plantation industrial activities are a series of plantation plants production processing activities aimed at extending the storage capacity or enhancing added value. Plantation Industrial activities cover refined sugar made from sugarcane; oil palm extraction; black tea and green tea; latex; peeling and drying of coffee, cocoa, and pepper; peeling of cotton, and other plantation industries aimed at extending storage time.
2. Control of plantation cultivation land for one company or group of companies is stipulated as follows:
 - a. Maximum plantation area is 20,000 hectares in one province or 100,000 hectares for the territory of the Republic of Indonesia except sugarcane plantation;
 - b. Maximum sugarcane plantation area is 60,000 hectares in one province or 150,000 hectares for the territory of the Republic of Indonesia;
 - c. Maximum area for the above plantation is not applicable for plantation company the majority shareholder of which is Plantation Cooperative and some or all of its shares are owned by the Government.
 3. Plantation cultivation activities with an area of 25 ha or more and plantation industrial activities shall be obligated to have Plantation Permit (IUP) given by:
 - a. Governor, if the location of plantation land is in the inter-regional area of Regency and/or City;
 - b. Regent or Mayor, if the location of plantation land is in the Regent and/or City region.
 4. In order to materialize people-oriented, harmonious, competitive and sustainable plantation development, the plantation development is carried out by means of KIMBUN (Plantation Community Industrial Zone) approach. KIMBUN is plantation development by using a zone as center of growth and development of plantation agribusiness activities and system- by means of science and technology, and taking into account space time dimensions, scale of activities and management, carried out with economic solidarity principles for the welfare of plantation community/farmers and other business actors, in line with justice guaranteeing harmonious and sustainable activities empowerment.

5. Any development of plantation activities must engage plantation community carried out in several patterns such as:
 - a. Plantation Cooperative Pattern, namely pattern of development with 100% of the business capital belonging to Plantation Cooperative;
 - b. Cooperative joint venture pattern with Investor, namely pattern of development with 65% of the business capital belonging to Cooperative and 35% to investor/company;
 - c. Cooperative-Investor joint venture, namely pattern of development with 80% of the shares belonging to the investor/company and at least 20% to Cooperative and to be gradually increased;
 - d. BOT (Build, Operate and Transfer) pattern, namely pattern of development in which development and operation is carried out by investor to be transferred then at certain time to cooperative;
 - e. BTN (*Bank Tabungan Negara*) pattern, namely pattern of development in which investor/company builds farms and/or farming products processing plant to be transferred then to interested party/owner joining in the cooperative;
 - f. Other mutually benefiting, strengthening, supplementing development patterns between farmers and plantation company.

Sectors/Kinds of Business Open For Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	AGRICULTURAL SECTOR	
	SUBSECTOR OF CROPS	
1.	RICE CULTIVATION (ISIC 0111)	<ol style="list-style-type: none"> a. To open new areas. b. Outside Java and Bali Islands. c. Permitted to have rice milling unit, huller, and rice cleaning unit for own-purpose.
	SUBSECTOR OF LIVESTOCK FARMING (Pursuant to the Minister of Agriculture No.	

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	404/Kpts/OT.210.6.2002)	
1.	EGG-LAYING PULLET AND BROILER (ISIC 0122)	Purebred chicken company is medium- and large-scale business in purebred chicken farming amounting to 10,000 egg-laying pullets or 15,000 broilers per cycle.
2.	DUCK, GOOSE AND MANILA DUCK (ISIC 0122)	Total mixed quantity of livestock is minimum 15,000.
3.	BEEF CATTLE (ISIC 0121)	Farming scale of more than 100 in mixed quantity.
4.	WATER BUFFALLO (ISIC0121)	a. Farming scale of minimum 20 in mixed quantity. b. Livestock farming company may perform a mutually benefiting partnership pattern.
5.	MILKING COW (ISIC 0121)	a. Farming scale of minimum 75 in mixed quantity. b. Livestock farming company may perform a mutually benefiting partnership pattern.
6.	GOAT and/or SHEEP (ISIC 0121)	Total mixed quantity of livestock is more than 300.
7.	TURKEY (ISIC 0122)	Total mixed quantity is minimum 10,000 turkeys.
8.	a. Quail b. Pigeon	Total mixed quantity of livestock is minimum 25,000.
9.	HORSE (ISIC 0121)	Total mixed quantity is minimum 50 horses.
10.	RABBIT (ISIC 0121)	Total mixed quantity is minimum 1,500 rabbits
11.	DEER (ISIC 0121)	Total mixed quantity is minimum 300 deers.
12.	PIG (ISIC 0121)	Total mixed quantity is minimum 125 pigs.
	SUBSECTOR OF PLANTATION	
1.	COMMUNITY PLANTATION INDUSTRIAL ZONE (ISIC 4520-0140) (Pursuant to the	It must cooperate with people's plantation using development pattern applicable in KIMBUN Development Guidance.

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	Minister Agriculture's Decree 392/KPTS/OT.210/6/2002).	
2.	RUBBER, COCONUT, SUGARCANE, COTTON, COFFEE, CACAO, TEA, CASHEW, CASTOR, GINGER, MANILA BANANA, VANILLA, PEPPER AND OTHER PLANTATION ACTIVITIES (ISIC 0112-0113) (There are 145 plant species pursuant to the Minister of Agriculture's Decree No. 74/Kpts/TP. 500/2/98)	It must be in partnership through development patterns already defined.
3.	PLANTATION CULTIVATION ACTIVITIES INTEGRATED WITH PLANTATION INDUSTRIES (ISIC 0113)	It must be in partnership through development patterns already defined.
4.	PLANTATION SEEDLING (ISIC 0113)	It must be in partnership through development patterns already defined.
5.	OIL PALM PLANTATION INTEGRATED WITH ITS PROCESSING TO PRODUCE CPO AND COOKING OIL (ISIC 0113)	a. It must be in partnership through development patterns already defined. b. Application in cooking oil industrial sector must be enclosed with recommendation on oil palm plantation activities from the Minister of Agriculture.
6.	NUCLEUS PLASMA (ISIC 0113) (Pursuant to the Minister Agriculture's Decree 341/Kpts/KP.150/6/2001)	Permit is granted pursuant to the evaluation of the national commission for nucleus plasma to the Minister.

SPECIAL DESCRIPTION ON MARINE AND FISHERY SECTOR

FISHERY SECTOR

1. Fishery activities are all activities covering fishing or fish cultivation activities, including transporting, storing, processing and preserving fish up to marketing the products for commercial purposes that can be carried out by individual or Indonesian Legal Entity.
2. Investment for fishing activities includes collection/transportation to support fishing or fish processing activities and sea water cultivation (marine culture). The application must be enclosed with the coordinates of fishing/cultivation area, specie of fish caught/cultivated. Fishing activities, in particular, must be completed with description on quantity and size of ship and kinds of fishing tools to be used (ship technical specification/design) and base port to be used.
3. Fishing activities in the framework of investment are carried out in the marine territory of the Republic of Indonesia and Indonesian Exclusive Economic Zone (IEEZ). Fishing activities must meet the following conditions:
 - a. Not interfering the existing centers of fishing activities and fishermen.
 - b. If fishing activities will be carried out in a place in which there are fishermen's activities and/or centers of fishermen's activities, they must be in cooperation with the local fishermen/fishing cooperatives/Village Cooperative Units (KUDs) in the form of partnership pattern/People's Nucleus Undertaking (PIR).
 - c. If fishing activities will be in the form of cooperation with fishermen/fishing cooperatives/Village Cooperative Units (KUDs) in the form of partnership pattern/People's Nucleus Undertaking (PIR), the implementation should not interfere the activities of existing partnership pattern/People's Nucleus Undertaking (PIR) in the same place.
4. Recruitment of expatriates in the operation of foreign fishing ships in the form of rent must obtain the Security Clearance (SC) from the Criminal Intelligence Body (BIK).

Sectors/Kinds of Business Open For
Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	MARINE AND FISHERY SECTOR	
1.	FISHING (ISIC 0500)	<p>a. The provisions for joint venture fishery company with Indonesian capital participation for the first year amounting to minimum 20% of the total capital paid/placed.</p> <p>b. Procurement of Ships</p> <p>1) Company may import fishing ships either in new condition or second-hand condition of maximum 15 years old made of iron/steel, except for fishing ships with long line fishing tools made of fiber glass. Types and size of ship allowed for import comprising:</p> <ul style="list-style-type: none"> - Fishing ship with long line tool of 100 through 350 GT with steel/fiber glass construction. - Fishing ship with fish net of 100 through 400 GT with steel construction. - Fishing ship with shrimp net of 100 through 300 GT with steel construction. - Fishing ship with gill net of 100 through 300 GT with steel construction. - Fishing ship with <i>bouke ami</i> tool and squid fishing tool of 100 through 300 GT with steel construction. <p>2) Indonesian Company that has Fishery Permit (IUP) can use the chartered foreign flag fish transport ship with a condition that it has Permit To Transport Fish (SIKP) for foreign ships.</p> <p>c. 1) The permitted fishing tool is obtained by joint venture, purchase by installments,</p>

		<p>for fishing in IEEZ comprising:</p> <ul style="list-style-type: none"> - Long line - Purse seine single - Fish net - Gill net Squid jigging Bouke-ami <p>2) Length of drift gill net is 100 through 300 GT is no more than 2,500 meter.</p> <p>3) Operation of fish net, of 100 through 400 GT is prohibited using ships.</p> <p>d. Size limit of ships operated in IEEZ watery outside IEEZ of Malacca Strait.</p> <ul style="list-style-type: none"> 1) Indonesian flag fishing ship of maximum 350 GT for all fishing tools. 2) Fishing ships of 350-800 GT using purse seine are allowed to operate only outside 100 sea miles from coastline of Indonesian islands. 3) Fishing ships using purse seine by group system are allowed to operate only outside 100 sea miles from the coastline of Indonesian islands. <p>e. Fishing areas in the framework of investment are aimed at IEEZ as long as the fish potential resources are not yet optimally exploited.</p> <ul style="list-style-type: none"> 1) South China Sea with coordinate limit of 03° North Latitude to the north up to the outermost-limit of IEEZ with either gill net or fish net. 2) Sulawesi Sea with coordinate limits of 118° East Longitude through 125° East Longitude with purse net, gill net or long line. 3) Pacific Ocean with coordinate limits of 127° East Longitude through 137° East Longitude with purse net, gill net or long line. 4) Indian Oean with coordinate limits of 120° East Longitude to the West through 08° East Latitude with gill net or long line. 5) IEEZ Watery of Arafura Sea and Malacca Strait is closed for Foreign Investment.
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<p>2.</p>	<p>FISH CULTIVATION (ISIC 0500)</p>	<p>a. Sea water fish cultivation</p> <ol style="list-style-type: none"> 1) Sea coordinate points must be stated for pearl cultivation. 2) Particularly for pearl cultivation, every cultivation point has the boundary at a maximum radius up to or equal to 500 meters. 3) Partnership for the following activities: <ol style="list-style-type: none"> a) Integrated activities (hatchery, enlargement, processing, and marketing) for species: <ul style="list-style-type: none"> - Finfish such as <i>kerapu</i>, <i>kakap putih</i> - Abalone - Sea cucumber - Crab - Small crab b) Integrated activities (collection, enlargement, and marketing) for lobster commodity; c) Processing and marketing of seaweed commodity. d) Cultivation for Pearl Oyster commodity, particularly Spat (seed) <p>b. Cultivation of brine water fish.</p> <p>In partnership for integrated activities (hatchery), enlargement, processing and marketing) for shrimp and finish (<i>kerapu</i>, <i>kakap putih</i>) commodities.</p> <p>c. Cultivation of fresh water fish.</p> <p>In partnership for integrated activities (hatchery), enlargement, processing and marketing) for cow frog, <i>nila</i>, <i>labi-labi</i>, shrimp, lobster and <i>sidat</i> commodities.</p>
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SPECIAL DESCRIPTION ON FORESTRY SECTOR

I. Forest Utilization in Production Forest

A. Cultivation Zone Utilization

Cultivation Zone Utilization is carried out to benefit the goring space which does not disturb the zone main functions, such as:

1. Cultivation of medical plants, decorative plants, crops below trees, comprising seedlings, planting, caring, securing, harvesting, processing and marketing.
2. Cultivation of bees comprising beehive construction, care, harvest and security.
3. Animal breeding comprising reproduction and/or enlargement of wild animals.
4. Swallow nest cultivation, comprising care, security and harvest activities.
5. Mushroom cultivation activities.

B. Environmental Service Utilization in Production Forests

Environmental service utilization in production forests is all forms of activity benefiting the environmental service potential without damages the landscape and environment, such as nature tourism, challenging sports, water utilization, carbon trade, and forest and environmental protection.

C. Timber Forest Products Utilization (UPHHK) in Natural Forest

1. UPHHK in natural forests (previously HPH areas) comprising harvesting, transporting planting, caring, securing, processing and marketing activities.
2. UPHHK in natural forest is carried out in production forest area having the potential to utilize timber forest products.

D. Timer Forest Products Utilization (UPHHK) in Plants Forest

UPHHK in plants forest is activities of utilizing production forest. The activities consist of land preparation, seedlings or seeding, planting, caring, securing, harvesting or cutting, processing and marketing.

E. Non-Timber Forest Product Utilization (UPHHBK)

1. UPHHBK can be in the form of utilization activities:

- a. Rattan, sago, thatch palm, bamboo, comprising cutting, rejuvenating, caring, securing, managing and marketing of products.
 - b. Sap, skin, leaves, fruits or seed, comprising harvesting, caring, managing and marketing of products.
2. Potential regions for sago and thatch palm forests utilization are Papua, Maluku, North Sumatera, South Sumatera, and East Kalimantan provinces.
 3. Potential regions for rattan forests utilization are North Sumatera, West Sumatera, Jambi and West Nusa Tenggara, East Nusa Tenggara, West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan, North Sulawesi, Central Sulawesi, South Sulawesi, Maluku, and Papua provinces.

II. Forest Product Primary Industry

Timber Forest Product Primary Industries process the round timber and/or chip woods materials to semi-finished or finished products, comprising:

- round timber processing industry to sawn timber;
- round timber processing industry to chip wood;
- round timber processing industry to veneer of plywood.

Non-timber Forest Products Primary Industries (IPHHBK) process non-timber forest products to semi-finished or finished products, namely non-timber forest products directly collected from forests.

III. Natural Silk Undertaking

- A. Natural silk undertaking constitutes one of the forestry sectors consisting of silkworm food plants cultivation activities (leaves production), procurement of seeds/silkworm eggs (production of silkworm eggs), silkworm care (cocoon production), handling of cocoon, silk thread spinning, marketing of cocoon, marketing silk thread, silk finished products.
- B. Natural silk undertaking is the right to undertake silkworm egg production, production of cocoon, processing of cocoon, silk thread spinning, and marketing of natural silk production.
- C. Natural silk undertaking can be carried out in the production forest area not charged with other activities and areas outside forest zones appropriate for silkworm food plants cultivation and caring of silkworm. Natural silk undertaking can be entirely (all activities) or partially (production of silkworm eggs, production of cocoon, production of silk thread only, etc.). Natural silk undertaking in own land uses partnership pattern, by means of mutually strengthening, benefiting and complementing principle. Land owning farmers as

plasma that produce cocoon, while the Legal Entity (Business Partner) serves as the nucleus that meets silk farmers' need. If outside the forest zones, it depends on the agreement between farmers and business partners.

- D. The working area is adjusted to the area potential and capacity of the processing industry.

IV. Rattan Undertaking

- A. Rattan is plant grouped as *palmae* such as *Korthalsia spp.*, *Daemonorops spp.*, *Calamus spp.*, *Plectomia spp.*, *Cornors spp.* and *Plektomiopsis spp.*
- B. Area utilization activities in protected forests are in the form of collection of rattan benefiting the area by taking naturally existing rattan without reducing the main functions of the area.
- C. Utilization of rattan comprises cutting, rejuvenation, care, security, management and marketing of products.
- D. Work area of rattan undertaking can be carried out in protected area and production forest.
- E. In rattan undertaking, technical conditions for such undertaking are:
 - 1. Not cutting any trees.
 - 2. Not disturbing the conservation of collected potentials.
 - 3. Not using any mechanical equipment.
- F. Potential regions for rattan undertaking are West Nusa Tenggara, East Nusa Tenggara, South Kalimantan, West Kalimantan, Central Kalimantan, East Kalimantan, North Sumatera, West Sumatera, Jambi, North Sulawesi, South Sulawesi, Southeast Sulawesi, Central Sulawesi, Maluku, and Papua Provinces.

V. Bamboo Undertaking

- A. Bamboo is plants grouped as *Gramineae* family and grows like wooden trees, such as *Dendrocalamus sp*, *Bambusa sp*, *Gigantochloa sp*.
- B. Zone utilization activities using bamboos are activities using the zone by taking bamboo already growing naturally without reducing the main functions of the zone.
- C. Bamboo utilization comprises cutting, rejuvenation, caring, securing, processing and marketing of products.
- D. Bamboo undertaking can be carried out in production forest (natural forest).

- E. Potential regions for bamboo undertaking are West Java, East Java, Central Java, Bali, South Sulawesi, Lampung, Bengkulu, North Sumatera, West Sumatera, Southeast Sulawesi, West Kalimantan, Central Kalimantan, and South Kalimantan Provinces.

VI. Utilization of Non-timber Forest Products

A. Bees Undertaking

1. Bees undertaking is a series of bees' cultivation and its supporting vegetation to benefit the people's interests taking into account the environmental aspects.

Bees undertaking can be carried out in (production and protected) forest zones and outside the forest zone taking into account nectar and/or pollen producing vegetation as bees foods.

2. Bees undertaking comprises bees cultivation activities comprising local bees (*Apis cerana*) cultivation and European bees (*Apis mellifera*) cultivation and collection of forest bees (*Apis dorsata*) products.
3. Bees undertaking produces diverse products such as: honey, royal jelly, pollen, bees wax, propolis, honey queen, bees colony, bees poison.
4. To perform bees undertaking in forest zone, permit of zone exploitation is required.
5. Based on scale analysis, bees undertaking for European bees (*Apis mellifera*) is minimum 475 colonies while for local bees (*Apis cenana*) minimum 300 colonies, however it must be adjusted with the availability of nectar and pollen producing sources for bees foods in the region.
6. Bees undertaking for European bees (*Apis mellifera*) is carried out by migratory method (bees cultivation hence bees food sources that can be either regionally or nationally accessed depending on the local transportation facility).

While bees undertaking for local bees (*Apis cerana*) is static and staying in one location hence bees foods plants developed through plant enriching efforts must be available in the vicinity.

B. Gaharu (Eaglewood) (*Aquilaria filaria*)

1. Gaharu producer is *Aquilaria filaria*, *Aquilaria melaecensis*, *Aquilaria bicariana*, *Gynops*, can be developed through collection of non-timber forest products in protected forest, production forest and utilization of non-timber forest products in production forest.
2. Gaharu is one of the high-quality non-timber commodities that can be used as materials for perfume, cosmetics, hio, incense, and medicine industries. Gaharu

products are traded in the form of gaharu resin, gaharu cambium, kemedangan, gaharu ash.

3. Potential regions for gaharu cultivation are Riau, West Sumatera, Jambi, West Nusa Tenggara, East Kalimantan provinces.

C. Tengkwang (*Shorea* spp.)

1. Tengkwang can be developed through collection of non-timber forest products in protected forests, production forests and utilization of non-timber forest products in production forests.
2. Tengkwang is one of forest products commodities as industrial materials for producing candies, margarine, chocolates, soap, cosmetics, medicines and livestock forage.
3. Potential locations for development of tengkwang are West Kalimantan, Central Kalimantan, and East Kalimantan Provinces.

D. Damar (*Shorea Javanica*)

1. Damar is non-timber commodity that produces resin and can be developed through collection of non-timber forest products in protected forests, production forests and utilization of non-timber forest products in production forests.
2. Damar resin is collected to serve as mixing substance for plastic, varnish, pain, candle, whitener, sealing wax, match, mixture for medicine.
3. Potential regions for damar development are Lampung, Bengkulu and West Sumatera provinces.

E. Kutu Lak (*Laccafer lacca Line*)

1. Kutu lak is sealing wax producer living in kesambi trees (*Schleichera oleosa*), *accasia Arabics*, Plaos (*Butea manosperm*) and *Caliandra calothpyrsus*, and can be developed through collection of non-timber forest products in protected forests, production forests, and utilization of non-timber forest products in production forests.
2. Sealing wax can be used for diverse industrial needs, household, and pharmacy.
3. Potential regions for sealing wax development are East Nusa Tenggara, West Nusa Tenggara, West Java, Central Java and East Java Provinces.

F. Mimba

1. Mimba (*Azadirachta indica*) is high-value plant containing materials that can be used for medicine of diverse diseases, health, pharmaceutical industries and as pesticide and can be developed through utilization of non-timber forest products in protected forests and production forests.
2. Potential regions for mimba development are East Nusa Tenggara, West Nusa Tenggara, Bali Provinces.

G. Sukun (breadfruit)

1. Sukun (*Artocarpus altilis*) is plant for alternative food source containing quite high content of carbohydrate and for livestock forage. If it is seriously developed it can be used as the second food commodity after rice. It can be developed through collection of non-timber forest products in protected forests and production forests.
2. Potential regions for sukun development are the entire territory of the Republic of Indonesia.

H. Sago

1. Sago (*Metroxylon spp.*) is a plant of palmae family producing high content of carbohydrate, hence it can be used as staple and other foods.
2. Sago can be used as industrial raw material for food production. Sago can also be used as sweetener in food processing industry.
3. Potential regions for sago plants development are Papua, Sulawesi, West Kalimantan, and Riau Provinces

I. Suweg/Iles-ils

1. Suweg (*Amorphophalus spp*) is a plant of taro family (*Aroceae*) in the form of tubers growing well under forest trees with high content of carbohydrate and fiber.
2. Suweg can be used as materials for food industry as raw materials for light foods and sweets, other industrial sectors and purification of water and colloid.
3. Suweg development can be carried out through collection of non-timber forest products in protected forests and in production forests.
4. Potential regions for suweg/iles-iles plants development are in the entire territory of the Republic of Indonesia.

J. Nilam

1. Nilam is one of the volatile oil producing plants known as nilam oil (*Patchouly oil*).
2. Nilam oil constitutes important raw material for fragrance, cosmetics, soap, perfume and frequently used as mixed materials for compound production.
3. Potential regions nilam plants dispersion are Aceh, North Sumatera, West Sumatera, Bengkulu, Lampung, West Java, Central Java and East Java Provinces.

VII. Breeding of Wild Animals and Natural Plants

- A. Breeding covers proliferation activities through breeding and enlargement of wild animals and plants by maintaining the purity of species. Breeding can be carried out to species of wild animals and plants, either protected or unprotected. Breeding of protected species of wild animals and plants is also bound with the provisions applicable for the preservation of species of plants and animals.
- B. The breeding of wild animal and or plants comprises breeding, collection, processing up to marketing of breeding products.

VIII. Nature Tourism Undertaking

- A. Nature Tourism Undertaking is an activity to manage tourism facilities in the National Park utilization zone, Grant Forest Park, or Nature Tourism Park based on a management plan.
- B. Nature Tourism is traveling activity or part of this activity carried out voluntarily and temporarily to enjoy all natural uniqueness and beauties in National Park (TN), Great Forest Park (THR), Nature Tourism Park (TWA) and Protected Forest (HL).
- C. Nature Tourism Park is a nature conservation area which is especially utilized for tourism and nature recreation.
- D. Great Forest Park is a nature conservation area with the purpose of collecting plants and/or animals, natural or artificial, genuine and/or not genuine, which are utilized for the interest of research, science, education, supporting the cultivation, cultivation, tourism and recreation.
- E. National Park is the nature cultivation area with natural ecosystem, managed with Zoning system utilized for the interest of research, science, education, supporting the life, conservation of diversity of species of plants and animals, and perpetual utilization of bio-resources tourism and its ecosystem.

F. Nature cultivation area is the area with specific characteristics either on shore or in waters that serve as conserving the life supporting system, conservation of diversity of species of plants and animals, and perpetual utilization of bio-resources and its ecosystem.

G. Kinds of nature tourism activities are:

1. Accommodations, such as tourism cottage, camping area, caravan, teenager lodging.
2. Food and beverage.
3. Water tourism means.
4. Souvenirs.
5. Culture tourism means.

H. Kinds of nature tourism are among other things cross-country, camping, mountain climbing, enjoying natural beauty, fishing, diving, caving and so on.

IX. Hunting Park Undertaking

A. Hunting Park Undertaking is an activity to organize hunting facilities and infrastructure and hunting activities in the Hunting Park.

B. Any use of firearms (hunting weapon) is in accordance with the applicable provisions.

X. Hunting Garden Undertaking

A. Hunting garden is an area outside a forest area managed by Legal Entity with a right for hunting activities.

B. Hunting garden undertaking is an activity to hold hunting facilities and infrastructure and activities in the hunting garden.

C. Any use of firearms (hunting weapon) is in accordance with the applicable provisions.

XI. Wild Animal and Plants Conservation Body

A. Conservation Body is an institution engaged in the conservation of wild animals and/or plants ex-situ (outside their habitat of origin), either in the form of government or non-government bodies.

- B. Conservation Body is aimed at preserving and/or collecting and/or proliferating species of wild animals and/or plants outside their habitat of origin) to avoid any danger of extinction.
- C. Animal conservation body can be in the form of:
 - 1. Zoo;
 - 2. Zoological Museum;
 - 3. Special Animal Park.
- D. Plants conservation body can be in the form of:
 - 1. Botanical Garden;
 - 2. Botanical Museum;
 - 3. Special Park.
- E. Permit for plants and animals conservation body granted by the Minister of Forestry can be given to:
 - 1. Government Institution;
 - 2. Non-government Institution;
 - 3. Cooperative.
- F. Exchange of species of protected wild animals and plants can be carried out only:
 - 1. For species of wild animals and plants already preserved by Conservation Body;
 - 2. By and between Conservation Body and the Government;
 - 3. Between animals and animals or plants and plants;
 - 4. Based on the balance of values of conservation for species of wild animals and plants concerned carried out by Evaluation Team.
- G. Presentation of species of wild animal and plants can be carried out by Conservation Body and formal education institutions.

XII. Forest Construction Services

- A. Reforestation services
- B. Forest measurement and mapping services
- C. Forest consultancy services
- D. Forest potential inventory services
- E. Other services to boost perpetual forest management legalization

Sectors/Kinds of Business Open For Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	FORESTRY SECTOR	
1.	ROUND-TIMBER PROCESSING INDUSTRY TO SAWN TIMBER (ISIC2010)	<ul style="list-style-type: none"> a. Natural forest round timber as raw material, only in Papua Province. b. Non-natural forest round timber as raw material is only used outside Papua Province complete with guarantee of supply of sustainable raw materials.
2.	ROUND TIMBER PROCESSING INDUSTRY TO CHIPWOOD (ISIC2021)	<ul style="list-style-type: none"> a. Nature forest round timber as raw material only in Papua Province. b. Imported raw materials and/or the materials from Industrial Plants Forest can be used outside Papua Province complete with guarantee of supply of sustainable raw materials.
3.	ROUND TIMBER FOREST PRODUCTS PROCESSING INDUSTRY TO VENEER AND PLYWOOD (ISIC2021)	Natural forest round timber raw materials are only used in Papua Province complete with guarantee of sustainable supply of raw materials.
4.	NON TIMBER FOREST PRODUCTS PROCESSING DIRECTLY COLLECTED FOR THE FORESTS (ISIC 2010)	Complete with guarantee of sustainable raw materials.

5.	UTILIZATION OF CULTIVATION AREAS (ISIC 0200)	<p>a. Maximum area of 50 Ha.</p> <p>b. Ownership of maximum 2 permits in one province.</p> <p>c. Permit to utilize is given to individual/cooperative.</p>
6.	ENVIRONMENTAL MANAGEMENT SERVICES IN PRODUCTION FOREST (ISIC 0200)	<p>a. Maximum area of 1,000 Ha.</p> <p>b. Ownership of maximum 2 permits in one province.</p>
7.	TIMBER FOREST PRODUCTS UTILIZATION IN NATURAL FOREST (ISIC 0200)	<p>a. Location in production forest area and/or ex HPH by maintaining its conservation.</p> <p>b. In cooperation with local cooperative in the form of share participation or joint venture in activity segment.</p>
8.	TIMBER FOREST PRODUCTS UTILIZATION IN PLANTS FOREST (ISIC 0200)	<p>a. Location in production forest area and in empty land.</p> <p>b. Maximum area of UPHHK if 60,000 Ha to support carpentry timber industry and maximum 300,000 Ha to support pulp industry.</p> <p>c. Application of intensive silver-culture system.</p>
9.	NON-TIMBER FOREST PRODUCTS UTILIZATION (ISIC 0200) (among other things rattan, sago, thatch palm, bamboo, bark, leaves, or seeds)	In cooperation with local cooperative in the form of share participation or joint venture in activity segment.
10.	WILD PLANTS UTILIZATION AND WILD ANIMAL CATCHING (ISIC 0140) (study, research, development, breeding, trade, replacement, exchange, cultivation of medicine plants and domestic care as pets).	<p>a. Organized by conservation body.</p> <p>b. Permit for conservation body is given to:</p> <ul style="list-style-type: none"> - government institution - non-government institution - cooperative <p>c. Operational permit is required from the Department of Forestry.</p> <p>d. Second derivative is traded (f-2).</p>
11.	NATURE TOURISM UNDERTAKING (ISIC 5510-5520-9233)	In its implementation, permit to undertake nature tourism issued by the Department of Forestry is required.

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12.	HUNTING PARK AND HUNTING GARDEN UNDERTAKING (ISIC 9233)	<ul style="list-style-type: none">a. Permit to undertake hunting park and hunting garden issued by the Minister of Forestry is required.b. Permit to hunt from the local technical management unit (forestry institution) is required if Hunting Certificate issued by the Department of Forestry and the Regional Police Head has been obtained.d. Operator shall not be entitled to give the ownership and undertaking right upon hunting in hunting park and hunting garden.
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SPECIAL DESCRIPTION ON ENERGY AND MINERAL RESOURCES SECTOR

I. GENERAL MINING SUBSECTOR

- A. General mining undertaking covers general research, exploration, exploitation, processing and purification, transportation and selling of minerals. Particularly for Contract of Work and Coal Mining Undertaking Work Agreement (PKP2B), it also covers feasibility study and construction activities. Minerals can be categorized into 3 groups:
 - 1. Strategic minerals called Group A.
 - 2. Vital minerals called Group B.
 - 3. Non-strategic and non-vital minerals called Group C.
- B. General Mining Undertaking is given by the Minister, Governor, Regent/Mayor in accordance with each authority.
- C. Holder of Mining Power (KP) who will change its status to Working Power (KK) or Coal Mining Undertaking Work Agreement (PKP2B), then status of KP for general study and exploration shall end after obtaining principal approve, while the status of Mining Power for exploitation shall end after KK or its PKP2B is signed.
- D. General mining sector must perform/consider the environmental and K-3 provisions.
- E. Summary of Work Contract and Coal Mining Undertaking Work Agreement constitutes a special applicable provision.
- F. General mining undertaking is regulated in the Law No. 11/1967, the Government Regulation No. 32/1969 as already amended with the Government Regulation No. 79/1992 in conjunction with No. 75/2001, the Government Regulation No. 27/1980 concerning Classification of Minerals, Government Regulation No. 75/1996 concerning Main Provisions of Coal Mining Undertaking Work Agreement and Home Affairs Minister's Decision No. 26/1994.
- G. General mining support services cover:
 - 1. Research in general study, and exploration of minerals on shore and at sea with diverse methods of research.
 - 2. Mineral processing and laboratory analysis.
 - 3. Implementation of research in environmental and feasibility study preparation.
 - 4. Mine construction, cutting, peeling/excavation of covering layer, mining and transportation of minerals and reclamation of mine.

5. Consultation in mineral development.
6. Implementation and consultation associated with building construction planning and other facilities in the environment of general mining project.

H. Requirements of area allowed for mining undertaking:

1. Work Contract (KK), with area not exceeding 250,000 Ha.
2. Coal Mining Undertaking Work Agreement (PKP2B), with area not exceeding 100,000 Ha.
3. Mining Power (KP) for General Study, with area not exceeding 25,000 Ha.
4. Mining Power (KP) for Exploration, with area not exceeding 10,000 Ha.
5. Mining Power (KP) for Exploitation, with area not exceeding 5,000 Ha.

This conforms to the Article 21 paragraph (1) of the Government Regulation No. 75/2001 and the Minister of Mines and Energy's Decree No. 134.K/201/M.PE/1996.

Reserve of Coal Mining Undertaking Work Agreement area is allowed to exceed the area boundaries as stipulated above with the condition of paying the seriousness guarantee amounting to 2 X the applicable provision for any surplus of area (in accordance with the prevailing laws and regulations).

I. General mining undertaking in the framework of Foreign Investment must be carried out as follows:

1. Joint Venture between foreign investor and Indonesian Citizen and/or Limited Liability Company of State-owned Enterprises/Regional Government-owned Enterprises or private companies of either national or Indonesian Citizen by establishing Limited Liability Company with Indonesian legal entity.
2. Shares belonging to the foreign investor shall not amount to more than 95%.
3. Shares belonging to the Indonesian company shall amount to at least 5%.

This conforms to the Department of Energy and Mineral Resources' proposal to the amendment of the Government Regulation No. 20/1994 in conjunction with the Government Regulation No. 83/2001 as stipulated in the letter No. 2631/06/SJN.H/2002 dated 6 August 2002.

J. Geothermal Resources Undertaking

1. Geothermal Resources Undertaking is given by the Minister or Head of the Region in accordance with his authority as follows:

- a. Geothermal Resources Undertaking for Power Plant for general interests is given by the Minister in this case the Director General of Geology and Mineral Resources.
- b. Geothermal resources for power plant for own interests are given by the Head of the Region pursuant to his authority.

This conforms to the Presidential Decree No. 76/2000 dated 31 May 2000 and the Minister of Energy and Mineral Resources' Decree No. 667.K/11/MEM/2002 dated 14 May 2002.

2. Requirement of area allowed for geothermal resources undertaking for General Study and Exploration phase shall not exceed 200,000 Ha while the production area shall not exceed 40,000 Ha (in accordance with the prevailing laws and regulations).

II. OIL AND GAS MINING SUBSECTOR

Oil and gas mining sub-sector shall cover:

1. Metal construction service for industrial needs.
2. Testing and services for underwater mining materials/equipment.
3. Oil and gas drilling services on shore and offshore.
4. Sandblasting and coating for oil and gas mining industrial equipment.
5. Seismic, geological survey, logging, perforating, cementing, wire line, formation testing & evaluation, casing and tubing service, high pressure pumping, and blowout control.
6. Offshore drilling facilities placement and installation services.
7. Construction and development planning services for oil and gas mining industry.
8. Materials/equipment rental services for oil and gas mining operation.
9. Floating production and processing storage and off loading facilities and temporary production system.
10. Manufacturing and assembling of field equipment and refinery equipment for oil and gas mining industry.
11. Liquefied Petroleum Gas (LPG) bottling, filling and transportation.

III. ELECTRICITY AND ENERGY UTILIZATION SUBSECTOR

A. Electrical Power Generation

1. Electrical power generation is carried out by Legal Entity (State-owned Enterprises, Regional Government-owned Enterprises, Cooperative and Private) covering:
 - a. Electrical power generation.
 - b. Electrical power transmission.
 - c. Electrical power distribution.
 - d. Electrical power sale.
 - e. Electrical power selling agency.
 - f. Electrical power market management.
 - g. Electrical power system management.
2. In the electrical power supply undertaking by Private, kinds of investment cooperation that can be developed among other things are:
 - a. Build, Operate, Own (BOO).
 - b. Build, Operate, Transfer (BOT).
 - c. Build, Lease, Transfer (BLT).
3. Permit To Supply Electrical Power (IUPL), as basis for the supply of electrical power is given by Minister, Governor, Regent pursuant to his authority applicable for the region not yet or not applying any competition. For competition area, permit to supply electrical power is given by the Chairman of Electrical Power Market Supervisory Board.
4. Permit To Operate (IO) as basis for the supply of electrical power for own interests is given by Regent/Mayor, Governor or Minister pursuant to his authority.
5. Any activity associated with electricity shall be obligated to meet the provisions on electrical safety.
6. Any electrical power installation to be operated shall be provided with operation-worth certificate.
7. Any use of electrical power to be sold shall be obligated to have safety mark.

8. Electrical power selling price in the area not yet or not applying any competition shall be regulated by the Government or Regional Government.
 9. National Electricity General Plan (RUKN) comprises of:
 - a. Primary energy source utilization policies, social mission policies.
 - b. Investment and funding policies.
 - c. Estimated national electrical power need.
 - d. National electrical power supply general plans.
 - e. National transmission network stipulation.
 10. Electrical power projects for electrical power supply undertaking by private comprise:
 - a. Projects determined by the Government (solicited).
 - b. Projects not determined by the Government (unsolicited) specially for development of electrical power generation using renewable energy, marginal gas and excess electrical power.
 11. Spread small-scale power plant (Spread PSK) is small-scale power plant using renewable energy at the installed capacity in power plant of maximum 1 MW, or excess power in one power plant at the installed capacity of maximum 1 MW.
 12. Electrical power generated by Spread PSK is purchased by PLN at the selling price in interconnection point with the following PLN system.
 - a. If the interconnection in Medium-scale Voltage is $0.8 \times$ Medium-scale Voltage Selling Basic Price (HPP).
 - b. If the interconnection in Small-scale Voltage is $0.6 \times$ Low-scale Voltage Selling Basic Price (HPP).
- B. Electrical Power Supporting Undertaking comprises:
1. Electrical Power Supporting Service Undertaking comprises:
 - a. Consultancy in electrical power sector.
 - b. Construction and installation of electrical power facilities.
 - c. Testing of electrical power facilities.

- d. Operation of electrical power facilities.
 - e. Maintenance of electrical power facilities.
 - f. Research and development.
 - g. Other services directly associated with electrical power supply.
2. Electrical Power Supporting Industry comprises:
- a. Electrical power equipment industry.
 - b. Electrical power utilization industry as basis for electrical power supply.

Sectors/Kinds of Business Open For
Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	ENERGY AND MINERAL ENERGY SECTOR	
	GENERAL MINING SUBSECTOR	
1.	GENERAL MINING (ISIC 1010-1410)	<ul style="list-style-type: none"> a. In the framework of Foreign Investment, in the form of Work Contract (KK): <ul style="list-style-type: none"> 1) Forwarded in the form of joint venture between foreign investor and Indonesian Citizen and/or Limited Liability Company (PT) and/or State-owned Enterprises (BUMN)/ Regional Government-owned Enterprises (BUMD) and/or national private company in the form of PT with Indonesian legal entity; or 2) In cooperation between foreign investor and holder of KP/SIPD by forming new company as joint venture company in which holder of KP/SIPD previously submits a request of amendment of status of its KP/SIPD, to KK in accordance with the prevailing laws and regulations; 3) Foreign shares owned shall not exceed 95%.

		<p>b. In the framework of Domestic Investment, it is given pursuant to KP or SIPD or SIPR.</p>
2.	COAL MINING (ISIC 1010)	<p>a. In the framework of Foreign Investment, in the form of Coal Mining Undertaking Work Agreement (PKP2B).</p> <ol style="list-style-type: none"> 1) Forwarded in the form of joint venture between foreign investor and Indonesian Citizen and/or Limited Liability Company (PT) and/or State-owned Enterprises (BUMN)/ Regional Government-owned Enterprises (BUMD) and/or national private company in the form of PT with Indonesian legal entity; or 2) In cooperation between foreign investor and holder of KP/SIPD by forming new company as joint venture company in which holder of KP/SIPD previously submits a request of amendment of status of its KP/SIPD, to KK in accordance with the prevailing laws and regulations; 3) Foreign shares owned shall not exceed 95%. <p>b. In the framework of Domestic Investment, it can also be given in the form of PKP2B or KP.</p>
3.	COAL BRIQUETTE UNDERTAKING (ISIC 1010-1020)	<p>a. Coal briquette undertaking can be carried out after obtaining:</p> <ol style="list-style-type: none"> 1) Undertaking Principal Approval. 2) Coal Briquette Undertaking Permit <p>b. Undertaking Principal Approval as regulated in point a.1) is given by the Director General of Geology and Mineral Resources to:</p> <ol style="list-style-type: none"> 1) Enterprise holding the Mining Power (KP) for coal mineral exploitation or contractor of Coal Undertaking Work Agreement (PKP2B) undertaking coal briquette in the Mining Power (KP) area; 2) The Enterprise as mentioned above

		<p>undertaking the coal briquette outside the KP area of PKP2B.</p> <p>c. Permit To Undertake Coal Briquette for enterprise in:</p> <p>1) Letter b point 1) is given by Minister, Governor/Regent/Major pursuant to each authority in the form of Processing and Purification KP;</p> <p>2) Letter b points 2) and 3) are given by Governor/Regent/Major pursuant to each authority in the form of Permit To Undertake Coal Briquette.</p>
	OIL AND GAS SUBSECTOR	
1.	PURIFICATION AND PROCESSING OF OIL AND GAS (ISIC 1110-2320)	Obtaining the Minister of Energy and Mineral Resources' Approval.
2.	OIL AND GAS DRILLING SERVICES (ISIC1120)	<p>a. On shore oil and gas drilling in the framework of Foreign Investment:</p> <ul style="list-style-type: none"> - For drilling using rig equipment with the capacity of above 2,000 HP. - In partnership with national participant engaged in similar activities with the foreign shares ownership of maximum 49%. <p>b. Offshore oil and gas drilling in the framework joint venture with the foreign shares ownership of maximum 95%.</p>
3.	OIL AND GAS MINING SUPPORTING SERVICES (ISIC 1120)	In the framework of Foreign Investment must be in joint venture with national participant, with the foreign shares ownership of maximum 95%.
	ELECTRICITY AND ENERGY USE SUBSECTOR	
1.	GENERATION, TRANSMISSION AND DISTRIBUTION ACTIVITIES (ISIC 4010)	<p>a. Solicited projects, namely projects stipulated by the Minister responsible for electricity sector.</p> <p>b. Designation through competitive and</p>

		<p>transparent selection process.</p> <p>c. Particularly for general electricity transmission and distribution sectors:</p> <ol style="list-style-type: none"> 1) Due to the fact that transmission and distribution constitute natural monopoly in electrical power supply, hence this undertaking is carried out by giving first opportunity to the State-owned Enterprises (BUMN)/Regional Government-owned Enterprises (BUMD) with the understanding that in certain conditions in which the BUMN / Regional Government-owned Enterprises (BUMD) are unable to investment, then the BUMN/BUMD engaged in development of transmission and distribution can cooperate with other legal entity and if the cooperation is not possible, than it can be carried out fully by other legal entity. 2) Operation is carried out by BUMN for transmission and BUMN/BUMD for electrical power distribution.
2.	ELECTRICA POWER SUPPORTING UNDERTAKING (ISIC 4010)	<ol style="list-style-type: none"> a. Location in production forest area and in empty land. b. Maximum area of UPHHK if 60,000 Ha to support carpentry timber industry and maximum 300,000 Ha to support pulp industry. c. Application of intensive silver-culture system.
3.	NON-TIMBER FOREST PRODUCTS UTILIZATION (ISIC 4010)	<p>In the framework of Foreign Investment:</p> <ol style="list-style-type: none"> a. Hydro Power Plant with a capacity > 50 MW. b. Steam Power Plant with a capacity > 100 MW. c. Geothermal Power Plant with a capacity > 55 MW. d. Relay station with a Gas Insulated Switchgear (GIS) system. e. Under water cable transmission network.

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	<p>b. Services in equipment technology development sector that supports the supply of electricity and maintenance of electrical equipment.</p> <p>c. Electrical power facilities operation services</p>	<p>In the framework of Foreign Investment:</p> <p>a. Relay station with a Gas Insulated Switchgear (GIS) system.</p> <p>b. Under water cable transmission network.</p> <p>Open only for Domestic Investment.</p>
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SPECIAL DESCRIPTION ON INDUSTRY AND TRADE SECTOR

I. INDUSTRIAL SECTOR

In general, Industrial Sector comprises of 3 groups as follows:

- A. Chemical, Agro and Forest Products Industrial Group.
- B. Metal, Machinery and Diverse Industrial Group.
- C. Small-scale and Medium-scale Industrial Group.

Special description on industrial sector:

1. Permit to Undertake Industry (IUI) is given for each kind of industry covering diverse industrial commodities in the scope of industry.
2. Company who has the IUI is given freedom to carry out production increase, diversification, rehabilitation and/or modernization as long as its production is covered in the scope of industry with additional capacity not exceeding 30% of the capacity of permit owned without being obligated to have prior Permit of Expansion (IP).
3. Some conditions on expansion, diversification and restructurization of business in industrial sector:
 - a. Expansion of industrial company id addition of production capacity and/or kinds of product or goods already permitted.
 - b. Diversification of business is amendment and/or addition of production kinds, without adding investment for main production tools without causing any enhancement of production capacity by more than 30%.
 - c. Restructurization is rehabilitation/recondition, replacement and/or addition of factory machineries/equipment, other capital goods, and components either in new or non-new conditions aimed at enhancement of quality, efficiency, diversification, and increase of production volume/capacity by maximum 30% of the installed capacity as mentioned in Permit to Undertake Industry (IUI).
4. Industrial products must meet the Indonesian National Standards (SNI), except non standardized products.
5. Goods from production, such as raw materials, semi-finished products or finished products such as medicines, traditional drugs, cosmetics, medical instruments, foods and beverages before marketing must be registered first at the Drugs and Foods Supervisory Board (BPOM).

II. INDUSTRIAL SUPPORTING SERVICES SECTOR

Industrial Zone

Pursuant to the Presidential Decree No. 41/1996 dated 4 June 1996 and the Minister of Industry and Trade No. 50/MPP/Kep/2/1997 dated 20 February 1997:

1. Industrial zone is the zone in which industrial activities are centered complete with support facilities and infrastructures developed and managed by Industrial Zone Companies that have Permit to Undertake Industrial Zone.
2. The area of Industrial Zone is at least 20 hectares.
3. The area owned by one company or some companies the area of which is at least 10 hectares in the industrial allocation zone pursuant to the Spatial Planning and used for industrial activities, can be declared as Industrial Zone. The companies as mentioned above shall have the rights and obligations similar to the companies in industrial zone.
4. Companies in Industrial Zone are obligated to:
 - a. provide Ready-To-Use Industrial land or Ready-To-Use Factory Building;
 - b. make Industrial Site Plan in accordance with the Regional Government Conditions;
 - c. make AMDAL (ANDAL/Assessment of Environmental Impacts, RKL (Environmental Management Plan) and RPL (Environmental Monitoring Plan);
 - d. build and maintain infrastructure and utilities such as roads, drainage, industrial waste collecting pipes; build, operate and maintain waste processing center unit;
 - e. make rules of conduct in Industrial Zone stating among other things provisions on rights and obligations of companies and industrial companies in the zone, particularly in association with environmental management, operation of social/public facilities.

III. TRADE SECTOR

Provisions on trade sector refer to:

1. Government Regulation No. 2/1996 in conjunction with No. 42/1997 in conjunction with No. 16/1998 in conjunction with No. 46/1998 on Activities of Company Established in the framework of Foreign Investment in Export and Import Sector and based on Government Regulation No. 36/1977 in conjunction with No. 35/1996 in conjunction with No. 41/1997 in conjunction with No. 15/1998 concerning Termination of Foreign Activities in Trade Sector.

2. Minister of Industry and Trade's Decree No. 23/MPP/Kep/1/1998 in conjunction with No. 159/MPP/Kep/4/1998 on Trade Undertaking Institutions and Minister of Industry and Trade's Decree No. 160/MPP/Kep/4/1998 concerning Amendment to the Decree No. 77/Kp/78 on Provisions on Limited Trade Activities for Production Company in the framework of Investment.

Trade is sale and purchase of goods or services continuously carried out to transfer rights upon goods or services with rewards or compensation.

Trade sector activities consist of the following sub-sectors:

A. Overseas trade sub-sector:

1. Export trade;
2. Import trade.

B. Domestic trade sub-sector:

1. Large-scale trade;
2. Retail trade;
3. Informal trade.

A. OVERSEAS TRADE SUBSECTOR

1. Export Trade

Export trade is any trade carried out by issuing goods or services from inside to outside the Indonesian customs area by complying with the provisions of the prevailing laws and regulations:

- a. Export trade can be carried out by the company established in the framework investment the entire capital of which belongs to a foreign citizen and/or legal entity or joint venture and/or Indonesian Legal Entity.
- b. Company that can perform export activities is Investment Company engaged in production sector, in export and import trade sector, in large-scale/distributor (wholesaler) trade.
- c. Kinds of goods that can be exported by investment company are goods of their own production and products from other company at home such as agricultural, forestry, mining, industrial products etc, as long as they do not contradict with the applicable provisions.

2. Import Trade

Import trade is any trade carried out by entering goods or services from outside to inside the Indonesian customs area by complying with the provisions of the prevailing laws and regulations:

- a. Import trade can be carried out only by the investment company that has Limited Importer Identification Mark (APIT):
 - 1) Limited Importer Identification Mark (APIT) belonging to an investment company to import machineries, spare parts, building materials/equipment and raw materials/support materials to be used in production process can apply as General Importer Identification Number (APIU);
 - 2) Limited Importer Identification Mark (APIT) belonging to an investment company in import trade can apply as General Importer Identification Number (APIU).
- b. Import trade can be carried out by investment company the entire capital of which belongs to a foreign citizen or legal entity or a joint venture between foreign capital and capital belonging to Indonesian Citizen and/or Indonesian Legal Entity;
- c. Company that may perform import trade is any company engaged in production, export and import trade, large-scale trade/distributor (wholesaler) and large-scale retail trade sector;
- d. Kinds of goods that can be imported by investment company are machineries, spare parts, building materials/equipment and raw materials/support materials to be used in production process and other goods used in association with kinds of trade activities permitted at home.

B. DOMESTIC TRADE SUBSECTOR

1. Domestic trade activities can be carried out by investment company the entire capital of which belongs to a Foreign Citizen and/or legal entity or joint venture between foreign capital belonging to Indonesian Citizen and/or Indonesian Legal Entity.
2. Company that can perform domestic trade activities is any investment company engaged in production, export and import trade, large-scale trade/distributor (wholesaler) and large-scale retail trade sector.
3. Investment company in production sector can perform domestic trade activities to:
 - a. promote machineries, spare parts, building materials/equipment and raw materials/support materials at home to be used in production process;

- b. purchase goods and/or materials locally produced for export;
 - c. perform promotion, market research and supervision of sale of own products;
 - d. sale of own products to other companies using the said products as capital goods, spare parts, building materials/equipment and raw materials/support materials for production process.
 - e. sale of goods produced by other company;
 - f. sale of own products for domestic market up to retailer level for foreign investment companies and up to final consumer for domestic investment companies.
4. Foreign investment companies in export and import trade may perform domestic trade activities namely to:
- a. purchase domestic goods and/or matters for export;
 - b. sell domestic goods as large-scale/distributor/wholesaler trade;
 - c. sell domestic goods as large-scale retail trade.

C. DOMESTIC TRADE BODIES

1. Wholesaler

- a. Wholesaler is individual or legal entity acting for its own name, and/or name of other assigning party to carry out activities by purchasing, storing and selling large-scale goods indirectly to final consumer. To perform the sale to final consumer, a national company must be appointed as national company.
- b. Included in wholesaler are:
 - 1) main distributor;
 - 2) large-scale merchant;
 - 3) sub distributor;
 - 4) main supplier;
 - 5) big dealer;
 - 6) brand holding sole agent;
 - 7) exporter;

- 8) importer.
 - c. Expatriates allowed to work in Foreign Investment company in wholesaler trade are under the following conditions:
 - 1) maximum 10 persons with undergraduate (S1) background or equivalent to S1 and with work experience of minimum 3 years in their fields as technical assistants;
 - 2) for every expatriate, at least 3 Indonesian workers are obligatorily employed as expert or administration staff;
 - 3) foreign expatriates are not allowed to work in personnel division.
 - d. Other obligations for foreign investment companies in large-scale (wholesaler) trade are:
 - 1) To issue list of price of goods sold stated in rupiah (Rp) and attached on each goods sold;
 - 2) To control warehouse, to have transportation guarantee and to apply modern management;
 - 3) To be responsible for after-sale as quality guarantee, resistance and reliability of operation of goods sold minimum 1 year, particularly for Brand holding sole agent (ATPM) and Brand holding sale agent (AJPM);
 - 4) If located in second-level region, it must be in partnership with small-scale enterprise/cooperative.
 - e. Prohibitions for companies in large-scale (wholesaler) trade sector are:
 - 1) to double as retailer or as informal trader;
 - 2) to hoard/store basic materials of community needs in warehouse for speculative purposes and any hazardous goods.
2. Retailer
- a. Retailers are individuals or legal entities whose main activity is to perform sale directly to final consumer in small-scale amount.
 - b. Modern market constituting large-scale retail trade is market built by Government, private or Cooperative in the form of Mall, Supermarket, Department Store, and Shopping Center the management of which is carried out in a modern way and prioritizing services, comfort in shopping with management under one hand, with relatively strong capital, and complete with exact price labels.

- c. Definition of informal traders is any individual without any legal entity performing trade of goods and/or services in small-scale carried out by the owner based on a common principle of family system.
- d. Expatriates are allowed to work in foreign investment company in retail trade sector under the following conditions:
 - 1) maximum 3 persons with undergraduate (S1) background or equivalent to S1 and with work experience of minimum 3 years in their fields as technical assistants;
 - 2) for every expatriate, at least 3 Indonesian workers are obligatorily employed as expert or administration staff;
 - 3) foreign expatriates are not allowed to work in personnel division.
- e. Other obligations for foreign investment companies in retailer trade are:
 - 1) to have Permit To Undertake Modern Market for any company performing Modern Market Activities.
 - 2) to cooperate with small-scale, medium-scale traders, cooperatives and traditional markets through a partnership pattern.
 - 3) to follow the working hours of modern market namely from 10.00 West Indonesia Time through 22.00 West Indonesia Time.
 - 4) to state the price on goods sold stated in rupiah (Rp);
 - 5) to have warehouse;
 - 6) to apply modern management.
- f. Prohibitions for companies in retail trade sector are:
 - 1) to double as large-scale distributor/wholesaler and as informal trader;
 - 2) to hoard/store basic materials of community needs in warehouse for speculative purposes and any hazardous goods.

Sectors/Kinds of Business Open For
Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	INDUSTRY AND TRADE SECTOR	
	INDUSTRIAL SECTOR	
	CHEMICAL, AGRO AND FOREST PRODUCTS INDUSTRIAL SUBSECTOR	
1.	MACHINE-MADE CLOVE-FLAVORED CIGARETTE IN DUSTRY (ISIC 1600)	Must comply with production balance provision between manually made and machinery-made clove-flavored cigarettes, namely 1:6
2.	MILK PROCESSING INDUSTRY (POWDERED MILK AND SWEET CONDENSED MILK) (ISIC 1520)	Processing not only repacking.
3.	MOULDING AND BUILDING MATERIALS COMPONENTS INDUSTRY (ISIC 2022)	Using raw materials such as sawn timber guaranteed through cooperation with sawing industry having valid and effective IUI.
4.	OTHER WOOD WORKING INDUSTRY (ISIC 2022)	Using raw materials such as sawn timber guaranteed through cooperation with sawing industry having valid and effective IUI.
5.	CRUMB RUBBER INDUSTRY (ISIC 2511)	Must obtain guarantee of continued supply of raw materials for rubber processing (BOKAR) with a statement from the Directorate General of Plantation, Department of Agriculture. Raw materials for rubber processing (BOKAR) used conform to the Indonesian National Standards (SNI).
6.	FURNITURE INDUSTRY (ISIC 3610)	Using raw materials such as sawn timber and/or wooden panel the supply of which is guaranteed through cooperation with timber sawing industry and/or wood panel

		industry/distributor having valid and effective IUI.
7.	BLOCK BOARD (ISIC 2021)	By using veneer from existing industry or from non-natural forest timber.
8.	ALCOHOLIC INDUSTRY (ISIC 1551)	<p>a. Technical Grade (alcohol content of minimum 80%) only used as raw materials and support materials for industry other than alcoholic drinks.</p> <p>b. There must be a statement of alcohol produced only for technical purpose and not for materials of drink.</p> <p>c. Marketing only for export.</p>
9.	PESTICIDES (ACTIVE MATERIALS) MANUFACTURING INDUSTRY (ISIC 2421)	Requiring recommendation from Pesticides Commission and Director General of Chemical, Agro and Forest Products Industries (in association with K3L).
10.	PESTICIDES FORMULATION INDUSTRY (ISIC 2421)	Requiring recommendation from Pesticides Commission and Director General of Chemical, Agro and Forest Products Industries (in association with K3L).
11.	FERTILIZER INDUSTRY (ISIC 2412)	Requiring recommendation of test results at field from the Department of Agriculture and Director General of Chemical, Agro and Forest Products Industries (in association with K3L).
12.	INDUSTRY OF RAW MATERIALS FOR EXPLOSSIVE (AMMONIUM NITRATE) (ISIC 2927)	Must be in cooperation with Legal Entity having the permit/recommendation from the Minister of Defense and Head of <i>Polri</i> (Police of the Republic of Indonesia).
13.	INDUSTRY OF EXPLOSSIVE AND COMPONENTS FOR (COMMERCIAL) INDUSTIES (ISIC 2429)	<p>a. Must be in cooperation with Legal Entity recommended by the Minister of Defense/Head of <i>Polri</i> (Police of the Republic of Indonesia).</p> <p>b. Only for manufacturing activities, while procurement, storage and distribution shall be carried out by</p>

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		Legal Entity that has been designated by the Minister of Defense and Head of Polri (Police of the Republic of Indonesia).
14.	MONEY PRINTING INDUSTRY (ISIC 2221)	<ul style="list-style-type: none"> a. Particularly for Indonesian currency, only for Perum Peruri. b. Obligatorily to obtain recommendation from BOTASUPAL-BIN and approval from Bank Indonesia.
15.	SECURITY DOCUMENT PRINTING INDUSTRY (ISIC 2221) (Stamps, seal stamps by using printing technology, commercial papers of Bank Indonesia, passport and stamped post-office materials.)	<ul style="list-style-type: none"> a. Obligatorily to obtain recommendation from BOTASUPAL-BIN. b. Recommendation from the Director General Chemical, Agro and Forest Products Industries (The Minister of Industry and Trade's Decree No. 78/MPP/2002).s
16.	OIL INDUSTRY (ISIC 2320)	<ul style="list-style-type: none"> a. There must be permit from the Minister Industry and Trade .with written consideration from the Minister of Energy and Mineral Resources. b. For processing of used oil, such technologies as hydro treating and extracting are required.
17.	INDUSTRY OF PULP FROM TIMBER (ISIC 2101)	<ul style="list-style-type: none"> a. Raw materials are from imported chips or guarantee of raw materials from Industrial Plants Forest (HTI) already producing. b. Other than sulfite process or whitening with chlorine (Cl₂).
18.	INDUSTRY OF PULP FROM OTHER CELLULOSE FIBER OR OTHER RAW MATERIALS (ISIC 2101)	Other than sulfite process or whitening with chlorine (Cl ₂).
	TRADE SECTOR	
1.	EXPORT AND IMPORT TRADE (ISIC 5010 through 5260)	<ul style="list-style-type: none"> a. Doubling as retail trader is not allowed for investment company in export and import trade sector. b. For every Expatriate in export and

		import trade sector, at least 3 Indonesian Citizens are obligatorily employed as accompanying experts in his field.
2.	LARGE-SCALE (WHOLESALE) TRADE (ISIC 5010 through 5260) a. MAIN DISTRIBUTOR b. EXPORTER c. IMPORTER	a. it can be carried out by investment company engaged in export and import sectors that has a permanent trade permit. b. For every Expatriate in export and import trade sector, at least 3 Indonesian Citizens are obligatorily employed as accompanying experts in his field. c. Doubling as retail trader is not allowed for investment company in export and import trade sector.
3.	LARGE-SCALE RETAIL TRADE (ISIC 5219) MODERN MARKETS a. MALLS b. SUPERMARKETS c. DEPARTMENT STORES d. SHOPPING CENTERS	a. Foreign Investment can be carried out in Regency/City by considering development of city and economy deemed very fast in the area of at least 2,000 m ² . b. Must be in partnership with small-scale business through a business partnership pattern: Agent, General trade, Share Participation, Franchise, space provision, consignment, and other forms.
4.	DOMESTIC TRADE SUPPORTING SERVICES a. QUALITY CERTIFICATION	In the framework of Foreign Investment: a. Obligation to be in partnership with national company. b. Composition of shareholder ownership is at least 51% foreign and 49% national. c. Capital belonging to Foreign Investment for Quality Management Certification Services, Environmental Management System, SHACCP, Products, Personnel, Training, PHPL, Inspection, Safety and Test Results, at least US\$.100,000 other than land and building.

	<p>b. MARKET RESEARCH (ISIC7413) c. AFTER-SALE SERVICES (ISIC 5130 through 5190) d. EXHIBITION/CONVENTIONSERVICES (ISIC 7494)</p>	<p>d. Obligation to have experts (professionals) in the requested certification sector. e. Total number of expatriates employed is maximum 10 with undergraduate (S1) education background minimum or equivalent and having experience of at least 3 years in their field as technical advisor. f. Every Expatriate shall be obligated to employ at least 3 Indonesian Employees as accompanying experts in his field. g. Before carrying out their activities, accreditation is obligatorily obtained from the National Accreditation Committee National Standardization Agency (KAN-BSN). h. Quality Certification Activities comprise: - Quality Management System (SNI 19-9000/ISO 9000) - Environmental Management System (SNI 19-14000/ISO 14000) - Product Certification - SHACCP Certification - PHPL Certification - Inspection Certification - Training Institution Certification - Test Results Certification (Government Regulation No. 120/2000)</p> <p>In the framework of Foreign Investment: a. It must be in cooperation with national company. b. It has expert (professional) in his field. c. Number of Expatriates employed maximum 10 persons with Undergraduate (S1) education background or equivalent and having experience of at least 3 years in their field. d. For every Expatriate employed, at least 3 Indonesian workers are</p>
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		<p>employed as accompanying experts in their field.</p>
	<p>e. WAREHOUSE SERVICES (ISIC 6302)</p>	<p>In the framework of Foreign Investment:</p> <ul style="list-style-type: none">a. must be in cooperation with national company.b. It has expert (professional) in his field.c. The establishment in Line I and Harbor is not allowed.d. Number of Expatriates employed, maximum 10 persons with Undergraduate (S1) education background or equivalent and having experience of at least 3 years as technical advisor.e. For every Expatriate employed, at least 3 Indonesian workers are employed as accompanying experts in their field.f. Must have own warehouse of at least 2,500 m².
	<p>f. CONTAINER SERVICES (ISIC 6302)</p>	<p>In the framework of Foreign Investment outside Line I and Harbor.</p>

SPECIAL DESCRIPTION ON COMMUNICATION SECTORS

I. LAND TRANSPORTATION SUBSECTOR

A. Road Transportation Mode

1. Transportation Aspects

- a. People and/or goods transportation with public vehicles carried out by:
 - 1) State-owned Enterprises (BUMN) or Regional Government-owned Enterprises (BUMD);
 - 2) National Privately-owned Entrepreneur;
 - 3) Cooperative;
 - 4) Individual of Indonesian Citizen.
- b. To perform transportation activities with public vehicles in fixed and orderly routes, a route permit shall be required. To perform transportation activities with public vehicles not in a route, an operating permit shall be required.
- c. Transportation using taxi is one type of public transportation with public vehicles not in a route and operating in limited operational area and operated with unscheduled service nature, served with public passenger car complete with fare-meter and door-to-door service. Types of car used for taxi are public passenger cars (Articles 15 and 17 of the Minister of Communication's Decree No. KM 84/1999.

2. Facilities and Infrastructure Aspects

- a. The supporting activities in terminal are carried out by Indonesian Legal Entity and/or Indonesian Citizen after having the approval from terminal operator (Regent/City Communication Office). The Terminal Operator is the Regent/City Government.
- b. The legalization of terminal design is given by:
 - 1) Type A Terminal by the Directorate General of Land Transportation.
 - 2) Type B Terminal by the Provincial Government.
 - 3) Type C Terminal by the Regent/City Government.
- c. The agency, legal entity or Indonesian Citizen may procure, install and maintain road equipment (traffic signs, road marks, traffic signaler, road

user control and safety tool, road safety and supervisory tools, and supporting facilities) under the following conditions:

- 1) Determination of location and placement must obtain the approval from the Directorate General of Land Transportation for national Roads, and the Governor for Provincial Roads, and the Regent/Mayor for Regent/City Roads;
- 2) To meet the technical requirements as stipulated by the Director General of Land Communication.

B. Railways Transportation Mode (Train)

1. Transportation aspects

- a. The railways operation concerns with train facilities, infrastructures and supporting facilities for the operation of train transportation organized in one system.
- b. The railways operation is operated by the Government and its implementation is handed over to the Operating Body established for that purpose.
- c. Legal entity other than the operating body may be engaged in railways.
- d. activities based on cooperation with the Operating Body.

2. Facilities and Infrastructures Aspects

- a. The supporting activities for passenger transportation (restaurants, kiosks, lockers) on condition that they cooperate with the Operating Body.
- b. The construction of railways infrastructure for public or specific purposes and container terminal shall cooperate with the Operating Body.
- c. Supporting activities constituting diversification of business, or having the impact of operational transportation (utilization of assets such as land, etc.) on-condition that they cooperate with the Operating Body.

C. River, Lake and Crossing Transportation Mode

1. Transportation Aspects

- a. The crossing transportation activities are public transportation activities at crossing lines by charging fees for using ships having appropriate specifications in accordance with the technical and operational conditions of the corresponding lines and harbors.

b. In order to be able to carry out the crossing transportation activities, the followings must be obtained:

1) Permit To Undertake Crossing (Regent/Mayor for Regency/City and Governor/Head of Capital Special Region of Jakarta for the Capital Special Region of Jakarta Province).

2) Operation Approval for crossing transportation ship.

2. Infrastructure Aspects

a. Development of pier for crossing (pier and terminal in cooperation with the Operating Body).

b. Operational support activities constituting diversification of activities (utilization of assets such as buildings, terminals and land) in cooperation with the Operating Body.

c. Crossing transportation supporting activities (restaurants, kiosks) in cooperation with the Operating Body.

II. SEA COMMUNICATION SUBSECTOR

A. Sea Transportation

Shipping

1. domestic sea transportation is sea transportation activities carried out in the Indonesian watery areas operated by the sea transportation companies;

2. overseas sea transportation is sea transportation activities from Indonesian harbor to foreign harbor or from foreign harbor to Indonesian harbor operated by sea transportation companies;

3. people's shipping is sea transportation activities aimed at transporting goods and/or animals by using sailboats, traditional motor boats, and motor boats of certain size.

B. Harbors

In principle, harbor activities are carried out solely by PT. Pelabuhan Indonesia, however there are business opportunities for cooperation with Indonesian Legal Entity covering:

a. Procurement of infrastructure and operation of public harbors such as pier, piers, warehouses, piling field and passenger terminals in cooperation with Harbor Legal Entity and can be carried out for 1 business segment or more;

b. Harbor supporting activities such as:

Collection of wastes (reception facilities), offices, procurement of other public facilities.

C. Shipping Safety

1. Dredging and Reclamation

- a. Dredging and reclamation can be carried out by PT (Persero) Pengerukan Indonesia or other Indonesian Legal Entity.
- b. Utilization of foreign dredgers can be carried out as long as in accordance with applicable regulations and procedures.
- c. In the case of cooperation, the shares composition, management and other issues are stipulated in a Memorandum of Understanding between PT. Pengerukan Indonesia and Indonesian Legal Entity.

2. Salvage Business and/or Underwater Work

- a. Salvage is activities carry out to prevent the sinking of ships or other floating equipment experiencing any accident or in dangerous situation and the lifting up of ships or the sinking ship wreckage or other underwater obstacles, and/or the lifting up of items which are not permanent, and not to be installed on the seabed and/or the lifting up of marine cultural goods that have archeological, historical or economic values located in the waters.
- b. The underwater works are activities of installing and investigating and/or maintaining the construction and/or underwater installation including the investigation of its environmental condition.

III. AIR TRANSPORTATION SUBSECTOR

1. Airplanes operated in Indonesia shall have the registration and Indonesian nationality identification marks. The registration mark can be given only for civil airplanes not registered in other country and fulfill one of the following requirements:
 - a. Owned by Indonesian Citizen or Indonesian Legal Entity.
 - b. Owned by Foreign Citizen or Foreign Legal Entity and operated by Indonesian Citizen or Indonesian Legal Entity for a minimum period of 2 (two) years based on rental and purchase agreement, lease agreement.
2. Air transportation is any activity by using airplane to transport passengers, cargoes and post for one travel .or more from one airport to another or some airports.

3. Air transportation activities consists of:
 - a. Commercial Air Transportation.
 - b. Non-commercial Air Transportation.
4. Commercial air transportation is air transportation for public by charging fees.
5. Commercial air transportation activities consists of:
 - a. Scheduled air transportation is commercial air transportation carried out in fixed and regular flight route and schedule, with certain and published tariff.
 - b. Unscheduled commercial air transportation is commercial air transportation carried out in non-fixed and irregular flight route and schedule, with unpublished tariff based on agreement between operator and consumer.
6. Commercial air transportation activities can be carried out by:
 - a. State-owned Enterprises (BUMN) or Regional Government-owned.
 - b. Enterprises (BUMD).
 - c. Private-owned Enterprises in the form of legal entity.
 - d. Cooperative.
7. To perform commercial air transportation activities, the company must obtain business permit issued by the Directorate General of Air Communication. To obtain commercial air transportation permit, applicant must meet the following requirements.
 - a. To have corporate incorporation deed and one of its activities must state scheduled commercial air transportation and have legalization from the Minister responsible for legalization of corporate incorporation deed.
 - b. To have Taxpayer Registration Number (NPWP).
 - c. To submit an effective corporate domicile statement.
 - d. Declared worth for a review from financial, technical and operational aspects to provide commercial air transportation services by submitting feasibility study comprising:
 - 1) type and number of airplanes in operation;

- 2) flight route, for applicant of scheduled commercial air transportation activities or operation region for applicant of unscheduled commercial air transportation activities;
 - 3) marketing aspects;
 - 4) human resources, including airplane crew and technicians;
 - 5) preparedness and feasibility of facility for airplane operation;
 - 6) analysis and evaluation of economic and financial aspects.
8. To perform operation activities after obtaining business permit, Air Operator Certificate (AOC) issued by the Directorate General of Air Transportation must be available.
 9. Non-commercial air transportation is air transportation not for public, without charging any fee and only used to support the main activities.
 10. Non-commercial air transportation activities can be carried out by:
 - a. Government Institutions;
 - b. Indonesian Legal Entity;
 - c. Certain Institutions;
 - d. Individual of Indonesian Citizen.
 11. To perform non-commercial air transportation activities, permit for air transportation activities issued by the Directorate General of Air Transportation must be available. To obtain permit for air transportation activities, applicant must meet the following requirements:
 - a. To have permit to perform main activities from the authority for applicant in the form of Indonesian Legal Entity or certain institution, and identify card for individual applicant.
 - b. To have Taxpayer Registration Number (NPWP).
 - c. Declared worth for a review from technical and operational aspects to perform non commercial air transportation activities by submitting air transportation activity plan at least comprising:
 - 1) Main activities;
 - 2) Objective of using airplane;
 - 3) Operational area;

- 4) Type and number of airplanes to be in operation;
- 5) preparedness and feasibility of facility for airplane operation;
12. After obtaining permit for non-commercial air transportation activities, Operating Certification (OC) must be provided.
13. General Sales Agent (GSA) of foreign airline is activities carried out by Indonesian Legal Entity to represent the foreign airline's interests in carrying out the marketing and sales of foreign airline.
14. Airport is airfield used to land and takeoff airplanes, to board and descend passengers, and/or to load and unload cargoes and/or post, and equipped with flight safety facilities and place of inter-transportation mode transfer.
15. Special airport can be operated by the Government, Provincial Government, Regent/City Government and Indonesian Legal Entity for own interests to support certain activities based on its main activities.

Special airport for public interests can be operated if:

- a. The existing airport cannot provide services as needed due to limited capability of existing facilities.
 - b. Based on economic and technical operational considerations, it will guarantee flight safety if a special airport is built and operated.
 - c. Special airport must be located outside flight operation safety area of public airport and air base.
16. According to its status, airport consists of:
 - a. General airport, namely airport used to serve public interests.
 - b. Special airport, namely airport used to serve own interests to support certain activities.
 17. According to its operation, airport can be differentiated into:
 - a. General airport operated by the Government, Provincial Government, Regent/City Government and Airport Legal Entity.
 - b. Special airport operated by the Government, Provincial Government, Regent/City Government and Indonesian Legal Entity.
 18. Airport supporting activities consist of:
 - a. Services directly supporting flight activities covering:

- 1) Provision of airplane hangar, namely procurement of hangar building for storage of airplanes, small repair and offices to support such activities;
 - 2) Aircraft service and maintenance, namely activities of preparing airplanes and components at worth-flying level based applicable conditions, including maintenance of equipment in unworthy-flying conditions to become worth-flying condition covering overhaul, modification, inspection and maintenance;
 - 3) Warehousing, namely collection and piling of goods by providing buildings, either closed or open in airport to receive rent of goods storage (layover charge);
 - 4) Aircraft catering, namely activities assigned to serve foods and drinks supply for passengers and crews of airplane;
 - 5) Airplane handling technical services (technical ramp handling service), namely activities covering towing, ground power supply, air conditioning, airplane stairs, water supply lavatory service, marshalling;
 - 6) Passenger and baggage handling service, namely activities to serve passengers and baggage in passenger terminal and transportation service to airplane (embarkation) or the opposite (debarkation);
 - 7) Cargo handling service, namely activities for serving cargo transportation services from warehouse to airplane or vice versa;
 - 8) Other supporting services directly supporting flight activities such as:
 - a) Aircraft cleaning service, namely activities to clear airplane;
 - b) Aircraft fuel and lubrication services, namely activities to serve refueling and lubrication of airplane.
- b. Services, either directly or indirectly, supporting airport activities covering:
- 1) Lodging/hotel services, namely activities to provide hotel services for passengers and visitors of airport covering hotel reservation and operation;
 - 2) store services, namely activities of sale of goods to serve the needs of passengers and visitors of airport;
 - 3) restaurant and bar services, namely activities for sale of foods and drinks to serve the needs of passengers and visitors of airport;

- 4) placement of motor vehicles/parking, namely parking of motor vehicles in airport;
- 5) other services, either directly or indirectly, supporting airport activities such as:
 - a) sale of fuel and oil for motor vehicles in airport, namely activities of serving fuel and oil needs for motor vehicles in airport;
 - b) goods and passengers transportation services in arrival and departure terminals;
 - c) postal services, namely activities to serve the needs of post services for passengers and visitors of airport;
 - d) telecommunication services, namely activities to serve telecommunication services for passengers and visitors of airport;
 - e) playground and recreation center, namely activities to provide playground and recreation for passengers and visitors of airport;
 - f) greeting services, namely activities to pickup and/or accompany airplane passengers in terminal;
 - g) travel agent, namely activities of controlling and organizing travel of passengers and visitors of airport;
 - h) bank for banking services in airport;
 - i) money changer, namely activities to serve foreign currency exchange in airport;
 - j) land transportation services, namely land transportation service activities for passengers and/or goods and visitors of airport;
 - k) left baggage services, namely activities of depositing goods belonging to passengers and visitors of airport;
 - l) advertising services, namely advertisement activities in airport;
 - m) first class lounge, business class lounge, and VIP Room, namely activities to give special room services for airplane passengers covering provision of snacks and drinks, supply of reading materials and other special services;
 - n) hairdresser and beauty salon, namely activities of hair cutting, arrangement and beauty care in general;

- o) agribusiness, namely activities in agricultural sectors by using lands in airport area for certain species of plant with short-life;
- p) nursery, namely baby care services in airport;
- q) insurance agent, namely insurance service activities;
- r) business center, namely activities of room services and provision of equipment and labor for meeting and/or business activities;
- s) vending machine, namely goods or services sale by using automatic machine;
- t) waste processing services;
- u) health services;
- v) industrial zone services;
- w) other services, either directly or indirectly, supporting airport activities.

19. Airport supporting activities can be carried out by:

- a. Technical Management Unit/Airport Task Unit, in airport operated by the Government.
- b. Management Unit from Airport Undertaking Body in airport operated by the Airport Undertaking Body.
- c. Indonesian Legal Entity or individual.

20. Indonesian Legal Entity or individual to carry out airport supporting activities must draw up agreement / memorandum of understanding with airport operator based on mutually benefiting principle by considering smooth operation of airport and flight.

IV. COMMUNICATION SUPPORTING SERVICES SUBSECTOR

A. Land Transportation Supporting Services:

- 1. Maintenance and repair of passenger trains.
- 2. Railways counseling service.

B. Sea Transportation Supporting Services:

- 1. Cargo Loading and Unloading Services.

2. Transportation Services.
3. Sea Cargoes Expediting Services.
4. Harbor Watery Transportation Services.
5. Sea Transportation Equipment/Sea Transportation Supporting Equipment Rental Services.
6. Tally Services.
7. Container Depot Services

V. TELECOMMUNICATION SUBSECTOR

- A. Pursuant to the Law No. 36/1999 concerning Telecommunication, telecommunication refers to any broadcasting, emission and/or receipt of any information in the form of signs, writing signals, pictures, voices and sounds through wire, optical, radio or other electromagnetic systems.
- B. Pursuant to the Government Regulation No. 52/2000 concerning Telecommunication Operation, telecommunication operation comprises:
 1. Operation of telecommunication networks consists of:
 - a. Operation of permanent networks, differentiated into operation of local fixed networks, operation of fixed networks for long-distance direct connection, operation of fixed networks for international connection, operate of closed fixed networks.
 - b. Operate of mobile networks, differentiated into operation of terrestrial mobile networks, operation of cellular mobile networks, operate of satellite mobile networks.
 2. Operation of telecommunication services consists of:
 - a. Operation of telephone services with added values is the operation of services serving added value services for basic telephone such as intelligent network (IN) services, calling card, services with interactive technique (voice response) and call radio for public.
 - b. Operation of multimedia services is operation of telecommunication services offering information-based technique services including operation of voice over internet protocol (VoIP), internet and intranet, data communication, video conference, entertainment video services. Operation of multimedia services can be carried out through re-sale (internet kiosk operation samples).

3. Operation of special telecommunication is operated for:
 - a. Own needs carried out for individual purposes (radio amateur, inter-community radio communication), government institutions, special office and legal entity.
 - b. State defense and security needs constitutes operation of telecommunication the nature, form and use of which are specially allocated for state defense and security carried out by the Department of Defense, Indonesian National Army, and Police of the Republic of Indonesia.
 - c. Broadcasting needs constitutes operation of telecommunication the nature, form and use of which are specially allocated for broadcasting services.
- C. Operation of telecommunication networks and/or of telecommunication services can be carried out by:
 1. State-owned Enterprises (BUMN).
 2. Regional Government-owned Enterprises (BUMD).
 3. Private-owned Enterprises.
 4. Cooperatives.
- D. Operation of special telecommunication can be carried out by:
 1. Individual.
 2. Government Institution.
 3. Legal Entity other than operator of telecommunication networks and/or of services.
- E. In the framework of telecommunication, activities that may cause monopolistic practices and unhealthy business competition among telecommunication operators are prohibited.
- F. Operator of telecommunication networks can manage and provide telecommunication services by using and/or renting telecommunication networks belonging to a network of telecommunication operators.
- G. Telecommunication network operators and/or telecommunication services providers are obligated to provide telecommunication services based on principles:
 1. The same treatment and the best services for all users.

2. Enhanced efficiency in telecommunication operation, and fulfillment of service standards and standards in procurement of facilities and infrastructures.

VI. POST SUBSECTOR

Pursuant to the Minister Tourism, Post and Telecommunication's Decree No. KM.38/PI.102/MPPT-94 dated 3 May 1994 on Post Services, post services are activities carried out by operator to receive, bring, and/or deliver certain kinds of letter, package and money from sender to recipient by charging fees. Post services are obligated to have operational permit from the Directorate General of Post and Telecommunication.

Sectors/Kinds of Business Open For Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	COMMUNICATION SECTOR	
	LAND COMMUNICATION SUBSECTOR	
	RAILWAYS TRANSPORTATION MODE (TRAIN)	
1.	RAILWAYS TRANSPORTATION (ISIC 6010)	<ol style="list-style-type: none"> a. Must cooperate with Operating Body (PT. KAI). b. For public railways transportation and infrastructures already having railways networks in the framework of Foreign Investment, ownership of foreign shares amounts to maximum 49%. c. For railways transportation and infrastructures not having any railways networks in the framework of Foreign Investment, ownership of foreign shares amounts to maximum 95%.
2.	SPECIAL RAILWAYS TRANSPORTATION (ISIC 6010)	<ol style="list-style-type: none"> a. Only for own interests. b. In the framework of Foreign Investment, joint venture is required with Indonesian Legal Entity including infrastructures.

		<p>c. Ownership of foreign shares amounts to maximum 95%.</p> <p>d. Must cooperate with PT. KAI if using infrastructures belonging to the Government.</p>
3.	PASSENGER TRAIN MAINTENANCE AND REPAIR SERVICES (ISIC 3520)	<p>a. For manufacturing and heavy repair/maintenance in cooperation with PT. KAI/PT. INKA.</p> <p>b. For light repair/maintenance in cooperation with PT. KAI.</p>
	RIVER, LAKE AND CROSSING TRANSPORTATION MODE	
1.	CROSSING TRANSPORTATION (ISIC 6120)	<p>a. In the framework of Foreign Investment, joint venture is required with Indonesian legal entity.</p> <p>b. Specially incorporated for crossing transportation.</p> <p>c. Having at least 1 Indonesian-flag crossing ship satisfying shipping safety requirements and crossing and harbor technical specification.</p> <p>d. Ownership of foreign shares amounts to maximum 95%.</p>
	SEA TRANSPORTATION SUBSECTOR	
1.	DOMESTIC SEA TRANSPORTATION (ISIC 6110)	<p>a. Particularly Domestic Sea Transportation in the framework of Domestic Investment, it has sea-worth Indonesian-flag ship with minimum cumulative size of GT.175, or tug boat with driving motor capacity of minimum 150 PK, with a barge of minimum GT.175.</p>
2.	FOREIGN SEA TRANSPORTATION (ISIC 6110) Pursuant to the Minister Communication's Decree No. KM.33/2001.	<p>b. In the framework of Foreign Investment</p> <ul style="list-style-type: none"> - Foreign sea Transportation Company, Foreign Legal Entity or Foreign Citizen must be in a joint venture with national sea transportation company/Indonesian Legal Entity/Indonesian Citizen. - Ownership of foreign shares amounts to maximum 95%. - Obligation to have sea-worth

		Indonesian-flag ship with minimum size of GT.5000.
3.	<p>SEA TRANSPORTATION SUPPORTING SERVICES</p> <p>a. SEA WAREHOUSE (ISIC 6303)</p> <p>b. SEA TRANSPORTATION EQUIPMENT RENTAL SERVICES (ISIC 7112)</p> <p>c. LOADING/UNLOADING SERVICES (ISIC 6301)</p> <p>d. OUTSIDE-HARBOR CONTAINER DEPOT SERVICES (ISIC 6302)</p>	<p>Must be in cooperation with the local PT. Pelabuhan Indonesia.</p> <p>Must be in cooperation with the local PT. Pelabuhan Indonesia.</p> <p>a. In the framework of Foreign Investment, foreign loading and unloading company, Foreign Legal Entity must be in joint venture with national loading and unloading company/Indonesian Legal Entity/Indonesian Citizen.</p> <p>b. Ownership of foreign shares amounts to maximum 95%.</p> <p>a. In the framework of Foreign Investment foreign container depot company, Foreign Legal Entity or Foreign Citizen must be in joint venture with national container depot company/Indonesian Legal Entity/Indonesian Citizen.</p> <p>b. Ownership of foreign shares amounts to maximum 95%.</p>
4.	<p>HARBOR</p> <p>a. HARBOR, RECEPTION FACILITIES, SHIP TO SHIP TRANSFER (ISIC 6303)</p> <p>b. CONTAINER TERMINAL (ISIC 6303)</p>	<p>a. Must be in cooperation with the local PT. Pelabuhan Indonesia.</p> <p>b. In the framework of Foreign Investment, ownership of foreign shares amounts to maximum 49%.</p> <p>a. Must be in cooperation with the local PT. Pelabuhan Indonesia.</p> <p>b. In the framework of Foreign Investment, ownership of foreign shares amounts to maximum 95%.</p>
5.	<p>SHIPPING SAFETY</p> <p>a. DREDGING AND RECLAMATION (ISIC 4510)</p> <p>b. SHIP TANK CLEANING (ISIC</p>	<p>a. Having at least a worth-sea and Indonesian flag ship.</p> <p>b. Having workers of Indonesian Citizen who can operate dredging ship.</p> <p>c. Having experts capable of performing dredging and reclamation activities.</p> <p>In the framework of Foreign Investment, must</p>

	4530)	be in cooperation with Indonesian Legal Entity engaged in tank cleaning services.
6.	SALVAGE AND/OR UNDERWATER WORK (ISIC 6303) Pursuant to the Minister Communication's Decree No. KM.23/1990.	In the framework of investment, it must be in joint venture with national company that has a Permit To Undertake Salvage and/or Underwater Works under the following conditions: a. For Salvage company must have: - Floating Crane of 200 TLC. - One tug boat. b. For Underwater Works Company, it must have one work ship complete with diving system.
	AIR COMMUNICATION SUBSECTOR	
1.	SCHEDULED COMMERCIAL AIR TRANSPORTATION (ISIC 6210)	a. Obligatory to have a permit of scheduled commercial air transportation pursuant to the provisions in the Government Regulation No. 40/1995 on Air Transportation and the Minister of Communication's Decree No. KM. 11/2001. b. For its operational activities, after obtaining permit to undertake, it must have Air Operator Certificate (AOC) and at least control 2 airplanes. c. In the framework Foreign Investment, it must be in joint venture with Indonesian Legal Entity. d. Ownership of foreign shares amounts to maximum 49%.
2.	UNSCHEDULED COMMERCIAL AIR TRANSPORTATION (ISIC 6220)	a. Obligatory to have a permit of unscheduled commercial air transportation pursuant to the provisions in the Government Regulation No. 40/1995 on Air Transportation and the Minister of Communication's Decree No. KM. 11/2001. b. For its activities, after obtaining permit to undertake, it must have Air Operator Certificate (AOC). c. In the framework Foreign Investment, it must be in joint venture with Indonesian Legal Entity. d. Ownership of foreign shares amounts to maximum 49%.

3.	NON-COMMERCIAL AIR TRANSPORTATION (ISIC 6210)	<p>a. Obligatory to have a permit of non-commercial air transportation pursuant to the provisions in the Minister of Communication's Decree No. KM 11/2001.</p> <p>b. To perform its activities, after obtaining permit to undertake, it must have Air Operator Certificate (AOC)</p> <p>c. In the framework Foreign Investment, the capital depends on regulation regarding its main activities.</p>
4.	GENERAL AIRPORT OPERATION (ISIC 6303)	<p>a. In the framework of Foreign Investment, a joint venture is required with Airport Operator.</p> <p>b. Ownership of foreign shares amounts to maximum 49%.</p>
5.	SPECIAL AIRPORT OPERATION (ISIC 6303)	<p>a. Special airport operation can be carried out by the Government, Provincial Government, Regent/City Government, and Indonesian Legal Entity for own interests to support certain activities according to its main activities.</p> <p>b. Special airport operation for general interests can be carried out if:</p> <ol style="list-style-type: none"> 1) The existing airport cannot give services as required due to limited capability of the available facilities. 2) Based on economic and operational technical considerations, it will be guarantee more the flight safety if a special airport is built and operated. 3) Special airport must be located outside the general airport flight operation safety area and airbase. <p>c. In the framework of Foreign Investment, capital depends on the regulations regarding its main activities.</p>
6.	<p>AIRPORT SUPPORTING ACTIVITIES</p> <p>a. SERVICES DIRECTLY SUPPORTING FLIGHT ACTIVITIES (ISIC 6303)</p>	<p>a. In the framework of Foreign Investment, joint venture is required with Technical Management Unit/Airport Task Unit or Management Unit of the Airport Legal Entity or Indonesian Legal Entity and must draw up agreement/memorandum of understanding with airport operator pursuant to the provisions in the Minister of Communication's Decree No. KM.48/2002.</p>

	b. SERVICES DIRECTLY OR INDIRECTLY SUPPORTING AIRPORT ACTIVITIES (ISIC 6303)	<p>b. Ownership of foreign shares amounts to maximum 49%.</p> <p>a. In the framework of Foreign Investment, joint venture is required with Technical Management Unit/Airport Task Unit or Management Unit of the Airport Legal Entity or Indonesian Legal Entity and must draw up agreement/memorandum of understanding with airport operator pursuant to the provisions in the Minister of Communication's Decree No. KM.48/2002.</p> <p>b. Ownership of foreign shares amounts to maximum 95%.</p>
7.	GENERAL SALES AGENT (GSA) FOREIGN AIRPORT TRANSPORTATION COMPANY (ISIC 6304)	<p>a. Obligation to have a permit to undertake general sales agent.</p> <p>b. In the framework of Foreign Investment, joint venture is required with Indonesian Legal Entity.</p> <p>c. Ownership of foreign shares amounts to maximum 49%.</p>
	AIR TRANSPORTATION SUPPORTING SERVICES SUBSECTOR	
1.	<p>TRANSPORTATION SERVICES (FREIGHT FORWARDING) (ISIC 6309)</p> <p>a. OVERSEAS (ISIC 6309)</p> <p>b. DOMESTIC (ISIC 6309)</p>	<p>In the framework of Foreign Investment, the following requirements must be complied with:</p> <p>a. Indonesian legal entity;</p> <p>b. It must be in joint venture with national transportation administration service company with international scope, the ownership of foreign shares amounts to maximum 95%;</p> <p>c. Capital amounts to minimum US\$ 2 million in the form of physical investment and min 2 branch offices are opened outside Java Island;</p> <p>d. To gave loading and unloading facilities;</p> <p>e. To control warehouse.</p> <p>Opened only for Domestic Investment.</p>

	TELECOMMUNICATION SUBSECTOR	
1.	TELECOMMUNICATION NETWORKS OPERATION (ISIC 6420)	<p>a. It can be carried out by:</p> <ol style="list-style-type: none"> 1) State-owned Enterprises (BUMN); 2) Regional Government-owned Enterprises (BUMD); 3) Private-owned Enterprises; 4) Cooperatives. <p>b. Activities causing monopolistic practices and unhealthy business competition are prohibited.</p> <p>c. Covering:</p> <ol style="list-style-type: none"> a) Operation of fixed networks consisting of local fixed networks, long-distance direct connections, international and closed connections; b) Operation of mobile networks consisting of operation of terrestrial, cellular and satellite mobile networks. <p>d. Operation of telecommunication networks can provide telecommunication services.</p> <p>e. Operation of satellite-based mobile networks and Very Small Aperture (VSAT) & telephone-based fixed networks, ownership of foreign shares amounts to maximum 95%.</p>
2.	OPERATION OF TELECOMMUNICATION SERVICES (ISIC 6420)	<p>a. It can be carried out by:</p> <ol style="list-style-type: none"> 1) State-owned Enterprises (BUMN); 2) Regional Government-owned Enterprises (BUMD); 3) Private-owned Enterprises; 4) Cooperatives. <p>b. Activities causing monopolistic practices and unhealthy business competition are prohibited.</p> <p>c. Covering:</p> <p>d.</p> <ol style="list-style-type: none"> a) Operation of basic telephone service; b) Operation of telephone services with added value;

		<p>c) Operation of multimedia services.</p> <p>e. Can use/rent networks from telecommunication networks provider.</p> <p>f. Operation of telephone services with added-value and other telephone services, ownership of foreign shares amounts to maximum 95%.</p>
3.	OPERATION OF SPECIAL TELECOMMUNICATION (ISIC 6420)	<p>It can be carried out by:</p> <p>a. Individual;</p> <p>b. Government Institutions;</p> <p>c. Legal Entity other than operator of telecommunication networks and/or operator of telecommunication services.</p>
	POST SUBSECTOR	
1.	<p>POST SERVICES (ISIC 6412)</p> <p>a. COLLECTION</p> <p>b. SORTING</p> <p>c. TRANSPORTATION</p> <p>d. DELIVERY</p>	<p>a. Open for Foreign Investment with a condition that it must be in joint venture with national operator already having a permit.</p> <p>b. Ownership of foreign shares amounts to maximum 95%.</p>

SPECIAL DESCRIPTION ON TOURISM SECTORS

I. DEFINITION AND SCOPE

Tourism is activities aimed at managing tourism services, providing or undertaking objects and tourism attractions, tourism facilities, and other activities associated with this sector. Pursuant to the Law of the Republic of Indonesia No.9/1990 on Tourism, tourism activities are classified into:

a. Tourism Undertaking comprises:

- 1) Tour Travel Bureau;
- 2) Tour Travel Agent;
- 3) Tour Guide;
- 4) Convention, Incentive Travel and Exhibition Services;
- 5) Impresario services;
- 6) Tourism Consultant Services;
- 7) Tourism Information services.

b. Tourism Objects and Attractions Undertakings are grouped into:

- 1) Nature Tourism Objects and Attractions Undertakings;
- 2) Cultural Tourism Objects and Attractions Undertakings;
- 3) Special Interest Tourism Objects and Attractions Undertakings.

c. Tourism Infrastructure Undertaking grouped into:

- 1) Procurement of Accommodation;
- 2) Procurement of Food and Beverages;
- 3) Procurement of Tourism Transportation;
- 4) Procurement of Water Tourism Facilities;
- 5) Procurement of Tourism Resorts.

Pursuant to the provisions, definitions and each activity sector:

a. Tourism Service Undertakings:

- 1) Tour Travel Bureau refers to commercial business activities that regulate, provide and operate services for a person, or a group of persons to carry out travel with tour as main objective;
 - 2) Tour Travel Agent refers to a legal entity operating travel activities serving as mediator in selling and/or managing travel services;
 - 3) Tour Guide refers to commercial activities that regulates, coordinates, and provides tour guides to serve a person or a group of persons performing tour travel;
 - 4) Convention, Incentive Travel and Exhibition Services refer to undertaking with the main activity of provided services for a meeting of a group of people (such as statesmen, businessmen, intellectuals) to discuss matters associated with common interests;
 - 5) Impresario services refer to activities of managing entertainment that inviting, sending and returning and determining location, time and kinds of entertainment;
 - 6) Tourism Consultant Services refer to services comprising suggestions and advices given to settle problems arising from the creation of ideas, operation and systematically arranged based on the acknowledged disciplines and presented orally, in writing or drawings by professionals;
 - 7) Tourism Information services refer to provision of information, dissemination and utilization of tourism information.
- b. Tourism Objects and Attractions Undertakings:
- 1) Nature Tourism Objects and Attractions Undertakings refer to utilization of natural resources and environmental arrangement already stipulated as tourism objects and attractions as tourism targets;
 - 2) Cultural Tourism Objects and Attractions Undertakings refer to the nation's cultural arts undertaking already equipped with tourism objects and attractions as tourism targets;
 - 3) Special Interest Tourism Objects and Attractions Undertakings refer to undertakings to use natural resources and/or the nation's cultural art potential as tourism target having special interests.
- c. Tourism Infrastructure Undertaking grouped into:
- 1) Procurement of Accommodation refers to procurement of rooms and other facilities and services as required;
 - 2) Procurement of Food and Beverages refers to processing, supply and provision of foods and beverages that can be carried out as part of procurement of accommodation or as independent undertaking;

- 3) Procurement of Tourism Transportation refers to special undertaking or some undertakings in the framework of procurement of transportation in general namely tour-specific transportation or public transportation providing tour transportation;
- 4) Procurement of Water Tourism Facilities refers to procurement and management of facilities, infrastructures and services associated with water tour activities (at sea, river, lake, swamp, and reservoir), pier and water sport facilities for water surfing, wind surfing, sailing, diving and fishing;
- 5) Procurement of Tourism Resort refers to construction or management of regions with certain area to meet tourism needs.

II. PROVISIONS

- a. Pursuant to the Minister of Tourism, Post and Telecommunication's Decree No. KM.10/PW/I02/MPPT-93 dated 13 January 1993, the activities of tour travel bureau and travel agent cover:
 - 1) arrangement and management of tourism packages;
 - 2) procurement and/or services of tourism transportation;
 - 3) reservation of accommodation, restaurant and other facilities; and
 - 4) equipment and documentation of tourism travel.
- b. The Decree of the Directorate General of Tourism, Department of Tourism, Post and Telecommunication No.Kep-06/U/IV/1992 on Implementation of stipulations on Convention, Incentive Travel and Exhibition Services, scope of convention, incentive travel and exhibition cover among other things:
 - 1) planning;
 - 2) consultancy;
 - 3) organization.
- c. Pursuant to the Decree of the Director General of Tourism No.Kep.06/KA/I/97 dated 13 June 1997 that the international hotel management services refer to hotel management services whose legal entity's domicile is outside of Indonesia and will or is running its business in Indonesia that renders services in order to get profit.
 - 1) The activities of international hotel management cover:
 - a) Consultancy services;
 - b) Franchise services;

- c) Management service.
- 2) Any international hotel management services undertaking who runs their hotel management in Indonesia, if the sector and kind of work available in the hotel management is still unoccupied or not fully occupied by Indonesian citizens, than they are allowed to employ Expatriates under the following conditions:
 - a) Five stars and five diamonds hotels are allowed to recruit maximum 3 expatriates;
 - b) Four stars hotels are allowed to recruit maximum 2 expatriates;
 - c) Three stars hotels are allowed to recruit maximum 1 expatriate;
 - d) Two stars hotels are not allowed to recruit any expatriate;
 - e) One star hotels are not allowed to recruit any expatriate.
- d. Pursuant to the Decree of the Minister of Tourism, Post and Telecommunication No.59/PW.002/MPPT-85 dated 23 July 1985, tourism resorts refer to as follows:
 - 1) Tourism resorts refer to resorts built or provided to meet tourism requirements.
 - 2) Development of tourism region will not reduce the agricultural area and is carried out on land with the main function of protecting natural resources and cultural inheritance.
 - 3) Tourism Enterprises will assist tourism management to develop tourism sector.
- e. Pursuant to the Decree of the Minister of Tourism, Post and Telecommunication No. 70/PW.105/MPPT-85 dated 30 August 1985 on Recreation and Entertainment Services, recreation and entertainment services refer to any commercial undertaking with scope of activities is aimed at giving spiritual and physical relief.

Sectors/Kinds of Business Open For
Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	TOURISM SECTOR	
1.	SERVICES UNDERTAKING TOUR TRAVE BUREAU (ISIC 6304)	<ul style="list-style-type: none"> a. Must be in partnership with small-scale enterprises. b. For tour travel bureau in the Regency of Badung and City of Denpasar, Bali Province, recommendation from the local BKPM is required. c. For special tour travel bureau (managing tourists from one country), in the Regency of Badung and City of Denpasar, Bali Province, recommendation from the local BKPM is not required.
2.	HOTEL ACCOMMODATION SERVICES FACILITIES (ISIC 5510)	Particularly for location in the Regency of Badung and City of Denpasar, Bali Province, recommendation from the local BKPM is required.
3.	PROCUREMENT OF FOODS AND DRINKS A. CATERING (ISIC 5520) B. RESTAURANTS (ISIC 5520)	<ul style="list-style-type: none"> a. Must be in partnership with small-scale enterprises. b. In the framework of Foreign Investment, only for in-flight catering and Offshore Oil Drilling. a. Must be in partnership with small-scale enterprises. b. In the framework of Foreign Investment, the following provisions must be fulfilled: <ul style="list-style-type: none"> 1) particularly in tourism resort/tourism destination and/or integrated with hotels; 2) not allowed for restaurants already franchised to Indonesian Legal Entity/company.
4.	GENERAL RECREATION AND ENTERTAINMENT UNDERTAKING a. SKILL (ISIC 9249)	a. Must be in partnership with small-scale

	b. SPA (ISIC5510)	<p>enterprises.</p> <p>b. Not directed at any form of gambling/casino activity.</p> <p>c. In the framework of Foreign Investment, the following provisions must be fulfilled:</p> <ol style="list-style-type: none">1) particularly in tourism resort/tourism destination and/or integrated with hotels;2) not allowed for skill services already franchised to Indonesian Legal Entity/company;3) applying modern management in its business arrangement;4) for every Expatriate employed, at least 3 workers of Indonesian Citizen are employed as accompanying experts in their field. <p>Must be integrated with hotel undertaking.</p>
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SPECIAL DESCRIPTION ON HEALTH SECTORS

I. HEALTH SERVICES

A. Main requirements that must be fulfilled in health services undertakings:

1. Health service institutions must be operated by a joint venture with Indonesian company belonging to Indonesian Citizen.
2. All paramedics are of Indonesian Citizen and must have certification, registration and license and work pursuant to the health services standards pursuant to the applicable regulations.
3. The position of the Directors (CEO) for foreign company must be held by an Indonesian Citizen, while certain position in accordance with the applicable provisions, may be held by an Expatriate.
4. Recruitment of Expatriate is only as managerial consultant with the Minister of Health's permit/recommendation and must meet the qualification requirements as consultant according to the applicable provisions.
5. Social functions in the operation of hospital and clinical laboratory conform to the applicable Government Regulation:
 - a. To provide medical services facilities for poor patients in accordance with the applicable regulations.
 - b. To provide emergency services for 24 hours without any prior advance payment either for rich or poor patient.
 - c. To help implementing the Government's public health programs.
 - d. Under the coordination of the local Health Office and Government Hospital in the region.
6. Must have Operational Permit from the Department of Health.
7. In the framework of Foreign Investment, it must be in partnership with Nat Company with the foreign shares ownership of 49% in 2005 and will be reviewed in 2005 (only applicable for new request).
8. No difference in remuneration between expatriate and Indonesian workers.

B. Establishment and Management of Hospital

Management of Hospital must conform to the applicable health services system as described below:

1. Functions of hospital are:
 - a. To provide and manage:
 - 1) medical services;
 - 2) medical and non-medical supporting services;
 - 3) nursing services;
 - 4) rehabilitation services;
 - 5) reference services;
 - 6) disease prevention and health promotion.
 - b. As a place of education or training for medical workers and paramedics. To become an educational hospital, a hospital must be accredited in accordance with the type of education provided.
 - c. It serves as a place for research, development of medical science and technology in health field. Any research conducted must conform to the ethics and applicable provisions.
2. Location for the establishment and operation of hospital in the framework of Foreign Investment is based on analysis of health services needs and feasibility study.
3. Hospital licensing phases:
 - a. To submit a request to the Minister of Health to get the recommendation or the establishment of Foreign Investment Hospital by enclosing feasibility study.
 - b. Based on evaluation of feasibility study, the Department of Health *cq* the Directorate General of Medical Services will issue a letter of recommendation to establish Foreign Investment hospital.
 - c. Based on the recommendation from the Department of Health, the applicant will submit an Investment Approval to Investment Coordinating Board (BKPM).
 - d. Based on the Investment Coordinating Board (BKPM)'s approval, the Department Health can issue a temporary permit. This permit is effective for 2 years.
 - e. After facilities, infrastructures, equipment and manpower meet the conditions, the owner submits an operational permit to the Department of Health *cq* Directorate General of Medical Services.

- f. Based on the request, the Department of Health will review the operational feasibility.
 - g. The Department of Health will issue a temporary operational permit effective for a period of 2 years, if the requirements are not yet fulfilled. If the requirements have been fulfilled, the permanent operation permit will be issued. This permit is effective for a period of 5 years.
 - h. To extend the operation permit, the hospital must already have followed the accreditation program.
4. A hospital is obligated to prepare plans for recruitment of medical workers.
 5. The hospital is obligated to follow the hospital accreditation program and quality enhancement services.
 6. The hospital has permanent workers in each manpower category consisting of medical workers, paramedics and non-medical workers; the total number of workers conforms to the applicable regulations.

C. Medical Check-Up

1. Medical Check-up comprises medical examination covering both physical and diagnostic supporting (laboratory and radiology) examination without conducting any therapy/treatment to a patient.
2. Location of establishment and implementation of medical check-up is based on analysis of medical services needs and feasibility study.
3. Medical check-up licensing phases:
 - a. A feasibility study is required to obtain a recommendation from the Minister of Health in the process of applying an Investment Approval.
 - b. After obtaining the Investment Approval, principal permit issued by the Directorate General of Medical Services is required.
 - c. The above permits are required to meet the requirements in view of physical aspects of the building, facilities, infrastructures, equipment and manpower in accordance with the standards and Regulations of the Minister.
 - d. Permit to undertake medical-check is given for a period of 2 years and operation permit is given for a period of 5 years. In order to extend the operation permit for medical check-up, the accreditation programs must have been followed.
4. Medical check-up is obligated to prepare paramedics recruitment plan and plan of transfer of technology from expatriates.

5. Accreditation programs must be followed for medical check-up.

II. MEDICINES, COSMETICS AND FOODS/BEVERAGES

A. Pharmaceutical Industry

1. Formulation Pharmaceutical Industry is obligated to meet the requirements for Proper Medicine Production Method (CPOB) pursuant to the Minister of Health's Decree No. 43/Menkes/SMI/1988 dated 2 February 1988 and the Head of BPOM's Decree Number HK.00.05.3.02152 dated 15 July 2002.
2. Proper Medicine Production Method (PMPM) is standards/requirements for the production of medicines with regard to all aspects of production and quality control and aimed at guaranteeing that the medicines are produced in full compliance with the quality requirements already stipulated in accordance with their objective of use.

B. Traditional Medicine Industry

1. Traditional medicine industry producing traditional medicine raw materials (simplisia or galenic preparations) is obligated to follow technical requirements in the production and distribution of simplisia or galenic preparations.
2. Traditional medicine industry producing finished products is obligated to meet the Proper Traditional Medicine Production Method (CPOTB) pursuant to the Minister of Health's Decree No. 659/Menkes/SK/X/1991 dated 31 October 1991.
3. Galenic preparations are produced from extraction of substances or mixture of substances originating from plants or animals.
4. Simplisia constitutes natural substances used as unprocessed traditional medicines and unless otherwise defined, constituting dried substances.

C. Finished Medicines

Finished medicines in circulation in Indonesia must be first registered to get circulation permit.

To obtain this circulation permit, the following criteria must be fulfilled:

1. Convincing merit and adequate safety already evidenced through animal test and clinical test or other evidences according to the status of development of the corresponding science.
2. Quality satisfying the requirements valued from the production process conforms to the Proper Medicine Production Method (CPOB), specification and

- method of testing of all materials used and finished products with valid evidences.
3. Marking containing complete and objective information that can guarantee the appropriate, rational and safe use of medicine.
 4. In accordance with the community's real needs.
 5. Particularly for psychotropic must have excellences in use and security compared with standard medicine and drugs already approved for circulation in Indonesia for any indications claimed.
 6. Particularly for contraceptive used in national programs and other program medicines to be determined later, clinical test must be carried out in Indonesia.
 7. Finished products for clinic test must be proven that finished products have restorative power and their use is safe in human being.
- D. Any pharmaceutical preparative products and foods (medicine, traditional medicine, foods, cosmetics and medical tools) before their circulation in the Unitary State of the Republic of Indonesia must have passed careful evaluation before a circulation permit (registration number) is given as regulated in the Minister of Health's Regulation.

Sectors/Kinds of Business Open For Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	HEALTH SECTOR	
	MEDICAL SERVICES SUBSECTOR	
1.	ESTABLISHMENT AND MANAGEMENT OF HOSPITAL (ISIC 8511)	<ol style="list-style-type: none"> a. Hospital with tertiary services with at least 200 beds. Hospital with secondary services in Regent/City regions already stipulated by the Central Government pursuant to the Regional Government's recommendation with at least 200 beds. b. Hospital is lead by a Director. The hospital director must be a Physician/Dentist of Indonesian Citizen having education in hospital and must work

		<p>full time.</p> <p>c. Opened according to the hospital's need, based on ratio of beds to the population (economic need test) to be determined by the Government.</p> <p>d. All paramedics are of Indonesian Citizen having certification, registration and license and work pursuant to the health services standards in accordance with the applicable regulations.</p>
2.	MEDICAL CHECK-UP (ISIC 8519)	<p>a. All medical workers and paramedics are of Indonesian Citizen. Recruitment of expatriates is solely as consultant meeting the qualification requirements of a consultant pursuant to the applicable provisions and recommended by the Department of Health.</p> <p>b. Having specialists, at least 3 kinds of specialization.</p> <p>c. Chairman of medical check-up is a full-time medical worker of Indonesian Citizen and has a valid Permit to Practice (SIP) and has completed Bachelor Obligatory Work (WKS).</p> <p>d. Providing minimum medical supporting services, namely: complete laboratory and radiology pursuant to the applicable provisions.</p> <p>e. Kinds of laboratory examination allowed refer to the applicable provisions.</p> <p>f. Not allowed to give hospitalization services and to give medication/therapy to patient.</p> <p>g. Obligated to follow accreditation program for medical check-up.</p>
3.	CLINICAL LABORATORY (ISIC 8519)	<p>a. Establishment of clinical laboratory constitutes new clinical laboratory, not change in the ownership of the existing clinical laboratory.</p> <p>b. Laboratory classification is main clinical laboratory satisfying all minimum requirements of building, equipment, workers and examination capability as stipulated in the Minister of Health's Decree No. 04/Menkes/Per/SK/1/2002 on Private Health Laboratory.</p> <p>c. Technical responsible person and technical worker must be of Indonesian Citizen</p>

		<p>working full time and meeting the applicable provisions.</p> <p>d. Expatriate serves as consultant and does not give any laboratory examination services. Number of expatriates is maximum 2 people.</p> <p>e. Performing Environmental Management Plan (UKL) and Environmental Monitoring Plan (UPL) according to the prevailing laws and regulations.</p>
4.	MENTAL REHABILITATION SERVICES (ISIC 8511)	<p>a. Obtaining recommendation/approval from the Department of Health.</p> <p>b. Chairman is a psychiatrist, Indonesian Citizen.</p> <p>c. Licensing procedure follows the Minister of Health's Regulation No. 920/1986 on Private Health Undertakings.</p>
5.	MEDICAL EQUIPMENT RENTAL (ISIC 8519-5193)	<p>a. Equipment rented must be of medical/health instruments locally produced.</p> <p>b. The rented equipment must be safe and accurate evidenced with test and calibration certificates by the authority.</p> <p>c. The rented equipment must be accompanied with expert and supporting spare parts for a period of minimum 5 years.</p> <p>d. After obtaining approve from Investment Coordinating Board (BKPM), the equipment must be registered at the Department of Health <i>cq.</i> Directorate General of Pharmaceutical Services,</p> <p>e. The instrument renting party is obligated to eliminate any damaged equipment in accordance with the applicable provisions/regulations,</p> <p>f. The owner shall be responsible for all wastes resulting from the operation.</p>
6.	ASSISTANCE SERVICES IN MEDICAL AIDS AND EVACUATION OF PATIENS IN EMERGENCY (ISIC 8519)	<p>a. To make proposal and feasibility study forwarded to the Department of Health <i>cq.</i> Directorate General of Medical Services as materials to consider in providing recommendation.</p> <p>b. All medical workers and paramedics are of Indonesian Citizen. Any recruitment of expatriate is solely as managerial</p>

		<p>consultant satisfying qualification requirements for a consultant in accordance with the applicable provisions, and getting the recommendation from the Department of Health.</p> <p>c. After obtaining the Approval from Investment Coordinating Board (BKPM), go directly to the Department of Health <i>cq.</i> Directorate General of Medical Services to get operational permit.</p> <p>d. Activity report is obligatorily submitted every 6 months to the Department of Health <i>cq.</i> Directorate General of Medical Services.</p>
7.	HOSPITAL MANAGEMENT SERVICES (ISIC 8511)	In the framework of Foreign Investment, serving only as hospital managerial consultant, and the hospital managerial consultant is not allowed to operate any hospital.
8.	MEDICAL EQUIPMENT TEST, MAINTENANCE AND REPAIR SERVICES (ISIC 8519)	<p>a. Expatriate is employed at Supervisor, Manager and Technical Advisor Level and transfer of technology to the local worker.</p> <p>b. Employment of expatriate in orthotic prosthetic service must have a permit for a period of 1 year and can be extended maximum once for 1 year and is obligated to transfer the technology within maximum 2 years.</p> <p>c. In the form of Limited Liability Company (PT).</p> <p>d. Director/Deputy Director of the company is of Indonesian Citizen.</p> <p>e. Inter-comparison with other laboratory.</p> <p>f. Experienced in his field for at least 5 years.</p> <p>g. Having recommendation from producer of medical instruments in circulation in Indonesia.</p>
	MEDICINE SUBSECTOR	
1.	TRADITIONAL MEDICINE INDUSTRY (ISIC 2423)	<p>a. Traditional medicine industry producing traditional medicine finished products is obligated to meet the requirements of Proper Traditional Medicine Production Method (CPOTB).</p> <p>b. Traditional medicine industry producing traditional medicine raw materials</p>

		<p>(simplicia and galenic preparations) is obligated to follow technical requirements in the production and distribution of simplicia or galenic preparations.</p> <p>c. Traditional medicine raw materials industry:</p> <ol style="list-style-type: none"> 1) Prioritizes the use of plants or raw materials planted (cultivated) or bred in Indonesia. Imported plants are only for those not yet cultivated. 2) Cultivation of plants and breeding medicine animals must engage farmers. 3) Industry must guide farmers so quality and quantity of raw materials supplied can be enhanced.
2.	LICENSED TRADITIONAL MEDICINE INDUSTRY (ISIC 2423)	Licensed traditional medicine can be made only by company that has permit to undertake traditional medicine industry.

SPECIAL DESCRIPTION ON SETTLEMENT AND REGIONAL INFRASTRUCTURE SECTOR

I. HOUSING AND SETTLEMENT DEVELOPMENT UNDERTAKING SUBSECTOR

In principle, development in housing and settlement sector must comply with:

- a. The Law No. 4/1992 concerning Housing and Settlement.
- b. Minister of Settlement and Regional Infrastructure's Decree as Chairman of National Housing and Settlement Development Control Board (BKP4N) No. 217/KPTS/M/2002 dated 13 May 2002 concerning National Policies and Strategies for Housing and Settlement (KSNPP).

A. Non-apartment Housing and Settlement Development.

Non-apartment housing and settlement development must comply with the Urban Area or Regional Spatial Planning (RTRW) of Regency, consisting of:

1. Simple houses.
2. Medium houses.
3. Luxurious houses.

Requirements for the construction of non-apartment housing and settlement:

1. Construction of non-apartment simple houses must comply with the Minister of Public Work's Decree No. 20/KPTS/1986 concerning Technical Guidelines for Construction of Non-apartment Simple Houses and its amendment regulations.
2. Construction of very simple houses must comply with the Minister of Public Work's Decree No. 54/PRT/1991 concerning Technical Guidelines for Construction of Very Simple Houses and its amendment regulations.
3. Construction of simple, medium and luxurious houses shall apply the balanced residential environmental provisions in accordance with the Joint Decree of the Home Affairs Minister, Minister of Public Works and Minister of Public Housing No. 648-384/1992, No. 739/KPTS/1992 and No. 09/KPTS/1992 and the Decree of the State Minister of Public Housing as Chairman of National Housing and Settlement Development Control Board No. 04/KPTS/BKP4N/1995 concerning Further Provisions to the Joint Decree of the Home Affairs Minister, Minister of Public Works and State Minister of Public Housing.
4. Non-apartment houses not yet completed can be sold with a condition that they must meet the provisions as stipulated in the State Minister of Public Housing's Decree No. 09/KPTS/M/1995 concerning Guidelines for Houses Sale Purchase Binding.

B. Construction of Housing and Apartments

Construction of housing and apartments consists of:

1. Simple apartments.
2. Medium apartments.
3. Luxurious apartments.

Requirements for the construction of housing and apartments:

1. Construction of apartments must comply with the Law No. 16/1985 and the Government Regulation No. 4/1998 concerning Apartment, and meet the technical requirements for the construction of apartments pursuant to the Minister of Public Work's Regulation No. 60/PRT/1992 and its additional/amendment regulations.
2. Registration of Apartment Separation Deed and issuance of Property Right of apartment must comply with the Regulation of the National Land Agency's Head No. 2/1989 on Form and Procedure for Completion and Registration of Apartment Separation Deed and the Regulation of the National Land Agency's Head No. 4/1989 concerning Form and Procedure for Drawing up of Land Book and Issuance of Property Right of Apartment.
3. Establishment of apartment residents association must comply with the provisions as stipulated in the State Minister of Public Housing as Chairman of National Housing and Settlement Development Control Board No. 06/KPTS/BKP4N/1995 concerning Guidelines for the Drawing up of Incorporation Deed, Articles of Association and Rules of Association of the Apartment Residents Association.
4. Apartments not yet completed can be sold with a condition that they must meet the provisions as stipulated in the State Minister of Public Housing's Decree No. 11/KPTS/1994 dated 17 November 1994 concerning Guidelines for Apartment Sale Purchase Binding.

C. Development of Ready-To-Build Area (KASIBA) and Ready-To-Build Environment (LISIBA)

Development of KASIBA and LIBA for housing and settlement must comply with the Government Regulation No. 80/1999 on independent KASIBA and LIBSIBA.

D. Housing developer must build and provide land in accordance with the Home Affairs Minister's Regulation No. 1/1987 and the Home Affairs Minister's Instruction No. 30/1990 concerning Handover of Environmental Infrastructure, Public and Housing Social Facilities to the Regional Government.

E. Developers must build as follows:

1. Environmental infrastructure such as:
 - a. Roads.
 - b. Drainage and waste water processing plant.
 - c. Rainwater drainage.
 - d. Rainwater collection network and/or rainwater absorption system.
2. Public utilities such as:
 - a. Gas network.
 - b. Telephone network.
 - c. Clean water supply.
 - d. Power network.
 - e. Garbage disposal.
 - f. Fire fighting.
3. Developers shall provide land for:
 - a. Education facilities.
 - b. Health facilities.
 - c. Sport facilities and open field.
 - d. Administration and public service facilities.
 - e. Worship facilities.
 - f. Cemetery facilities according to the applicable provisions.

F. Housing Secondary Mortgage Facility/SMF

In order to support housing and settlement development activities, mobilization and management of financing sources through housing secondary financing facility company (SMF) are needed by referring to the Minister of Finance's Decree No. 132/KMK.014/1998.

G. Professional Services Undertaking

To support housing and settlement development sub-sector, professional services in housing and settlement sector are open. These services comprise:

1. Property Development Consultant.
2. Property Valuation/Appraisal.
3. Property Agent including Brokerage.
4. Property Management.

This conforms to the Decree of the State Minister of Public Housing as Chairman of National Housing and Settlement Development Control Board No. 05/KPTS/BKP4N/1995 dated 23 June 1995 concerning Guidelines for Registration in Guidance for Legal Entity and Professional Services in Housing and Settlement Development Sector.

H. Housing and Settlement Infrastructure and Facilities Undertaking Sector

Housing and settlement infrastructure and facilities undertaking sector is not only in housing and settlement areas, but also in urban, rural, industrial, and other functional areas.

1. Clean Water Sector

It consists of construction, management (including operation and maintenance), rehabilitation, rental and addition, either partly or entirely, of clean water supply system comprising the following scope of work:

- a. Raw water intake:
Raw water intake/catching building.
- b. Transmission:
 - 1) transmission pipe for production unit, raw water building to production unit;
 - 2) transmission pipe for installation unit to distribution.
- c. Production unit:
Water processing installation.
- d. Distribution:
 - 1) Reservoir;
 - 2) Main, secondary, tertiary distribution networks;
 - 3) Customer connections (SR).
- e. Services:
 - 1) Operation;

- 2) Maintenance;
- 3) Leak reduction;
- 4) Meter recording;
- 5) Billing.

2. Garbage Sector

It consists of construction, management (including operation and maintenance), rehabilitation, rental and addition, either partly or entirely, of garbage management system comprising the following scope of work:

a. Procurement of facilities:

- 1) temporary disposal site (IPS);
- 2) final disposal site (TPA);
- 3) garbage processing facility;
- 4) procurement of garbage transporting vehicles;
- 5) garbage collection from houses.

b. Procurement of services:

- 1) garbage collection;
- 2) garbage transportation;
- 3) garbage processing;
- 4) final disposal site management;
- 5) billing.

3. Waste Water Sector

It consists of construction, management, rehabilitation, rental and addition, either partly or entirely, of waste water management system comprising the following scope of work:

a. Procurement of facilities:

- 1) construction of collection networks;
- 2) waste water processing plant (IPAL);

- 3) procurement of waste transporting vehicles;
 - 4) procurement of house connections.
- b. Procurement of services:
- 1) Operation;
 - 2) Maintenance;
 - 3) Waste water collection;
 - 4) Billing.

Forms of undertaking in housing and settlement infrastructure and facilities (clean water, garbage, and waste water) can be as follows:

- a. Joint venture/cooperation between private and Regional Government pursuant to the Presidential Decree No. 7/1998.
- b. Pursued by private alone under the supervision/permit from the local Regional Government.

4. Development and Undertaking of Office Building

- a. Besides complying with the international standards, construction of an office building must also refer to the provisions already regulated in the Law on Building. The international standards refer to facilitative requirements for modern administration activities, either in administration or in business activities.
- b. Construction of an office building refers to the provisions on building and must comply with the following provisions:
 - 1) floor area conforms to the Permit To Build (IMB);
 - 2) location of office building conforms to the residential environmental plan (detail bestenings plan) approved in the master plan of the corresponding city/area;
 - 3) obtaining building permit from government institution satisfying the qualification of the Department Settlement and Regional Infrastructure.
- c. Office building not yet completed can be sold by referring to the Guidelines for Apartment Sale Purchase Binding (the Minister of Public Housing's Decree No. 11/KPTS/1994).

5. Construction and undertaking of parking building, dormitory, shopping center building, etc. must comply with the provisions applicable for office building construction.

II. TOLL ROAD/ BRIDGE UNDERTAKING SUBSECTOR

Toll road/bridge undertaking refers to the Law No. 13/1980 concerning Roads, the Government Regulation No. 26/1985 concerning Roads, the Government Regulation No. 8/1990 concerning Toll Roads, and its additional/amendment regulations.

A. Toll road/bridge business opportunities consist of

1. Toll road undertaking:
 - a. Toll road construction;
 - b. Toll road operation;
 - c. Toll road maintenance.

2. Other undertakings:
Rest and services posts.

B. Requirements for prospective investor of toll road undertaking consider among other things:

1. Experience in completing similar projects with the required references.
2. Corporate achievement and performance in completing the projects as mentioned above.
3. Capability of the legal entity, concerning financial, manpower, equipment, and other aspects.

C. Toll road undertakings are carried out by PT. Jasa Marga (Persero) and/or may in cooperation with investor.

D. Prospective investor desiring to undertake toll roads should contact PT. Jasa Marga (Persero), Head Office; Toll Plaza Taman Mini Indonesia Indah, Jalan Tol Jagorawi, Jakarta 13350.

III. IRRIGATION SUBSECTOR

Irrigation undertaking refers to the Law No. 11/1974 concerning Irrigation and its additional/amendment regulations.

The Law No. 11/1974 concerning Irrigation states that any legal entity, social body and/or individual may carry out water undertaking.

A. Business opportunities for irrigation comprise:

1. Development of irrigation basic infrastructure and facilities are:
 - a. Irrigation development;
 - b. Development of flood control networks;
 - c. Raw water supply for city, industry and tourism;
 - d. Reclamation of swamp and coast;
 - e. Construction of dams and reservoirs.
2. Operation and Maintenance of Irrigation Basic Infrastructure and Facilities (Operation & Maintenance of Irrigation) are:
 - a. Operation & Maintenance of irrigation;
 - b. Operation & Maintenance of dams, reservoirs and lakes;
 - c. Management of land in water source boundary region.
3. Protection/conservation of water and water source are:
 - a. Construction of dam;
 - b. Control of flood;
 - c. Control of volcanic mudflow sediment and its management.

B. Authorities in Water Undertaking Activities

1. In line with the Law No. 22/1999 concerning Regional Government and the Government Regulation No. 25/2000 concerning Authorities of the Government and of the Province as Autonomous Region and the Presidential Decree No. 102/2001 concerning Position, Duties, Functions, Authorities, Organizational Structure and Work Procedures of Department, the water undertaking is directly handled by the Central Government, Provincial Government or Regent/City Government pursuant to its authorities in the management of river area based on one river flowing region principle, one plan with integrated management.
2. Inter-state and inter-province river areas are under the Central Government's authority, inter-regency/inter-city river areas are under the Provincial Government's authority, while the full river areas in the regency/city are under the corresponding Regent/City Government.

3. Central Government stipulates nationally applicable normative policies in water undertaking, issues norms, guidelines, standards and criteria for Regional Government, private and community in water undertaking.
 4. Institution authorized in water undertaking at Central level is the Department Settlement and Regional Infrastructure.
 5. The water undertaking must comply with the regulations associated with such undertaking such as the Government Regulation No. 22/1922 concerning Water Management, the Government Regulation No. 27/1991 concerning Swamps, the Government Regulation No. 35/1991 on Rivers, the Government Regulation No. 77/2001 concerning Irrigation, and the Government Regulation No. 82/2001 on Water Pollution Control.
 6. Water undertaking authorities given by the Government to certain legal entity pursuant to the clarification of Article 4 of the Law No. 11/1974 are aimed at giving opportunities to the community to participate in developing water and/or water sources utilization and undertakings, however water and water sources protection and safety efforts must be pursued to conserve them.
- C. Prospective investor or foreign legal entity desiring for water undertaking, either individually or joint venture with national party is obligated to perform public consultation and must apply transfer of technology and experience to the Indonesian party.
- D. Procedures
1. Permit to use water, procedures and requirements comply with the existing guidelines, namely the Minister of Public Works' Regulation No. 49/PRT/1990 on Procedures and Permit to Use Water and/or Water Sources.
 2. Undertaking by private legal entity refers to Presidential Decree No. 7/1998 on Cooperation of Government and Private Legal Entity in Development or Management of Infrastructures.
 3. Prospective investor desiring to engage in water undertakings may consult with the Department of Settlement and Regional Infrastructure.

IV. SETTLEMENT AND REGIONAL INFRASTRUCTURE SUPPORTING SERVICES SUBSECTOR

Supports services in settlement and regional infrastructure refer to the Law No. 18/1999 on Construction Services.

- A. Settlement and regional infrastructure supporting services consist of:
1. Construction Services;
 2. Construction Consultancy Services;

3. Construction Equipment/Machineries Rental Services;
4. Training on Settlement and Regional Infrastructures.

B. Construction services comprise:

1. Building works;
2. Civil building works;
3. Mechanical building works;
4. Electrical building works.

Sectors/Kinds of Business Open For Investment Under Conditions

No.	Sector/Kind of Business	Conditions																			
	SETTLEMENT AND REGIONAL INFRASTRUCTURE SECTOR																				
	HOUSING AND SETTLEMENT SUBSECTOR																				
1.	DEVELOPMENT OF NON-APARTMENT HOUSING AND SETTLEMENT (ISIC 4520)	<p>a. Development of housing and settlement comprises construction of simple, middle and luxurious houses in certain ratio and criteria as stipulated by the Government as follows:</p> <p style="text-align: center;">Area of plot, floor and unit price</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Unit price per M²/multi-level building</th> <th colspan="3">Plot Area per M2</th> </tr> <tr> <th>54-200</th> <th>200-600</th> <th>200-600</th> </tr> </thead> <tbody> <tr> <td>< Class C</td> <td>Simple House</td> <td>Medium House</td> <td>Luxurious House</td> </tr> <tr> <td>< Intermediate</td> <td>Medium House Class C-A</td> <td>Medium House</td> <td>Luxurious House</td> </tr> <tr> <td>> Class A</td> <td>Luxurious House</td> <td>Luxurious House</td> <td>Luxurious House</td> </tr> </tbody> </table>	Unit price per M ² /multi-level building	Plot Area per M2			54-200	200-600	200-600	< Class C	Simple House	Medium House	Luxurious House	< Intermediate	Medium House Class C-A	Medium House	Luxurious House	> Class A	Luxurious House	Luxurious House	Luxurious House
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		<p>b. Special things allowed outside the provisions in point 1 above, are as follows:</p> <ol style="list-style-type: none"> 1) Through the provision of Development and Housing with balanced residential environment, pursuant to the Minister of Public Housing's Decree No. 04/KPTS/BKP4N/1995 dated 23 June 1995 on Further Provisions of the Joint Decree of the Home Affairs Minister, Minister of Public Works and Minister of Public Housing No. 648-384/1992, No. 739/KPTS/1992 and No. 09/KPTS/1992 dated 16 November 1992; 2) Development is entirely materialized through construction of simple houses in 1 location; 3) Development is entirely materialized through construction of apartments; 4) Development is allocated only for medium and/or luxurious houses under the following conditions: <ol style="list-style-type: none"> a) construction of medium houses, maximum 900 units in each location, the construction of 2 simple houses is recommended for 1 medium house in the same location or in other location. b) Construction of luxurious houses is maximum 100 units in 1 location. c) Construction of luxurious houses is in the range of 100 through 300 units in 1 location is obligated to be accompanied with the construction of 6 simple houses for each 1 luxurious house and construction of 3 medium houses is recommended in the same location or in other location.
2.	APARTMENT CONSTRUCTION (ISIC 4520)	<ol style="list-style-type: none"> a. Apartments are built pursuant to the needs of the community particularly low-income people. b. Apartments can be constructed by State-owned Enterprises (BUMN) or Regional Government-owned Enterprises (BUMD), Cooperative or Private-owned Enterprises

		<p>engaged in this sector and people's self support.</p> <p>c. Construction of apartments must comply with technical and administrative requirements. (The Law Number 16/1985 and the Government Regulation No. 4/1988 on Apartments).</p>
3.	CONSTRUCTION OF KASIBA AND LISIBA (ISIC 4510)	Construction of KASIBA and LISIBA for housing and settlement must comply with the Government Regulation No. 80/1999.
4.	SECONDARY FINANCING FACILITY COMPANY FOR HOUSING (ISIC 6719)	Investment to support long-term housing financing can comply with the Minister of Finance's Decree No. 132/KMK.014/1998.
5.	<p>BASIC INFRASTRUCTURE AND FACILITIES UNDERTAKING FOR HOUSING AND SETTLEMENT</p> <p>a. CLEAN WATER DEVELOPMENT AND UNDERTAKING (ISIC 4100)</p> <p>b. GARBAGE MANAGEMENT (ISIC 9000)</p> <p>c. WASTE WATER MANAGEMENT (ISIC 9000)</p> <p>d. OFFICE BUILDING CONSTRUCTION AND UNDERTAKING (ISIC 4520)</p>	<p>Clean water development and undertaking must be in cooperation with Regional Clean Water Company (PDAM) or in cooperation with national company if PDAM is not available in the region.</p> <p>Garbage management undertaking must cooperate with the Provincial and Regent/City Government and Cleanliness Regional Company (PDK)</p> <p>Waste water management undertaking must cooperate with the Provincial and Regent/City Government and Cleanliness Regional Company (PDK)</p> <p>Besides complying with the international standards, the construction of office building must also refer to the provisions already regulated in the Law on Buildings.</p>
1.	<p>TOLL ROADS/BRIDGES (ISIC 4520)</p> <p>a. TOLL ROAD MANAGEMENT</p> <p>1) TOLL ROAD/BRIDGE CONSTRUCTION;</p> <p>2) TOLL ROAD/OPERATION;</p> <p>3) TOLL ROAD MAINTENANCE;</p>	<p>Construction of toll roads/bridges must be in cooperation with PT. Jasa Marga (Persero).</p> <p>a. Requirements for investment are:</p> <p>1) Experience in similar projects with required references;</p> <p>2) Corporate achievement and performance in the projects as mentioned above;</p> <p>3) Capability of private legal entity</p>

	<p>4) FLYOVER CONSTRUCTION.</p> <p>b. OTHER UNDERTAKINGS</p> <p>1) REST PLACES AND OTHER SERVICES;</p> <p>2) ADVERTISEMENT PLACEMENT.</p>	<p>concerning financial, expert, equipment and other aspects.</p> <p>b. Roll road undertaking is carried out by PT. Jasa Marga (Persero) and/or can cooperate with investment.</p> <p>c. Prospective investor desiring to operate toll road should contact PT. Jasa Marga (Persero), Toll Plaza Taman Mini Indonesia Indah, Jalan To! Jagorawi, Jakarta 13350 (The Government Regulation of RI No 8/1990 on Toll Roads Article 38 paragraph (2)).</p> <p>d. Construction of toll roads/bridges must cooperate with PT. Jasa Marga (Persero):</p> <p>a) State-owned Enterprises (BUMN)/Regional Government-owned Enterprises (BUMD);</p> <p>b) National Private Enterprises;</p> <p>c) Foreign Private Enterprises;</p> <p>d) Cooperatives.</p>
	<p>SETTLEMENT AND REGIONAL INFRASTRUCTURES SUPPORTING SERVICES SUBSECTOR</p>	
<p>1.</p>	<p>CONSTRUCTION CONTRACTOR/CONSTRUCTION CONSULTANCY SERVICES (ISIC 7521)</p>	<p>In the framework of Foreign Investment, joint venture is required with national company under the following conditions:</p> <p>a. Foreign participant:</p> <p>Construction contractor/construction consultancy services having experienced and having developed diverse engineering aspects and having work experiences in diverse countries (international) and registered at National Construction Services Development Institution (LPJKN).</p> <p>b. Indonesian participant:</p> <p>1) Construction contractor/construction consultancy services having IUJK and Large-group Legal Entity certificate (B);</p> <p>2) Becoming member of Construction contractor/construction consultancy</p>

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		services association; AKI/GAPENSI or INKINDO.
2.	CONSTRUCTION EQUIPMENT RENTAL/PLANT HIRE SERVICES (ISIC 4550)	a. Not included in leasing undertaking; b. Equipment is not for rent, sale; c. The imported and rented equipment must belong to the company.

SPECIAL DESCRIPTION ON MANPOWER AND TRANSMIGRATION SECTOR

I. MANPOWER SUBSECTOR

1. Guidance and placement of manpower comprise:
 - a. Manpower training undertaking/institution.
 - b. Indonesian worker placement undertaking/institution for overseas (carried out by PJTKI already having SIUP-PJTKI).
 - c. Training undertaking/institution for supply of professional Indonesian Workers (TKI) in formal sector in the framework of foreign manpower sector.
 - d. Domestic worker placement undertaking/institution (carried out by LPPS already having SIUP-LPPS).
2. Understanding and objective of work training constitutes the entire activities of giving, obtaining, enhancing and developing skill, productivity, discipline, work attitude, and work ethics at certain skill level based on certain functional requirements both in formal and informal sectors.
3. Work training is grouped into 3 fields, namely technical, managerial and entrepreneurial fields (as stated in National Work Training System / SISLATKERNAS).
4. Every work training field is divided into sectors and sub-sectors. Each sector or sub-sector can be divided into work training grade and level pursuant to the functional classification.
5. Skill course undertakings open for medium- and large-scale undertakings under partnership conditions comprise diverse sectors (sewing, rattan handicraft, leather handicraft, carving/furniture, screened printing, hairdresser, acupuncture, modeling, governess, meal arrangement, cooking, flower arrangement, catering), techniques (automotive, car, motor vehicle repair, car repair, electronics, electrics, air conditioner, welding, dynamo rolling, electrical installation, digital, cooling technique, craftsmanship, wooden tools, construction, refrigerator, commerce (bookkeeping, typing, secretary, accounting, office administration, banking, computer), languages (English, Japanese, French, Arabic, business communication, technical reading, relation impersonal), tourism (hotels, tour and travel, tourism and information, front office, food and beverage, housekeeping, room service), management (human relation and management, entrepreneurship, production and operation) and agriculture (agriculture, plantation, and livestock farming).

II. TRANSMIGRATION SUBSECTOR

1. Transmigration program has realized very big investment hence constituting very potential national assets.
2. Assets in transmigration areas, namely fields, manpower, infrastructure and facilities that have been prepared constitute capital for the resettled people.
3. Assets already invested in transmigration areas should be put in cooperation with private party/business world to be in partnership hence obligatorily reflecting equal, fair, mutually beneficial and sustainable principle based on mutually strengthening and complementing to guarantee the continuous business partnership. These activities are aimed at materializing new centers of growth to support the existing centers of growth.
4. Partnership can be developed since the start of transmigration development (PTB) or development of existing settlements (PTA) through agribusiness development concept, based on either land or non-land binding considerations.
5. Agribusiness sector comprises planning, production, processing and marketing with kinds of commodity that can be pursued comprising crops, seasonal plants, hard plants/plantation, livestock farming, fishery, forestry, industrial services and/or other undertakings that can be development pursuant to the existing natural resources potential industries and future prospects.
6. Director General of Transmigration Area Empowerment:
 - a. To give recommendation on Transmigration Area Empowerment and obligations of investor comprising:
 - 1) to study possible business development and investment;
 - 2) to develop business pattern and its infrastructures;
 - 3) to coordinate with local Regional Government and cross-sectorally.
 - b. To facilitate investor to funding centers in realizing business development plans.
7. Legal Entity cooperating with the Provincial Office's Head handling the Transmigration will get Permit To Carry out Transmigration (IPT), namely:
 - a. IPT may cover, either partly or entirely, a series of transmigration activities by using or not using land;
 - b. IPT using land may use reserve land/Department management right, land belonging to the displaced people and/or land under the control of Legal Entity/Social Institutions;

- c. IPT not using land may comprise mobilization, displacement and training and development of business products of displaced people and other social activities;
- d. IPT is given by the Provisional Office's Head for:
 - 1) Business activities in one Provincial work area;
 - 2) Area of more than 500 Ha;
 - 3) Business activities already stipulated are under the authority of the Provincial Office's Head;
 - 4) Obtaining PT, prior recommendation from the Director General of Transmigration Area Empowerment is required.
- 8. IPT/IPTS stipulated with the Decree of the Provincial Office's Head will be followed up with:
 - a. Memorandum of understanding between the Provincial Office's Head and Legal Entity;
 - b. Memorandum of understanding for business partnership between legal Economic Institution and Legal Entity.
- 9. IPT/IPTS stipulated with the Decree of the Provincial Office's Head on behalf of the Governor will be followed up with:
 - a. Memorandum of understanding with the Regent/City Office's Head;
 - b. Memorandum of understanding for business partnership between legal Economic Institution and Legal Entity.
- 10. Cooperation activities between legal entity and displaced people for agribusiness development in the form of business partnership will be stipulated in a cooperation agreement containing rights and obligations of each party.
- 11. Director General of Transmigration Area Empowerment will help all activities supporting smooth cooperation.
- 12. For further information on business opportunities existing in transmigration area, contact Center of Information for Transmigration Area (PIBDT), either at Central and Regional level. Enterprises will get facilities -in settlement on private investment in transmigration areas.

Sectors/Kinds of Business Open For
Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	MANPOWER AND TRANSMIGRATION SECTOR	
	MANPOWER SUBSECTOR	
1.	PLACEMENT OF MANPOWER OVERSEAS (ISIC7491)	<p>Carried out by Indonesian Manpower Services Company/PJTKI (The Minister of Manpower and Transmigration's Decree No. KEP-104A/MEN/2002):</p> <ul style="list-style-type: none"> a. Indonesian Legal Entity in the form of Limited Liability Company (PT). b. Foreign shares ownership is limited to maximum 49%. c. Applicant is obligated to have a deposit of Rp. 250 million.
2.	DOMESTIC PLACEMENT OF MANPOWER (ISIC7491)	<ul style="list-style-type: none"> a. Carried out by Private Placement Services Institution/LPPS (The Minister of Manpower's Decree No. KEP-1203/MEN/1999): <ul style="list-style-type: none"> 1) Indonesian Legal Entity in the form of Limited Liability Company (PT). 2) Foreign shares ownership is limited to maximum 49%. 3) Applicant of SIUP-LPPS is obligated to have a deposit on the name of the Director General of <i>Binalatpendagri</i> amounting to Rp. 50 million as guarantee. b. Training is advance in nature, high technology, specific in nature (The Minister of Manpower's Decree No. KEP-149/MEN/2000).

SPECIAL DESCRIPTION ON NATIONAL EDUCATION SECTOR

I. HIGHER EDUCATION SUBSECTOR

1. Higher education refers to education in scholastic education range higher than the medium education at scholastic education range.
2. Higher education is aimed at:
 - a. Preparing education participants to become community members having academic and/or professional capability who can apply, develop, and/or enrich the landscape of science, technology and/or arts.
 - b. Developing and disseminating science, technology and/or arts and pursuing their uses to enhance the community's life and enriching the national culture.
3. Higher education consist of:
 - a. Academic education comprising *Sarjana* (Undergraduate) and *Pasca Sarjana* (Graduate) Programs.
 - b. Professional education comprising Diploma I, II, III, and IV Programs.
4. Higher education can be organized by one education unit formed by the Government, in this case the Department of National Education or other department or other Government Institution, or by education unit formed by the community.
5. The education unit organizing higher education is called higher education, namely in the form of academy, poly-technique, college, institute or university.
6. Higher education and/or other institution abroad may establish new higher education in Indonesia by a joint venture with Indonesian partner following the education system and requirements and procedures of establishment applicable for Indonesian higher education.

II. OUT-OF-SCHOOL EDUCATION SUBSECTOR

1. Out-of-school education refers to any education organized out-of-school, whether institutionalized or not.
2. Out-of-school education is aimed at:
 - a. Serving the learning residents so they can grow and develop as early as possible and during their lifetime to enhance their dignity and quality of life.

- b. Directing the learning residents to have knowledge, skill and mental attitude required to develop themselves, to work for means of livelihood or to continue their study to higher education level.
 - c. Fulfilling the learning residents' needs that cannot be fulfilled in school education line.
3. Out-of-school education line consists of general education, religion-based education, work functional education, official education, and vocational education.
4. Out-of-school education can be organized by the Government, individual, or groups of Indonesian Citizens or private legal entity domiciled in Indonesia and comply with the Indonesian laws.
5. International institution and/or foreign private body/institution in the territory of the Republic of Indonesia may organize out-of-school education with a condition that it does not contradict to the national interests and obligatorily complies with the prevailing laws and regulations.
6. Out-of-school education school organized by the community (*Diklusemas*) is registered at the District Education Office and obtains permit of operation from the Regent/City Education Office's Head.
7. Out-of-school education course organized by the community refers to any out-of-school education providing diverse kinds of knowledge, skill and mental attitude for learning residents requiring capital in self-development, working for means of livelihood and continuing their study to higher education level. Course is organized by and for the community with the community's self-support and self-fund.
8. All course programs in *Diklusemas* are grouped into ten education-clusters, namely: household, health, sport, agriculture, art, handicraft, and industry, techniques and accessories, services, language and particulars.

Sectors/Kinds of Business Open For Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	NATIONAL EDUCATION SECTOR	
1.	ORGANIZATION OF HIGHER EDUCATION BY THE COMMUNITY (ISIC 8030)	<ol style="list-style-type: none"> a. The organizing body is in the form of foundation or social legal entity. b. Foreign party may participate in the establishment of foundation.

		<p>c. In the academic activities, it may cooperate with other Higher Education or education institution abroad.</p>
<p>2.</p>	<p>OUT-OF-SCHOOL EDUCATION COURSE HELD BY THE COMMUNITY (DIKLUSEMAS) (ISIC 8090)</p>	<p>a. Organizer is an individual or a group of Indonesian Citizens or a legal entity domiciled in Indonesia, complying with the Indonesian laws, not commercial and not obligated to be registered as company.</p> <p>b. Course organized by expatriate / foreign institution is regulated in separate provisions.</p> <p>c. Course may be organized and developed in the territory of the Republic of Indonesia</p> <p>d. Owner/organizer and/or head/responsible for is obligated to give opportunities to official/staff of the Department of National Education that may render a visit or check to the course location for time to time.</p> <p>e. Curricula of course for each kind of education are of national nature and approved by the Directorate General of Out-of-School Education and Youth (<i>Diklusepa</i>).</p> <p>f. Course programs use double system referring to the association and correspondence.</p> <p>g. In the framework of Foreign Investment:</p> <ol style="list-style-type: none"> 1) Obligatorily obtaining recommendation from the Director General of Out-of-School Education and Youth before applying a request of approval for Foreign Investment to the Investment Coordinating Board (BKPM); 2) Obligatorily obtaining permit to organize course from the local Education Office's Head after obtaining approval for Foreign Investment from the Investment Coordinating Board (BKPM).

SPECIAL DESCRIPTION ON DEFENSE AND SECURITY SECTOR

1. The Police of the Republic of Indonesia are one of the state administration functions in law enforcement, protection, and public services to guarantee order and law enforcement and public tranquility to realize communal security in the self-funded public security and order system.
2. That the stipulation of police technical policies in preventive and repressive fields for all activities of security services must be adjusted to and in line with the policies in public security and order sector pursuant to Article 15 paragraph (2) letter from of the Law No. 2/2002 on State Police of the Republic of Indonesia (Polri) stating that Polri is authorized to give operational permit and perform supervision to legal entity in security sector.
3. Development of security industry in Indonesia as apparent from the increasing public interests to establish and use security services has been regulated in the Decree of the Indonesian Police's Head No. Pol.: Skep/1138/X/1999 dated 5 October 1999 on Field Guidelines for Security and Rescue Services. Security services refer to all undertakings and activities to prevent/overcome any form of threat and disturbance to the security and to give assistance in the event of any accident, fire or other disaster comprising:
 - a. Security Consultancy Services refer to the granting of services to users, in the form of suggestions, considerations or opinions and assisting in management on methods and procedures of security of an object;
 - b. Security Devices Application Services refer to the granting of services to users in the form of application of technique in association with methods and procedures of securing of an object except for TNI/Polri's non-standard firearm security equipment and explosive the permit of which is obtained from the Polri's Directorate of Intelpam (Security Intelligence);
 - c. Security Training and Education Services refer to the granting of facilities and infrastructure procurement services to organize education and training in security sector to prepare, enhance and maintain the Security Unit's capability;
 - d. Money and Precious Goods Transportation Guard (Cash in Transit) Services refer to the granting of security services in the form of accompaniment / delivery and transportation of money and precious goods from one place to another;
 - e. Guard Services refer to the procurement of Security Unit services to perform security in association with security and order in the work environment in accordance with the user's needs;
 - f. Rescue Services refer to the granting of security services to the community requiring assistance and aids in the event of accident, fire or natural disaster.

Sectors/Kinds of Business Open For
Investment Under Conditions

No.	Sector/Kind of Business	Conditions
	DEFENSE AND SECURITY SECTOR	
1.	SECURITY AND RESCUER SERVICES (ISIC 7492) a. SECURITY CONSULTANCY SERVICES b. SECURITY EQUIPMENT APPLICATION SERVICES c. SECURITY OFFICER EDUCATION AND TRAINING SERVICES d. MONEY AND PRECIOUS GOODS TRANSPORTATION GUARD SERVICES e. SECURITY OFFICER PROCUREMENT SERVICES f. RESCUE ASSISTANCE SERVICES	a. In the framework of Foreign Investment: 1) Must be in joint venture with Indonesian Citizen or Indonesian legal entity with foreign shares ownership of maximum 49%. 2) Management in the company shall not be dominated by expatriate (75% for Indonesian Citizen; 25% for expatriate). b. Must have operational permit from POLRI. c. Recruitment of expatriate as security officer is not allowed. In protection and supervision activities, recruitment of expatriate is allowed only as consultant.