

Business News

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FACTS

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EDITORIAL

- * Environmental Crime And Mental Revolution 1
- * Preserving Ideology Consistently 2

ECONOMY & BUSINESS

- * Ministry Of Industry:
Indonesia Needs Many New Fleets 3
- * To Probe Into The Prospect Of The Property Sector 5
- * Market Waiting For Definite Increase Of FFR By The Fed 8
- * Producers Respond Positively To Export
Recommendation Procedure By On Line 14
- * FSC Take The Initiative To Promote
Eco Label Certification 15
- * Dry Season, Beverage Industry Growth
At Maximum 7 Percent This Year 16
- * Ministry Of Maritime Affairs & Fisheries Optimistic
That Production Target Of Aquacultured Snapper

- Can Be Achieved 18
- * Commodity Prices Dated July 3, 2015 -
September 25, 2015 20
- * Foreign Exchange Rates 21

GOVERNMENT REGULATIONS:

- * Food Security Inspection Of The Import And Export Of
Fresh Foods Of Plant Origin
(Regulation of the Agriculture Minister No. 04/Permentan/
PP.340/2/2015 dated February 10, 2015) 22
- * Minister No. 5/PMK.07/2014 On The Settlement Of
Government Receivables To Regional Government Over
The Residual Fund For The Acceleration Of Regional
Infrastructure Development Of The Budget Year 2011
(Regulation of the Finance Minister of the Republic of
Indonesia No. 49/PMK.07/2014 dated March 13, 2014) 47

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ENVIRONMENTAL CRIME AND MENTAL REVOLUTION

In the last several weeks, millions of people have been forced to inhale air containing smoke attributable to forest burning in Sumatra and Kalimantan. The incident constitutes repetition of the same incident in the previous years. The smoke cloud has inflicted losses in a considerable amount. According to Kadin Riau, as an example, the forest burning caused a loss of around Rp20 trillion. Apart from that, dozens of mothers suffered from serious respiratory failure. A number of schools have been closed tentatively. Like the previous years, the smoke also affected neighboring countries, such as Malaysia and Singapore. Thousands of Indonesian military personnel have been deployed to help contain the fire.

Forest fire actually more appropriate to call it as forest burning constitutes an incident pointing visibly to our failure to manage natural wealth properly. Regional governments again become the center of spotlights. It has become a public secret that the issuance of forest exploitation license constitutes a very important financial source for heads of regions. Some said that the issuance of licenses, such as mining license, is rampant prior to regional executive elections. Nonetheless, it is undeniable that corporate elements constitute the key party causing the incident. Therefore, if one talks about environmental crime, the spotlights are mostly addressed to corporations.

Forest management reflects the capability of a nation in the management of not only natural resources but also the future. We have had environmental law for decades but the environmental quality has continued to downgrade. It is irrational indeed as the incident coming to surface every year makes us unable to better aware of the environment. Amid the circumstances, the repeated smoke attributable to the same action should force us to understand the issue as not only legal issue.

Inevitably, the smoke disaster as evidence of environmental crime should be discussed in its relations to mental revolution of Indonesian people. The mental revolution should not only be applied to residents in regions producing the smoke but also the whole Indonesian people. Natural resources management is clearly linked to human mentality in general. In the environmental issue, mental revolution should be applied as from the upstream to downstream. The smoke cloud attributable to forest burning is a downstream issue, while the repeating burning is upstream issue. In the other words, every effort to prevent and overcome the opening of land by burning forest must touch the downstream and upstream sides concurrently. There is a link between mental revolution and our method to treat the nature. Mental revolution must be able to revive awareness and establish our understanding that the whole present natural resources constitute a loan from our grandchildren. The understanding would lead to a kind of awareness: environmental crime constitutes crime against the future generation.

We do not ignore the importance of sanction against parties burning the forest. In line with it, we also encourage the fortification of preventive aspects of the burning, such as counseling. It is called as downstream and upstream aspect. It is necessary to implant in the mind of residents that forest cannot be managed by shortcut, exploitative and economic-oriented method. We must say that the shortcut, exploitative and economic-oriented mentality stands behind the repetition of the smoke disaster.

Therefore, without mental revolution, environmental crime such as forest burning for the opening of plantations may continue to repeat.

Jakarta, September 29, 2015

PRESERVING IDEOLOGY CONSISTENTLY

History has taught this nation that difficulties coming by turns frequently open opportunities for certain parties to intrude their interests. Undeniably, the economic crisis in 1997/1998 opened the door for the entry of IMF with policies contradictory to the people's interests. Even though the recommendation of IMF was understood as a measure contravening the people's will, the government could not do anything but accepted it and becoming a patient of IMF has been proven to plunge Indonesia into a deeper valley.

Amid the economic condition encountering heavy test like now, the intrusion of interests of certain parties is not impossible to materialize. Amid the condition, without clear ideology and consistency in preserving it, it is very easy to change the direction and objective already stipulated. Now, parties are involved in talks whether Indonesian economy has been in the state of crisis or not. Calling it as crisis may cause consequences. It may force the government and the whole government apparatuses to take radical and quick measures. It may also cause a consequence that the adopted measures are no longer in line with the initial agreement. The situation paves a way for the taking of action deviating from the original objective for and in the name of emergency. Misleading whistles usually come in such situation.

In relations thereto, it is attractive to observe the affirmation of President Jokowi saying that he has clear ideology. The affirmation is attractive because it was disclosed several days after disclosing a statement that national economy was not in the state of crisis. Apparently, Jokowi was not striving to defend his administration already starting to be attacked. In the meantime, some forced him to recognize that economic crisis has occurred and on the other hand, the government has continued to blow

wind of optimism to the people. It is also attractive to follow style of President Jokowi with site visit not affected at all. The action seems to inform the people that Indonesian economy remains good.

Sovereign, independent and having integrity are ideology that President Jokowi has. "Being a president, I must also have clear ideology. What is it? Sovereign, independent and having integrity," said the president before cadres of the National Democrat Party organizing National Conference in JCC recently (kompas.com, 22/9). Given that the affirmation was disclosed before cadres of political parties in a difficult economic condition, the promise to preserve ideology consistently in a difficult situation becomes attractive to observe.

From the beginning, we read economic ideology of Jokowi as anti-neoliberal as readable in *Nawa Cita*, even though the stance is not disclosed firmly. In a country where the role of the state becomes stronger and exists everywhere, the country is not a colony of neo liberalism. The perspective becomes attractive if it is linked to the current situation when the government has not been able to minimize the desire for indebteding and offering all kinds of projects to foreign investors. Is it possible to preserve sovereign ideology in a situation wherein the power of foreign investors is so powerful? What are strategy and mechanism already prepared to domesticate the investors so that they only reach veranda and do not come into bedrooms of the republic?

Preserving ideology is not a choice but a must. And, amid the ongoing difficult situation, consistency in preserving ideology surely is not only attractive to way but it is necessary to demand the manifestation.

Jakarta, September 25, 2015

MINISTRY OF INDUSTRY: INDONESIA NEEDS MANY NEW FLEETS

Jakarta, *Business News*

The Ministry of Industry reported that Indonesia needs more new fleets. Because, currently about 50% commercial ships have been over the age of 20 years. Minister of Industry, Saleh Husin, in Jakarta, Monday (September 28), did not deny that currently many national commercial ships are old, so that procurement of new vessels is necessary.

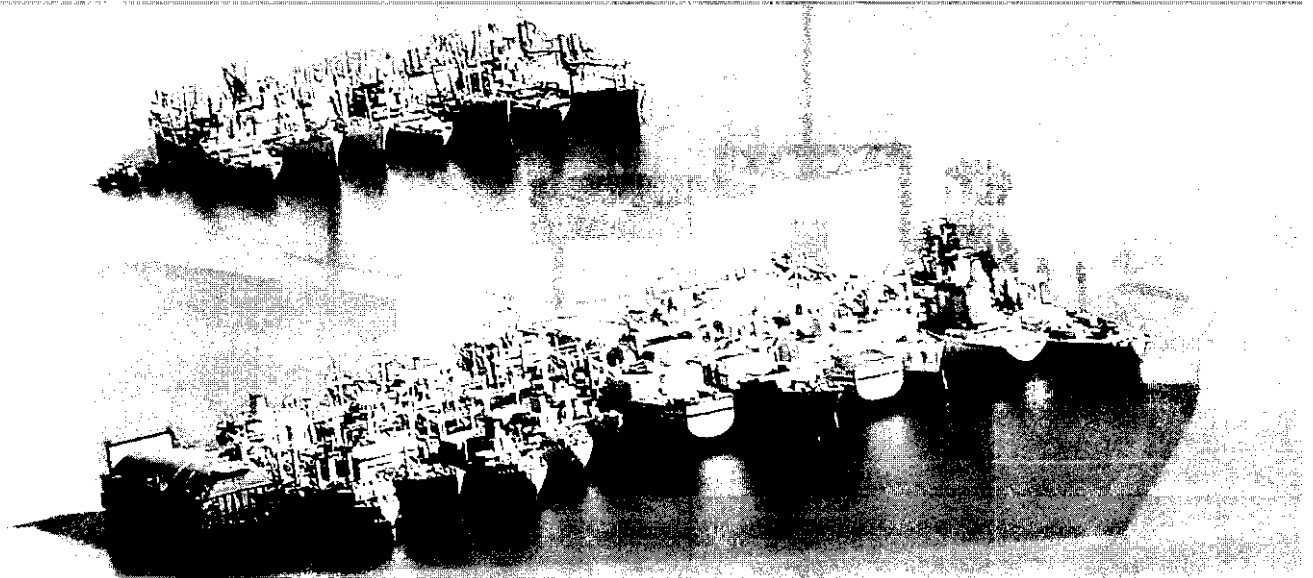
According to Saleh, users of ships, i.e. ministries, state agencies, state enterprises and private sector have also committed to buy vessels from within the country. It is said that shipbuilding capability is strengthened step by step and according to plan. While, for vessels with special needs, according to him, have to be built abroad. However, the Minister of Industry said that technology transfer and component industry development should continue to be driven to reduce imports in the future.

Industry Ministry of Industry also prepared two special areas of shipping industry, i.e. in Lamongan,

East Java and Tanggamus Maritime Industrial Estate, Lampung. In addition the government will perform data collection of vessel specifications and needs nationally. This is necessary for the planning and development of shipbuilding and ship industry investment promotion. National shipbuilding industry is believed to be capable of building ships needed to strengthen maritime connectivity in the country. Additionally, to make Indonesia as world maritime axis.

Saleh is optimistic that the national shipbuilding industry is capable of building ships needed to strengthen maritime connectivity in the country. And to make Indonesia as the world maritime axis. He said that currently there are about 250 shipyards in Indonesia. They are capable of producing 1.2 million deadweight tonnage (DWT) of new vessels. Moreover, it is capable of repairing ships with a total capacity of 12 million DWT.

Ministry of Industry recorded that ship companies can build various kinds and types of vessels up to 50,000 DWT. 80% of all shipyards in the country



can build ships with a capacity of 5,000 DWT. According to the Minister of Industry, the opportunity of shipbuilding industry is wide open. It is encouraged by the cabotage policy that increases the number of national ships from 6,000 units in 2005 to 14,000 units in 2014.

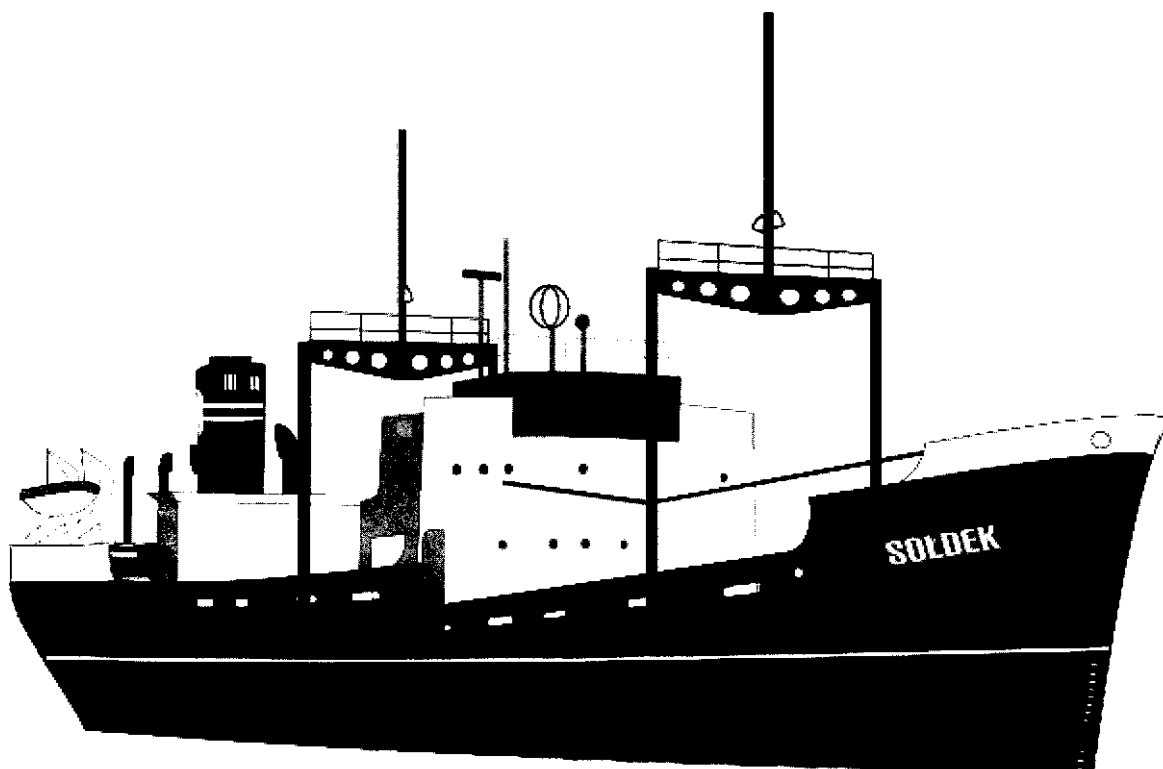
Saleh also encourages empowerment of National Ship Design and Engineering Center (NaSDEC) in Surabaya. The facility was the result of cooperation between the Ministry of Industry and the Institute of Technology (ITS) Surabaya. NaSDEC, which was established in 2006, is projected to be able to design special types of ships, such as tankers and LNG carriers.

Meanwhile, Head of Investment Coordinating Board (BKPM), Franky Sibarani, said that it would inject investment budget to the shipbuilding industry of IDR 5 trillion. The stimulus was given in order to strengthen maritime upstream sector. He mentioned that the fiscal incentives were derived from the budget of the Ministry of Maritime Affairs and Fisheries

(MMAF). It is said, that MMAF has made a deal with BKPM for strengthening maritime upstream sector. One of the programs is the procurement of ships.

Franky said that the budget was allocated for the procurement of 3,400 units of ships. Until the end of the first half of 2015, investment realization in 249 shipbuilding industries which are operating amounted to IDR 135 billion. The industries were located in Sumatra as many as 65 shipyards, Kalimantan 62 shipyards, Java 92 shipyards, and Maluku and Papua 30 shipyards.

Franky said that BKPM had coordinated to unify perception between the Minister of Industry and Minister of Maritime Affairs and Fisheries to discuss the development of the maritime industry. BKPM is optimistic that shipyard investment will continue to grow in the next semester. Achievement of domestic investment (PMDN) commitment is higher than Foreign Investment (PMA) plan in shipbuilding industry, which reached IDR 1.7 trillion in the same period. (E)



TO PROBE INTO THE PROSPECT OF THE PROPERTY SECTOR

Jakarta, *Business News*

Players of the property were expecting the Government to relax policy for the property sector to revitalize the sector. In one of the chapters of the strategy launched on September 9, 2015 last it was mentioned that the Government would promote the property sector including house building for the low income group.

Unfortunately the property sector was feared to be obstructed by tax problem since the Government was busy collecting tax from the property sector. Developers and consumers of the property sector expected the Government's plan to collect tax from the property sector could be reconsidered because the condition today was not conducive to changes.

As known there was Government's plan to change the policy for property tax which by last month was only rumor. It was regarded as rumor because the Regulator's statement was still indefinite and inconsistent in the storm of complaint. The result was that property sales turned shaky. Data showed that by QW II/2015 last sales was posted as 68% lower than Q I/2015.

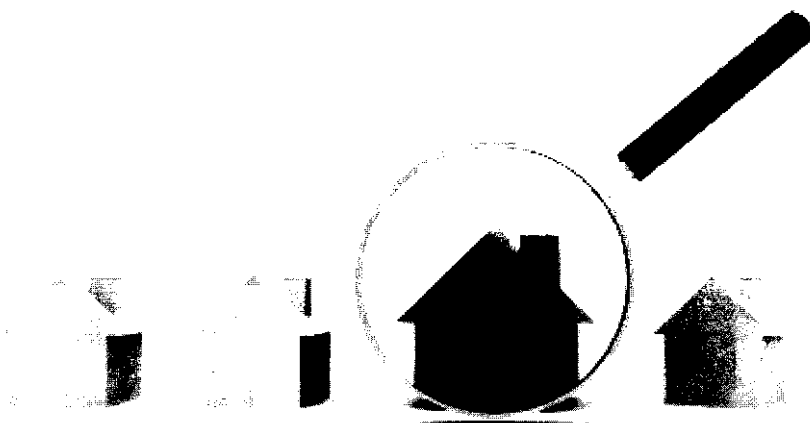
Previously the Minister of Finance Bambang S. Brodjonegoro an-

nounced the Minister would revise Ministerial Regulation (PMK) No. 130/PMK.011/2013. The point was that price of property worth above Rp 10 billion and was subject to Tax-for-Luxurious-Goods (PpnBM) not Rp5 billion or Rp2 billion as rumored.

The Government also planned to clarify the rules for property ownership for foreign citizens by revising some Regulations. Legal certainty for foreign citizens to own property in Indonesia could serve as tonic for property sales which was today low.

Property players believed that to set the limit of Rp10 billion price would breeze out hope because consumers would not be burdened by Value Added Tax for Luxurious Goods (PPnBM) if they bought property worth below Rp billion. Previously the Government planned to impose tax on goods worth above Rp2 billion and Rp5 billion which discouraged consumers to buy.

If PPnBM tax of 20% were imposed on property worth Rp2 billion – Rp5 billion, the total tax due would be 40% of price, broken down as: Income Tax 5%, Sales tax 10%, Tax on Luxurious Goods 20% and Land-and Building Tax 5%. Today supply of apartments in Jakarta at the price of Rp2 billion – Rp5 billion in Jakarta were quite numerous in line with increased



purchasing power. Supposedly such price limit was for the middle up category, not the luxurious category.

There was one foreign property company who defined super luxurious apartments in the luxurious class were accommodation priced above Rp 55 billion per sq meter. Tax was imposed on units of 3 bedroom measuring 170m² – 350 m² and price per unit around Rp9.5 billion – Rp22,7 billion.

In terms of supply, the number of Luxurious apartments in Jakarta in 2015 was only 1% of the total project of 146,304 units while in 2018 supply increased by 1% of total 79,503 units. In a condition where economy was not favorable, the new regulation did not automatically increase sales especially in the investor's segment. End users would buy in any condition at all.

Even if investors buy apartment today, they would still wonder whether their investment would yield any continued income as desired. Although the new regulation breezed out hope, on the other hand the re setting of limit of Rp10 billion overlapped with the standard Pph tax for the super-luxurious category of Rp5 billion. The standard was in fact lowered from Rp10 billion this was written in PMK No.90/

PMK/.03/2015 stipulated in May 2015.

The re setting of lower-middle PPnBM tax for property would not have a significant impact especially when a number of developers were busy building low cost homes at the price of below Rp 400 million. This segment was failure-proof in a situation where market was low because buyers don't buy for investment but the motive was rather need for shelter.

Beside relaxation of taxes, the Government also set minimum property price of Rp10 billion for foreign buyers. To set minimum price of Rp1 billion was right so as not to trigger speculations. With depreciation of Rupiah, price of property in Indonesia would be cheap for foreign buyers.

To compare Indonesia with Malaysia and Singapore, the standard minimum price of Rp 10 billion was quite accountable. However, at the same price, the margin of the said price in Indonesia was higher considering the high price of land in Malaysia and Singapore.

Property Consultants believed that the standard minimum price of luxurious property for foreigners of Rp 10 billion strengthened Indonesia's competitiveness internationally. Meaning the price matched that of other countries. Price of middle class prop-



erty in China, Malaysia and Thailand was around USD 400,000—to USD 600,000.- per unit. Based on the USD – Rupiah exchange rate of Rp14.000 per USD, the selling price in Rupiah would be between Rp5.6 billion and Rp8.4 billion per unit.

In view of the average price in those countries, the minimum price of Rp10 billion per unit for foreigners was rated as quite reasonable; but some people believed the ideal standard price was Rp 5 billion because not all of the foreigners were wealthy.

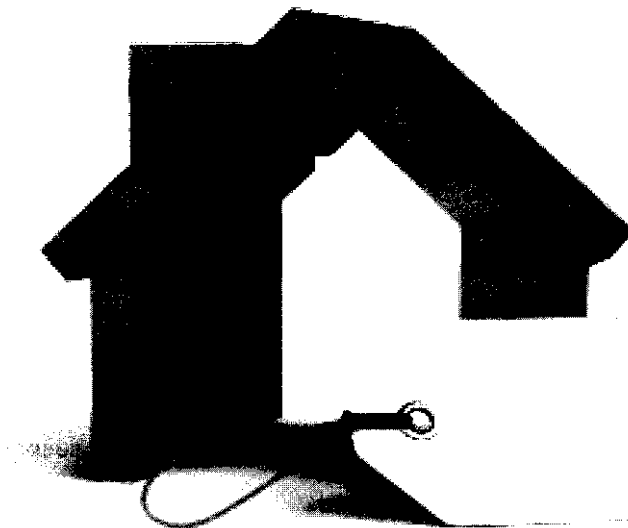
The price of above Rp billion was quite attractive and affordable to foreigners. So far the Government was still firm that only foreign citizens who were domiciled in Indonesia were allowed to own property. Assuming that foreign workers in Indonesia numbered 70,000 workers, then the supply for such apartments would be 70,000 units.

Assuming that foreigners who were interested numbered only 10% they only absorbed 10% of supply. In this case foreign buyers asked for free flow and free for all condition. Meaning consumers were

free to sell, transfer, rent or will the property. Further more the buyer needed not be hindraced by the case of stay permit, work permit and length of stay in Indonesia.

Spontaneous response from the Government. The Ministry of Land Administration and National Land Board stated that the Government would extend permanent stay permit for foreign citizens under certain conditions. The status of possession given to foreign citizens was the Right to Use, not the Right to Own.

However the Government guaranteed that the extention of Use Permit would be made easy and the Legal Right to use would be well guaranteed. By Investor-friendly Policy and consumer orientated policy it was believed that the prospect of property would in the future be brighter amidst economic slowdown today. The rising property sector would demand supply for energy like gas and electricity, cement, concrete, iron and steel, furniture etc whih means multiplier effect to nattional economy.(SS)



MARKET WAITING FOR DEFINITE INCREASE OF FFR BY THE FED

Jakarta, *Business News*

Players of the moneymarket, global and domestic alike, were waiting for definite increase of FFR by the FED. The latest news was that Janet Yellen signaled there would be increase of interest by the Fed this year end provided inflation was stable and economy was strong enough to jack up employment.

Yellen, who spoke one week after suspension of FFR increase saw that development of global economy would not govern the Fed's policy significantly. The statement included mentioning that weakening of inflation in the USA was only temporary and might shock investors. They rated that the Fed's last week's decision as signal that tight policy was not an urgent matter and would probably be executed next year.

According to Yellen, for the most part price downturn was due to particular reason such as strengthening of USD and declining of oil price which would soon end. Such might cause inflation to increase above the targeted 2% or above the average global inflation. In the other part of her statement Janet predicted that America would be able to maximize employment and stabilize prices.

The result was that USD would go on a rally as Yellen stated she predicted the Fed might increase FFR this year end. Yellen in the speech delivered at the University of Massachusetts, Amherst stated that US economic betterment "might need initial increase this year end followed by progressive monetary policy thereafter."

Yellen's statement was made one week after the Fed maintained FFR at near zero percent up to 0,25% in a two-day meeting September 16 -17 last which was effective since 2006. Yellen stated

that decision makers were monitoring development abroad "but never expect that weakening of economy in China or other places would cancel the Fed's plan to increase FFR."

Yellen's statement instantly buoyed up Euro to USD 1.1172 against the previous USD 1.230. But against Yen, USD rose to Yen 120.29 just after Yellen spoke. Greenback also strengthened against Swiss Franc and Poundsterling.

Yellen's statement was noteworthy in that they were progressing toward increasing FFR this year. Yellen had a strong argument that FFR should be increased this year. Previously the Fed sent varied messages to the stockmarket. Last week for example, Yellen showed anxiety over weakening global economy. Yellen said: "A bearish global situation must be watched on."

The statement could be interpreted as the Fed being "dovish" about timing of FFR increase. However, a few days later contradictory statement was made by other Presidents of the Fed who tend to be "hawkish".

Spontaneously, investors of the stockmarket were trying hard to understand The Fed not to increase FFR on September 17 last and always predict timing of FFR increase. As known on September 17 last Yellen announced The Fed would not increase FFR.

Although The Fed was optimistic about US economy, Yellen referred to global economic slowdown as reason to suspend increase of FFR. Anxiety over China's economic slowdown and the emerging markets caused wild movement of the financial market.

Furthermore on September 19, two days af-

ter Yellen's speech, President of the Fed of San Francisco John Williams said that the decision to increase FFR was getting near. Such was contradictory to the Fed official statement, which showed that 9 out of 10 members of the Fed refused increase of FFR.

The only one who agreed was Jeffrey Lacker, President of the Fed Richmond, who wished that the Fed would uplift FFR. Williams was of opinion that US economic performance was not guaranteed by bank interest close to zero percent. According to Williams, US economy was now much better than the grim days of 2008-2009. Today, US economy was much better than the time when extreme accommodative economy policy was applied.

Furthermore on September 21, it turned out that Williams was not the only President who made statement contradictory to Yellen's statement. President of the Fed St. Louis Bullard also agreed to increase FFR. He believed that there was a big obstacle

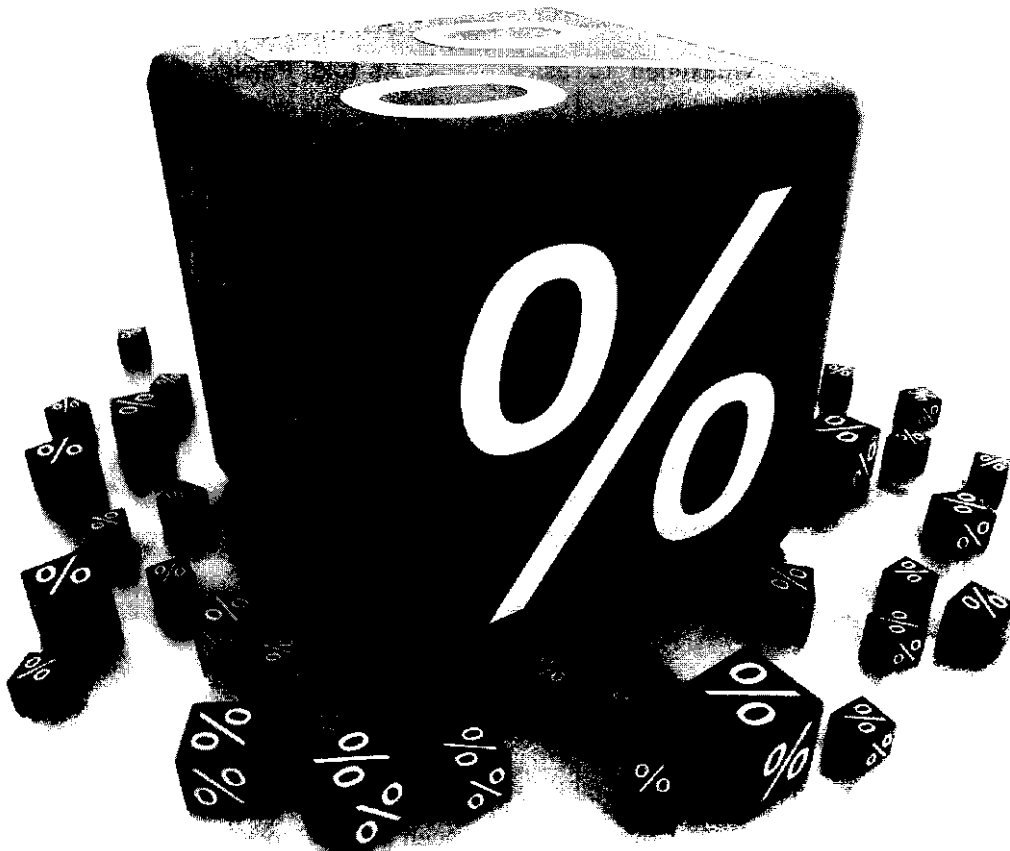
today to increasing FFR. On the same day, President of the Fed Atlanta Andrew Lockhart said that most probably FFR would be increase this year as long as the stock market was peaceful.

Back to the statement made by Yellen, the more certain FFR was increase the better it would be to the global and domestic market.

The Money Market

So far pressures on Rupiah was continuing, Rupiah even touched Rp14,600 per USD last week. BI's mid rate showed Rupiah was at Rp14,623 per USD – lower than last week's position at Rp14,463. Per USD or lower than the latest position last week at Rp14,463 and yet only last month (3/8) Rupiah was still at the position of Rp13,492 per USD.

When many circles urged BI to lower BI rate to energize domestic economy, the Governor of BI Agus Martowardojo confirmed BI would not change



benchmark rate until positive data comes into view.

If the existing data showed betterment, BI could analyze them, especially data which showed inflation was under control, deficit in current account was minimized, and global sentiments were relaxed.

Data of JISDOR showed that by Wednesday (23/9) last Rupiah settled at Rp14,623 per USD, a downturn against the previous position of Rp14,486. The Governor of BI said that Rupiah weakening was due to external turbulence. The world was afraid that economic slowdown in China might affect countries whose export was still relying in natural goods. Under the circumstances BI would always be in the market and run prudent policy to tame inflation.

In tune with the Governor of BI, the Coordinating Minister of Economy Darmin Nasution admitted Rupiah would soar through Rp14,623 per USD as marketplayers were speculating on China's future. Commodity prices was down as market speculated about China's economy. Darmin did not see domestic factor influencing Rupiah slump.

Indisputably Rupiah that weakened to as low as Rp14,700 per USD was on account of external and internal sentiments, i.e. the Fed who suspended increase of FFR, weakening China's economy and Indonesia's weak fundamental economy.

Other sentiments that made Rupiah slump was revised projection of Indonesia's economic growth by ADB from 5.4% to 4.9% This year which resulted in negative market's perception and Rupiah deeper sinking.

Besides there was released economic data like export which was not high enough and projected domestic economic growth which failed to reach above 5% - all posed as negative sentiment to Rupiah.

If Rupiah weakening was due to external sentiment, the Government must respond to it by uplifting market trust. It was right indeed for the Government to issue Chapter II of Economic Policy Package which was expected to affect Rupiah positively.

However it must be borne in mind the Government's strategy alone would not automatically rescue Rupiah, sound action was still needed before any tangible result could be seen. The Government must constantly encourage businesspeople to build solid foundation so the strategy could bear quick result.

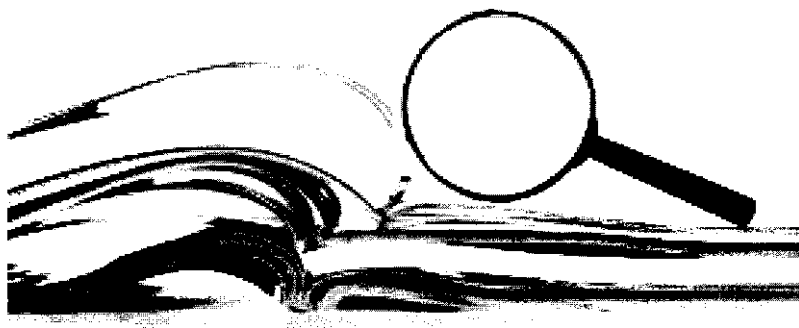
In the draft of Economic Policy Package Chapter II which was still being dissected, the objective of strategy was focused on Industry and Agriculture. The Policy Package would consist of rules and deregulations, mainly aimed at promoting export.

As told, President Joko Widodo had released

Economic Policy Package Chapter I on September 9 2015 in which 134 rules had been deregulated; the 134 Regulations were extracted from the previous 154 Regulations.

Of the above regulations some plans were to be underscored, i.e. accel-

eration of industrial estate development projects as mandated in the National Middle Term Development Plan (RPJMN). Directly or indirectly the impact would be seen in the Rupiah stabilization process.



The effort to build domestic economy foundation was important in building market trust in Indonesia's economic prospect amidst rumors of the Fed increasing FFR this year. The Fed suspended increase of FFR at the FOMC meeting two weeks ago because the US Manufacturing sector was not performing well. Unimpressive performance of the US manufacturing sector was seen in the Market Purchasing Index (PMI) which only inch up from 53.0 to 53.1 in August.

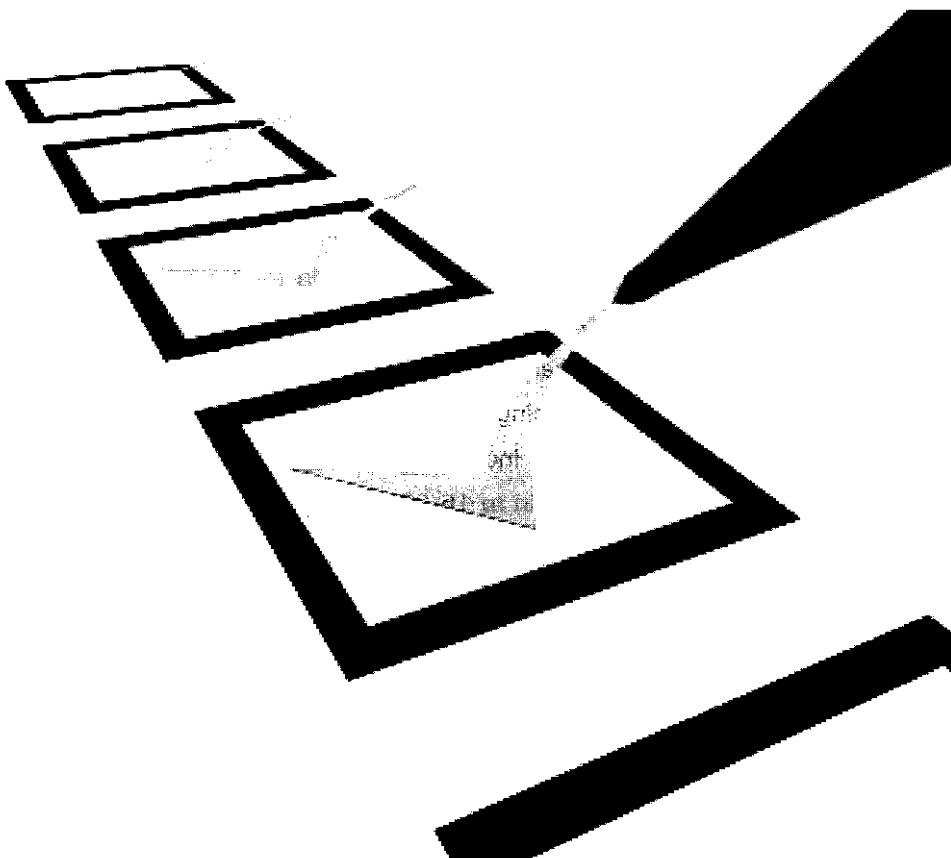
The Government of RI was also preparing an instrument to jack up national forex reserves whereby USD could be expected to stay longer in Indonesia.

Last week the Ministry of Finance Bambang Brodjosumantri attended meeting on increasing forex reserves at the Vice President's office. The meeting which was chaired by Vice President Jusuf Kalla was also attended by Governor of BI Agus Martowardojo. The point of discussion was how to increase forex reserves by jacking up export.

The Government claimed they needed vast amount of forex reserves to prevent capital outflow due to global economic turbulence as soon as export was increased, the next step was to drive forex-from-export into the domestic banking system.

At the moment Indonesia's forex reserves was still at safe level, at least enough for financing 6 months of import and paying overseas debt. Still it was very urgent for the Government to increase forex. Governor of BI Agus Martowardojo reported that the position of national forex reserves on Monday (21/9) came to USD 103 billion, which was less than that of August 2015 at USD 105,3 billion.

Statement of the Governor of BI was in line with revised assumption of Rupiah value in RAPBN Budget 2016 which at the moment the basement level was increased to Rp13.700 – Rp13,900 per USD against the previous Rp13,400 – Rp13,900 per USD. The Governor of BI estimated pressures in Rupiah would still continue till Q I/2016.



Speculations of global economy over FFR increase by the Fed, devaluation of Yuan and lowered commodity prices would slow down capital inflow or even drive capital out of the country. By calendar year, by September 18, 2015 last, foreign capital entering the capital market and government's bonds was down to only around Rp39 trillion against the same period in 2014 amounting to Rp170 trillion.

Although there was still widening deficit in financial transaction,

generally speaking DTB by end of 2015 could be downsized to 2.2% of GDP. The amount was down compared to deficit of 2014 which was still close to around 3% of GDP.

Meanwhile BI estimated growth of Indonesia's economy at around 5.2% - 5.6% in 2016. The Government lowered growth assumptions to 5.3% against 5.5% in 2016.

From the above review Rupiah position in 25/9 was still volatile in the range of Rp14,000 – Rp14.600 per USD. This week Rupiah was projected to be in the range of Rp14.400 – Rp14,500 per USD because there was overshoot in Rupiah collection so chances for strengthening was still open.

The Capital Market

Index of IHSG was closed to weaken quite significantly at 2.29% (99.61 points) by end of session on Wednesday (13/9) last. IHSG dropped to the level of 4,144.427. Index of LQ 45 was also down by 3.02% to 707.864. IHSG's lowest position was at 4,239.135.

IHSG nose dived as the global market was again worried about China's economy. China's manufacturing data dropped to the lowest level in the last 6.5 years. Jakarta Islamic index (JII) also dropped by 2.53% to 561,53 point. Index of IDX 30 weakened by 3.08% to 367,99 points. Index of Sri KEHATI dropped by -3.09% to 240.92 points. Net sell by foreign investors was worth Rp689 billion while transaction value was Rp4,896 trillion with trade volume of 7.016 billion shares.

Meanwhile index at Asian stockmarkets weakened during closing session last Wednesday (23/9). China's Manufacturing data dropped to 47.0% in September, the lowest in 6,5 years. The data flared up anxiety once more about China's economic growth.

Negative sentiment was still lurking although

China's President Xi Jin Ping made his defensive statement that China's economy remained at growth and remained stable. President Jiinping delivered his first speech during his state visit to the USA.

All in all Index of Hang Seng dropped by 2.26% (493.67 points) to the level of 21,302.91 points. Index of Shanghai also weakened by 2.19% (69.73%) to the level of 3,115.89 points. The same was with Straits Times Singapore which weakened by 0.56% (15.96 points) to 2,852,51 points. Meanwhile index of shares in Europe's market strengthened in fluctuative trading amidst anxiety over China's economy.

Benchmark index of Europe's stockmarket inched up by 0.3%. Index FTSE 100 England rose by 0.37% to the level of 5.957.77 points. Index of DAX 30 Germany rose by 0.20% to the level of 9.589.70 points. Index of CAC 540 France inched down by 0,02% to the level of 4,427.79 points. The notable thing was that Weall street was closed negative in the past 3 days since Tuesday till Thursday last week.

Uncertainty of FFR increase by the Fed and globaleconomic slowdown accounted for low stockmarket. Besides there was pressure To sell on Catepillar share and share of the health sector. Share of Catepillar, the biggest producer of mining and construction in The world fell by 6.3% to USD 65.8 because the company planned to dismiss 10,000 workers due to low economic condition with effect on mining and energy sector. STOP AT 03.35

Index of Dow Jones fell by 78.57 points (0.48%) to 16,201.32. Index of S&P 500 dropped by 6.52 points (0.34%) to 1,932. 24. Meanwhile index of Nasaq fell by 18.27 points (0.38%). There were around 7.7 lots being transacted above daily average numbering 7,5 billion shares.

Catepillar shares dropped by 6.3% after announcing axing of cost in anticipating energy and minery crisis. Catepillar could dismiss more than

10.000 workers and 20 facilities until 2018. Other industrial giants were also weakening including member of Dow General Electric and Honeywell International, both slumped by 15 points.

Governor of the Fed Janet Yellen said that she was expecting FFR could be increased this year. The stockmarket feared global economic slowdown as Yellen made the statement.

As the Fed decided to increase FFR respond came from players of the stockmarket from all over the world especially developing countries like Indonesia. All in all IHSG remained to be under pressure.

In fact the Fed's decision to maintain FFR at low level in the past few years could mean positive signal to IHSG.

As Yellen signaled that the Fed might probably increase FFR, it could mean opportunity to players of the stockmarket to be more aggressive in buying cheap shares. Moreover there was news that realization of state's expenditure by August 31, 2015 had reached Rp 1,054.2 trillion or 53.1% of total ceiling of expenditure in APBN-P 2015.

Meanwhile realization of state's income had reached Rp867.5 trillion or 49.2% of target in

APBN-P 2015. Marketplayers were expecting budget absorption could be the catalyst of Indonesia's improved economy in Semester 2 this year which would strengthen IHSG.

Development of the infra-structure sector including construction, energy, food including agro product and maritime business including tourism could be the catalysts for domestic stockmarket performance.

It was true that sentiment from the global stockmarket made investors to secure stockholders which caused IHSG BEI to be corrected. Some marketplayers tend to limit transactions for the long run so there was assurance of sentiments.

So it was advisable for the Monetary authorities in Indonesia to scheme up a strategy to keep capital from flowing out by accelerating execution of Economy Package policy Chapter I and to make Chapter II come sooner. Hence the position of IHSG last week end moved in the range of 4,250 – 4,300 and to continue this week in the range of 4,300 – 4.350 as local investors returned after correction on IHSG and sectoral index which was too sharp in the weeks before. (SS)

PRODUCERS RESPOND POSITVELY TO EXPORT RECOMMENDATION PROCEDURE BY ON LINE

Jakarta, *Business News*

The Ministry of Industry stated they planned to revise Permenperin No.15/M-IND/PER/3/2014 by simplifying procedure of recommendation-giving for registered exporters by on line. Recommendation from the Ministry of Industry was needed by the Ministry of Trade to meet the procedures as required by the Regulation.

Permenperin No. 15/M-IND/PER/3/2014 on Recommendation-giving by Registered Exporters of Processed and Purified Minery Products was related to Permendag No. 04/M-DAG/PER//2014 on Rules for Export of Processed and Purified Minery Products. Hence simplification of the procedure would ease export activities of minery products. In this case it was not necessary for companies registered at the Ministry's database to apply for export recommendation the manual way.

In response to Government's plan, The Association of Indonesian Mineral Processors and Purifier stated that export recommendation by on line would cut long burreaucracy chain. Jonathan Handoyo, Chairman of the Association stated in Jakarta on Friday(25/9) that the way it had been, to obtain such recommendation producers must apply for it the manual way to the Ministry of Industry to be further passed on to the Ministry of Trade.

Through integrated database, processors and purifier companies with the status of Industrial Permit registered at the Ministry of Industry could automatically export their products. In many cases Processors or Purifier companies of IUI status were not permitted to export products if they did not have Mining Permit

(IUP), while permit application must be through the Ministry of Energy and Mineral Resources. Jonathan said that this month there were two smelter companies who started to produce pig iron (NPI) they were: PT Bintang Timur Steel and PT Fajar Bhakti Lintas Nusantara. Hence of 21 association members, 13 companies had now started to produce.

In that same opportunity Jonathan urged the Government to cancel relaxation plan for export of raw minerals. He said that relaxation for bauxite and nickel exporting could injure smelters now operating in Indonesia. So far production activities in Smelters were hindranced due to scarcity of raw materials among IUP owners while many smelters in Indonesia had no mine because they only had IUI. If export valve for raw minerals were open, smelter companies would crumble.

He said that rules relaxation for exporting raw minerals in order to jack up export and increase natural forex reserves would destroy industry downstreaming process and spoil Indonesia's cedibility among foreign investors. The point was that smelter companies operating in Indonesia were were joint venture companies between Indonesia and South Korea, the Middle East countries, and China etc.

Therefore companies urged the Government to obey Law No.4/2009 on Minery and Coal and Law No.3/2014 on Industry. Smelter operators, he said, also urged the Government to revise Govt. Regulation PP No.17.1986 on Authority, Regulating, Counselling and Developing Industry as implementation on Law No 5/1984 on industry which had been cancelled and replaced by Law No 3/2014. (SS)

FSC TAKE THE INITIATIVE TO PROMOTE ECO LABEL CERTIFICATION

Jakarta, *Business News*

Forest Stewardship Council (FSC) was a non-profit organization which promoted responsible management of product certification by Eco Labeling. This standardized certification was already used all over the world, the only one acknowledged by Green Peace and WWF.

Today FSC Standardization was already applied to promote responsible forest management and was already applied on 184 million hectares of forest all over the world involving 29,000 companies. "Meaning 29,000 companies had produced green wood and paper, appreciated people's right and checked the origin of raw materials," said Hartono Prabowo, FSC Representative in Indonesia.

Today in Indonesia there were only 200 companies and 2 million ha of forest already FSC Certified. Therefore measures had been taken to increase the number, among others by approaching the consumers to induce awareness and encourage them to

demand companies to be FSC certified. In Indonesia the products already certified were Tetra Pak, Teh Kotak and Tessa tissue.

Separately Bambang Hendroyono, Secretary General of the Ministry of Environmental Affairs and Forestry stated in Indonesia the mandatory certificate was SVLK for products using wood as raw materials, while it was compulsory to manage forest conservation.

Certification by foreign NGO like FSC Indonesia was welcome but it should only be voluntary. "The government do not insist producers to certify their products, but they wish to do it for marketing purpose, by all means, do it. Without SVLK certification the wood products are not marketable" he said.

Whatever was being done by NGO, as long as it was not against the Law, was not forbidden; but if it was beyond the limit Like Indonesia Pledge on Palm Oil where forest already cleared by the Government was regarded as destruction to the environment, it was not acceptable. "The country is ruled by the Government, not by NGO" (SS)

DRY SEASON, BEVERAGE INDUSTRY GROWTH AT MAXIMUM 7 PERCENT THIS YEAR

Jakarta, *Business News*

Although the dry season this year is longer than in previous years, the beverage industry sales turnover this year is not higher than the previous year. In addition to the decline in consumer purchasing power, there are some of the beverage industry raw materials that have to be imported. Therefore, the soaring currency exchange rates, including the US dollar, against the rupiah lately caused the growth of the beverage industry to be slower than the previous year.

"Compared to last year, where growth reached 9 percent, this year the beverage industry is estimated to grow between 6 to 7 percent. In addition, the turnover of a number of industries was reportedly not so good this year compared to the previous years," Director of Beverage and Tobacco Industry of the Ministry of Industry, Faiz Ahmad, told *Business News*.

Of a number of beverage industries, the biggest growth was supported by high growth of the dairy industry and bottled water industry. But, it is not so for investment growth. For the food and beverage industry, Faiz explained, both new investment and investment expansion continued to show improvement. Even, investment expansion or new investment is greater than the previous year.

"Like Fonterra dairy products which obtained tax allowance and there is also bottled water industry which will expand its investment, he said. Previously it was reported that PT Fonterra Brands Manufacturing Indonesia (Fonterra Brands) a company that processes milk powder and condensed milk made an in-

vestment of USD 29.60 million in Bekasi, West Java. The expansion is intended for the production of various types of milk, Indonesia is still considered to be a magnet for global businesses to invest and for investment. One of the businesses that remain 'glorious' is the food and beverage business. In addition to being sustained by total population of 250 million people, it is also because the national business climate is conducive and friendly to investors.

Some time ago, Minister of Industry, Saleh Husin, inaugurated the addition of two production lines of Coca-Cola Amatil Indonesia (CCAI) in Cikedokan, Bekasi, which is also the location of the new factory in MM 2100 Industrial Area. Currently, the plant which is located on an area of 10 ha has five production lines for carbonated beverages, juices, and isotonic drinks. Saleh said that the company has committed to increase its investment in stages up to an equivalent of USD 500 million in the next few years.

Until 2014 CCAI investment value has reached USD 90 million, with soft drink production capacity of 67.7 million liters / year. Direct labor absorption is 12,000 people, not including indirect labor, such as agents and retailers. Director General of Agro Industry of the Ministry of Industry, Panggah Susanto, added that with the addition of this new line, it is estimated that there will be an additional production of 200 million liters for the production of bottled carbonated beverages, ready to drink tea, bottled water and fruit drinks. The addition of the new line absorbs 180 new workers.

Meanwhile, PT Oasis Waters International, which is located in Tanah Abang, Jakarta has recently stated to add investment up to IDR 1.4 trillion. The

details are in 2011 - 2015 investment value is worth IDR 1.1 trillion, and in 2016 is ready to pour another IDR 300 billion investment fund.

According to Industry Minister, Saleh Husin, the company will build another factory owned by Oasis located in Semarang, Central Java, and be ready to operate in 2016. The company also uses other funds partly to strengthen the distribution chain to the consumer level. The company targeted to become the second largest producer of bottled water next year, with the ambition of increasing market share from the previous 13 percent to 20 percent, said Oasis Chairman, Alfi Gunawan. Efforts are made through the addition of networks and markets to all regions. Until now, 80 per cent of Oasis production distribution is still focused in Java.

Besides being engaged in the drinking water industry, the company is also considering to develop drinking water business other than bottled water business. According to Director of Oasis Waters International, Nathaniel Gunawan, the company is exploring product diversification that will generate tea or coffee drinks. The managers of the company are also determined to make Oasis a national brand.

Currently, we establish factories in Bali, Surabaya and Palembang. Next year we want to strengthen position in Semarang. After that we started to increase our share and brand outside Java. With the strength of the five plants to be operating in the future, it is expected that Oasis could produce many variants of bottled water products with a total capacity of 1.5 billion liters per year, "he explained. (E)



MINISTRY OF MARITIME AFFAIRS & FISHERIES OPTIMISTIC THAT PRODUCTION TARGET OF AQUACULTURED SNAPPER CAN BE ACHIEVED

Jakarta, *Business News*

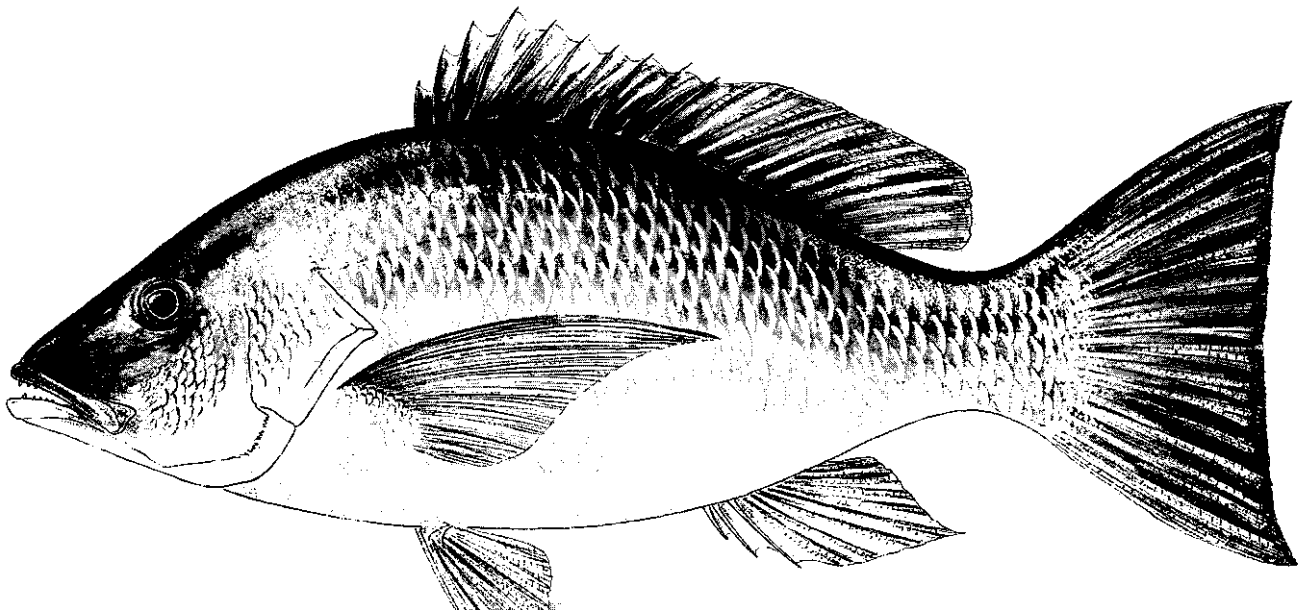
White snapper would be one alternative commodity of mariculture. The Directorate General of Aquaculture (DJPB) through the Mariculture Center (BPBL) Batam has mastered the technology of white snapper hatchery and breeding. The technology will be disseminated to the public so that white snapper aquaculture businesses will be more efficient and profitable. Currently, white snapper selling price in the market is also quite competitive, around IDR 60,000 - 70 000 per kilogram. With cultivation period of about 6 months from size of stocking seed of up to 500 gram or two heads per kilogram.

The Ministry of Maritime Affairs and Fisheries (MMAF) is optimistic that aquacultured snapper production target of 590,000 tons for 2019 can be achieved through the development of hatchery technology. Slamet Soebjakto, Director General of Aquaculture of MMAF in Jakarta, Friday (September

25), said that MMAF set a target of 17% growth in snapper production per year until 2019. If the target for this year is 312,500 tons, then in 2019 production is expected to reach 590,000 tons.

MMAF, said Slamet, is to boost snapper production with diversification and mariculture commodity technology. Meanwhile, one type of snapper that became the mainstay is white snapper. To that end, MMAF has developed Demonstration Farm (Demfarm) of white snapper farming with floating fish net (KJA) in Belawan waters, North Sumatra. Demfarm is performed involving Putra Jala Senastri Aquaculture Group and conducted in 36 holes of KJA.

According to him, white snapper being chosen as one alternative crop of mariculture is based on many factors. Because white snapper seeding and enlargement technology has been mastered by DJPB through BPBL Batam and because the resale value is promising. BPBL Batam will continue to be prepared to disseminate the technology by Demfarm system



so that the cultivation of white snapper can be done efficiently and profitably.

Exports of white snapper are increasingly promising as exports of groupers were disrupted due to the weakening of Indonesian import demand. White snapper was increasingly promising because of the needs of the local market is very huge and its exports can increase to many countries. The results of survey overseas, he revealed that white snapper market can be to many countries, namely Australia, the Middle East, Europe and the United States.

Slamet admitted the potential of mariculture area which is located in different areas in the country, only 2% that has been utilized. Therefore, there has to be a maximum role to optimize utilization. Currently the potential of Indonesian mariculture area reached 4.58 million hectares. In fact, there are many prospects for the development of aquaculture business, which can be done from the coastline area to

Indonesian offshore area. He also reminded that the development of aquaculture is in line with the vision and mission of the Working Cabinet to boost the sea to become a source of national economy in the future and making Indonesia the World Maritime Axis.

To that end, Slamet said, MMAF will develop some leading commodities, such as seaweed, which in the future will be developed for the coastline area of up to 4 miles. As for the area above 4 miles, marine aquaculture can be developed by using floating fish net (JKA) with commodities adapted to the conditions of each region. He explained that example of aquaculture which can be developed in each of these regions are, among others, snapper, grouper, star pomfret, abalone or tuna. In addition, mariculture commodity is an export commodity which is greatly demanded by foreign markets which are still wide open. (E)

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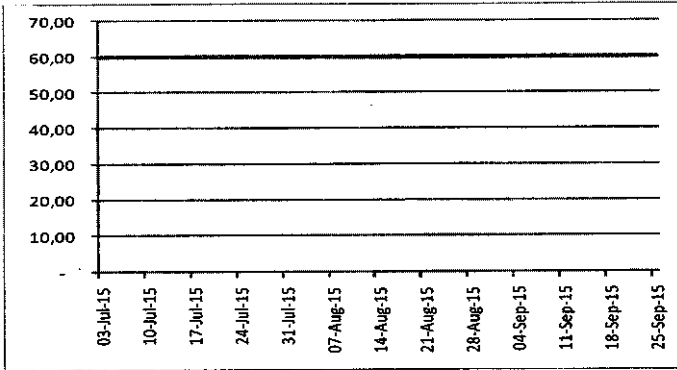
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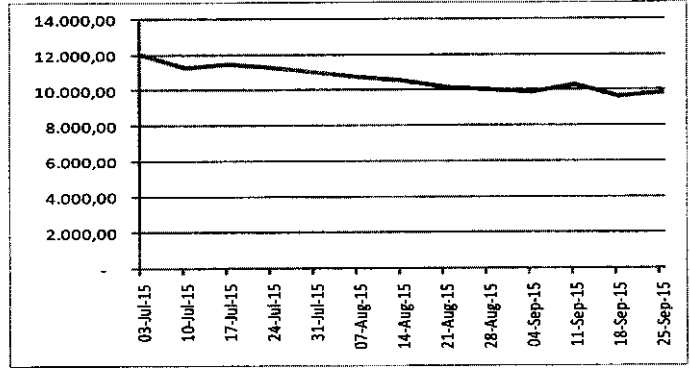
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COMMODITY PRICES DATED JULY 3, 2015 - SEPTEMBER 25, 2015

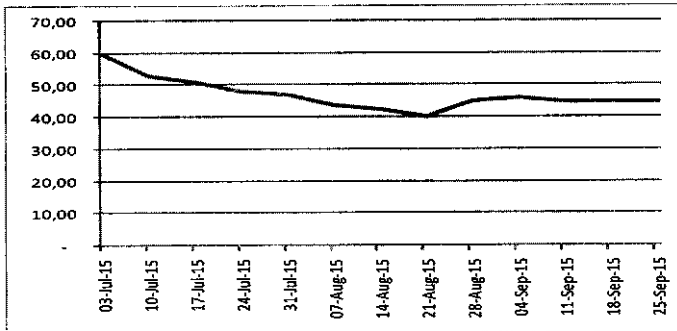
EUCRBREN Index (USD)



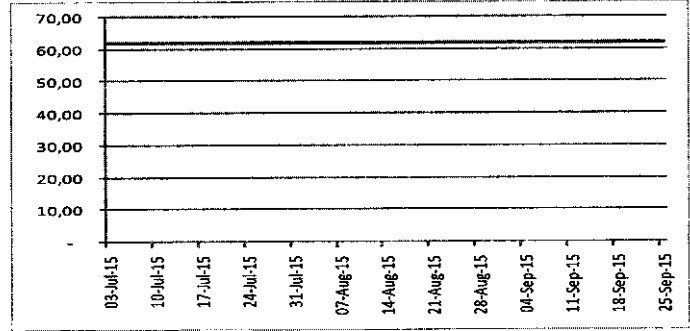
LMNIDS03 Nickel (USD)



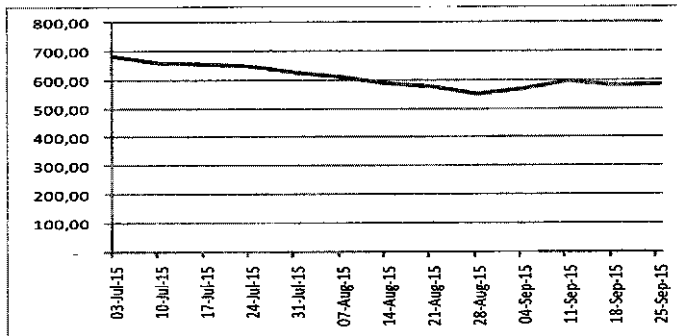
USCRWTIC Index (USD)



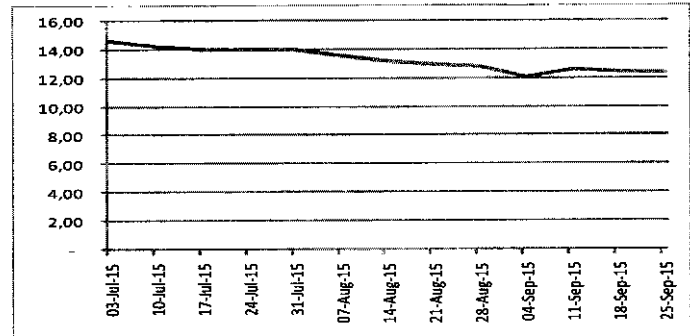
CLSPAUNE Index Coal (USD)



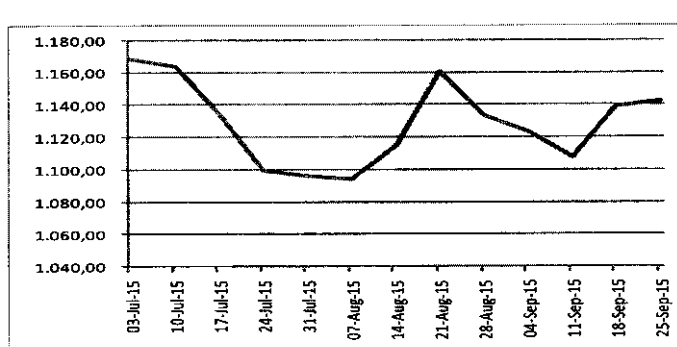
PALMROTT Index CPO



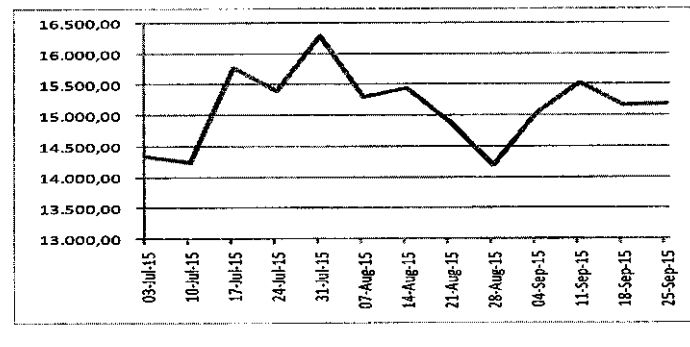
IDRUSR20 Index Rubber US/kg



GOLDS Cmnty (USD)



LMSNDS03 TIN (USD)



FOREIGN EXCHANGE RATES

Jakarta, *Business News*

EXCHANGE RATES ON TRANSACTION

CURRENCY	VALUE	SEPTEMBER 29, 2015			SEPTEMBER 28, 2015			SEPTEMBER 25, 2015		
		BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING
AUD (Australia)	1,-	10,196.25	10,252.18	10,308.11	10,271.20	10,326.91	10,382.61	10,237.75	10,291.83	10,345.91
BND (Brunei)	1,-	10,228.95	10,281.69	10,334.43	10,248.09	10,302.52	10,356.94	10,251.79	10,306.99	10,362.18
CAD (Canada)	1,-	10,930.11	10,988.19	11,046.27	10,969.17	11,024.76	11,080.35	10,958.09	11,014.48	11,070.87
CHF (Switzerland)	1,-	15,057.54	15,138.27	15,219.00	14,930.57	15,008.19	15,085.80	14,915.31	14,997.49	15,079.67
CNY (China Yuan)	1,-	2,301.92	2,313.54	2,325.16	2,294.56	2,306.02	2,317.47	2,291.60	2,303.05	2,314.49
DKK (Denmark)	1,-	2,209.72	2,221.05	2,232.38	2,193.90	2,205.02	2,216.14	2,189.55	2,200.82	2,212.08
GBP (United Kingdom)	1,-	22,214.00	22,329.88	22,445.75	22,222.57	22,334.25	22,445.93	22,247.07	22,361.13	22,475.19
HKD (Hong Kong)	1,-	1,890.67	1,900.34	1,910.01	1,886.79	1,896.25	1,905.70	1,885.92	1,895.40	1,904.88
JPY (Japan)	100,-	12,235.12	12,299.49	12,363.85	12,150.39	12,213.60	12,276.81	12,165.63	12,227.41	12,289.19
KRW (Korean)	1,-	12.24	12.31	12.38	12.24	12.32	12.39	12.21	12.28	12.34
KWD (Kuwaiti Dinar)	1,-	48,426.97	48,703.89	48,980.81	48,308.56	48,582.00	48,855.44	48,288.73	48,562.16	48,835.59
MYR (Malaysia)	1,-	3,279.03	3,297.45	3,315.86	3,324.92	3,343.81	3,362.70	3,330.37	3,349.31	3,368.24
NOK (Norway)	1,-	1,716.63	1,726.66	1,736.69	1,713.94	1,723.72	1,733.49	1,722.83	1,731.95	1,741.06
NZD (New Zealand)	1,-	9,243.74	9,291.90	9,340.06	9,339.71	9,390.03	9,440.34	9,240.87	9,291.45	9,342.03
PGK (Papua New Guinea)	1,-	4,997.01	5,133.26	5,269.51	4,986.44	5,122.10	5,257.76	4,985.86	5,120.75	5,255.63
PHP (The Philippines)	1,-	312.15	313.78	315.41	312.26	313.89	315.51	311.86	313.49	315.11
SAR (Saudi Arabian Riyal)	1,-	3,907.21	3,927.21	3,947.20	3,898.95	3,918.68	3,938.40	3,897.24	3,917.23	3,937.22
SEK (Sweden)	1,-	1,733.93	1,743.00	1,752.07	1,738.66	1,747.66	1,756.65	1,736.17	1,745.47	1,754.76
SGD (Singapore)	1,-	10,228.95	10,281.69	10,334.43	10,248.09	10,302.52	10,356.94	10,251.79	10,306.99	10,362.18
THB (Thailand)	1,-	401.81	403.95	406.09	403.50	405.63	407.76	403.12	405.30	407.48
USD (United States)	1,-	14,654.00	14,728.00	14,802.00	14,623.00	14,696.00	14,769.00	14,617.00	14,690.00	14,763.00
EUR (Europe)	1,-	16,485.75	16,571.96	16,658.17	16,366.06	16,450.72	16,535.37	16,335.96	16,420.50	16,505.03

EXCHANGE RATES ON BANK NOTES

CURRENCY	VALUE	SEPTEMBER 25, 2015	
		BUYING	SELLING
AUD (Australia)	1,-	9938.68	10645.15
BND (Brunei)	1,-	9952.31	10661.89
CAD (Canada)	1,-	10637.98	11391.08
CHF (Switzerland)	1,-	14479.59	15515.83
DKK (Denmark)	1,-	2125.59	2276.06
GBP (United Kingdom)	1,-	21597.18	23125.26
HKD (Hong Kong)	1,-	1830.83	1959.97
JPY (Japan)	100,-	11810.24	12644.63
NOK (Norway)	1,-	1672.5	1791.42
NZD (New Zealand)	1,-	8970.92	9612.23
PGK (Papua New Guinea)	1,-	4840.21	5407.64
SEK (Sweden)	1,-	1685.45	1805.52
SGD (Singapore)	1,-	9952.31	10661.89
THB (Thailand)	1,-	391.34	419.27
USD (United States)	1,-	14190	15190
EUR (Europe)	1,-	15858.74	16982.42

NOTE : The middle rate is based on Business News calculation

**FOOD SECURITY INSPECTION OF THE IMPORT AND EXPORT OF FRESH FOODS OF PLANT ORIGIN
(Regulation of the Agriculture Minister
No. 04/Permentan/PP.340/2/2015 dated February 10, 2015)**

BY THE GRACE OF GOD ALMIGHTY
THE AGRICULTURE MINISTER OF
THE REPUBLIC OF INDONESIA,

Considering :

- a. that by Regulation of the Agriculture Minister No. 88/Permentan/PP.340/12/2011 the Food Security Inspection of the Import and Export of Fresh Foods of Plant Origin has been stipulated;
- b. that with the development of science and technology as well as the change in public demand, Regulation of the Agriculture Minister No. 88/Permentan/PP.340/12/2011 is no longer relevant;
- c. that based on the considerations as referred to in letters a and b to implement provisions in Law No. 18/2012 on Food, it is necessary to revise Food Security Inspection of the Import and Export of Fresh Foods of Plant Origin by Regulation of the Finance Minister;

In view of :

1. Law No. No. 16/1992 on Animal, Fish and Plant Quarantine (Statute Book of 1992 No. 56, Supplement to Statute Book No. 3482);
2. Law No. 7/1994 on the Endorsement of Agreement Establishing the World Trade Organization (Statute Book of 1994 No. 57, Supplement to Statute Book No. 3554);
3. Law No. 8/1999 on Consumer Protection (Statute Book of 1999 No. 42, Supplement to Statute Book No. 3821);
4. Law No. 13/2010 on Horticulture (Statute Book of 2010 No. 132, Supplement to Statute Book No. 5170);
5. Law No. 18/2012 on Food (Statute Book of 2012 No. 227, Supplement to Statute Book No. 5360);
6. Law No. 20/2014 on Standardization and Appropriate Assessment (Statute Book of 2014 No. 216, Supplement to Statute Book No. 5584);
7. Law No. 39/2014 on Plantation (Statute Book of 2014 No. 308, Supplement to Statute Book No. 5613);
8. Government Regulation No. 102/2000 on National Standardization (Statute Book of 2000 No. 199, Supplement to Statute Book No. 4020);
9. Government Regulation No. 14/2002 on Plant Quarantine (Statute Book of 2002 No. 35,

- Supplement to Statute Book No. 4196);
10. Government Regulation No. 28/2004 on Food Security, Quality and Nutrition (Statute Book of 2004 No. 107, Supplement to Statute Book No. 4424);
 11. Presidential Regulation No. 47/2009 on the Formation and Organization of State Ministry as already several times amended the latest by Presidential Regulation No. 13/2014 on the Fifth Round of Amendment to Presidential Regulation No. 47/2009 on the Formation and Organization of State Ministry (Statute Book of 2014 No. 24);
 12. Presidential Regulation No. 24/2010 on the Position, Task and Function of State Ministry as well as the Organizational Structure, Task and Function of Echelon I Officials of the State Ministry as already several times amended the latest by Presidential Regulation No. 135/2014 on the Seventh Round of Amendment to Presidential Regulation No. 24/2010 on the Position, Task and Function of State Ministry as well as the Organizational Structure, Task and Function of Echelon I Officials of the State Ministry (Statute Book of 2014 No. 273);
 13. Presidential Decree No. 121/P/2014 on the Formation of Ministries and Appointment of Ministries of Working Cabinet of the 2014-2019 Period;
 14. Presidential Regulation No. 165/2014 on the Arrangement of Tasks and Functions of the Working Cabinet (Statute Book of 2014 No. 339);
 15. Regulation of the Agriculture Minister No. 58/Permentan/OT.140/8/2007 on the Implementation of National Standardization System in the Agricultural Sector;
 16. Regulation of the Agriculture Minister No. 22/Permentan/OT.140/4/2008 on the Organization and Work Mechanism of Technical Executing Unit of Agricultural Quarantine;
 17. Regulation of the Agriculture Minister No. 35/Permentan/OT.140/7/2008 on the Requirements and Application of Good Manufacturing Practices for Farm Products of Plant Origin;
 18. Regulation of the Agriculture Minister No. 09/Permentan/OT.140/2/2009 on the Requirements and Procedure of Plant Quarantine Measures against the Import of Quarantine Plant Pest Carrier Media to the Indonesian Territory (State Gazette of 2009 No. 35);
 19. Decree of the Agriculture Minister No. 3237/Kpts/HK.060/9/2009 on the Models and Types of Documents of Plant Quarantine Measures and Plant Originating Fresh Food Security (State Gazette 2009 No. 306);
 20. Regulation of the Agriculture Minister No. 44/Permentan/OT.140/10/2009 on Guidelines for Good Handling Practices for Agricultural Products of Plant Origin (State Gazette of 2009 No. 399);

GOVERNMENT REGULATIONS

21. Regulation of the Agriculture Minister No. 48/Permentan/OT.140/10/2009 on Guidelines for Good Agriculture Practices for Fruit and Vegetables (State Gazette of 2009 No. 402);
22. Regulation of the Agriculture Minister No. 61/Permentan/OT.140/10/2010 on the Organization and Work Mechanism of the Agriculture Ministry;
23. Regulation of the Agriculture Minister No. 24/Permentan/SR.140/4/2011 on the Requirements and Procedure of Pesticide Registration (State Gazette of 2011 No. 232);
24. Regulation of the Agriculture Minister No. 94/Permentan/OT.140/12/2011 on the Place for the Import and Export of Quarantine Plant Pest Carrier Media (State Gazette of 2011 No. 7), as already amended by Regulation of the Agriculture Minister No. 44/Permentan/OT.140/3/2014 on Amendment to Regulation of the Agriculture Minister No. 94/Permentan/OT.140/12/2011 on the Place for the Import and Export of Quarantine Plant Pest Carrier Media (State Gazette of 2014 No. 428);
25. Regulation of the Agriculture Minister No. 42/Permentan/OT.140/6/2012 on Plant Quarantine Measures for the Import of Fresh Fruits and Vegetables to the Territory of the Republic of Indonesia (State Gazette of 2012 No. 631);
26. Regulation of the Agriculture Minister No. 43/Permentan/OT.140/6/2012 on Plant Quarantine Measures for the Import of bulb vegetables to the Territory of the Republic of Indonesia (State Gazette of 2012 No. 632);
27. Regulation of the Agriculture Minister No. 38/Permentan/OT.140/3/2014 on Plant Quarantine Measures outside the Place for Import and Export (State Gazette of 2014 No. 351);

Observing :

1. Principles for Food Import and Export Inspection and Certification (CAC/GL 20-1995);
2. Codex Alimentarius Joint FAO/WHO Food Standards Program Volume 2B, Pesticide Residues in Food- Maximum Residue Limits, Second Edition, 2000;
3. Assuring Food Safety and Quality, Guidelines for Strengthening National Food Control Systems, FAO and WHO, 2003;
4. Guidelines for Food Import Control Systems (CAC/GL 47-2003), 1st Revision 2006;
5. Guidelines for the validation of food safety control measures (CAC/GL 69-2008);
6. SNI on the Maximum Content of Mycotoxin in Foods, SNI 7385:2009;
7. SNI on the Maximum Microbe Pollutant in Foods, SNI 7388:2009;
8. Guidelines for the Design, Operation, Assessment and Accreditation of Food Import and Export Inspection

and Certification Systems (CAC/GL 26-1997), 1st Revision 2010;

9. Codex General Standard for Contaminants and Toxins in Foods, CODEX STAN 193-1995, 3rd Amendment 2013;
10. Notification No. G/SPS/N/IDN/94 dated September 3, 2014;

DECIDES :

To stipulate :

REGULATION OF THE FINANCE MINISTER ON FOOD SECURITY INSPECTION OF THE IMPORT AND EXPORT OF FRESH FOODS OF PLANT ORIGIN.

CHAPTER I

GENERAL PROVISIONS

Article 1

Referred to in this Ministerial Regulation as :

1. Food is anything originating from agricultural, plantation, forestry, fishery, husbandry, waters and water biological resources, processed or unprocessed, used as food or drink for human consumption, including food supplement materials, food raw materials, and other materials used in the process of preparing, processing and/or producing food or drink.
2. Plant is all types of vegetable natural resources, in live or dead condition, processed or unprocessed.
3. Fresh food is unprocessed food which can be consumed directly and/or can be used as raw material in the food processing.
4. Fresh food of plant origin, hereinafter abbreviated into PSAT, is unprocessed food of plant origin which can be directly consumed, processed minimally, and/or can be used as raw material in the food processing.
5. PSAT security is a condition and effort needed to prevent PSAT from the possibility of containing chemical contamination and biological contamination beyond the maximum limit.
6. Inspection is a series of measures done to ensure that PSAT imported to or exported from the territory of the Republic of Indonesia meets food requirements and security.
7. Chemical contamination is contamination in PSAT originating from chemical elements or compounds harmful and dangerous to human health.
8. Biological contamination is contamination in PSAT originating from biological materials.

9. Import is a series of activities to import PSAT from a foreign country to the territory of the Republic of Indonesia through the designated place of import.
10. Export is a series of activities to export PSAT from the territory of the Republic of Indonesia to a foreign country through the designated place of export.
11. Place of import and export is seaport, river port, airport, ferry port, dry-port, post office, border cross post designated as place of import or export.
12. Food security competent authority, hereinafter abbreviated into OKKP, is a government institution authorized to conduct food security inspection and/or certification during the food production process.

Article 2

This Ministerial Regulation is intended to serve as the basis for the control of PSAT security and is aimed at protecting the public from biological contamination and chemical contamination.

Article 3

The scope of this Ministerial Regulation covers requirements for import and export, recognition of PSAT security test laboratory inspection and registration system of a country, inspection of import and export, freeze and revocation of the recognition of PSAT security inspection system of a country, revocation of the registration of PSAT security test laboratory of a country, and costs.

CHAPTER II

REQUIREMENTS OF IMPORT AND EXPORT

Article 4

- (1) The import of PSAT for circulation shall meet requirements of PSAT security.
- (2) The PSAT security as referred to in paragraph (1) covers chemical contamination and biological contamination which do not exceed the maximum limit.
- (3) The type of PSAT, the maximum limit of chemical contamination and the maximum limit of biological contamination as referred to in paragraph (2) are contained in Attachment I which is an integral part of this Ministerial Regulation.

Article 5

The import of PSAT as referred to in Article 4 can come from a country whose PSAT security

inspection system :

- a. has been recognized; or
- b. has not been recognized.

Article 6

- (1) The import of PSAT from a country whose PSAT security inspection system has been recognized as referred to in Article 5 letter a shall be accompanied by PSAT prior notice.
- (2) The import of PSAT from a country whose PSAT security inspection system has not been recognized as referred to in Article 5 letter b shall be accompanied by :
 - a. PSAT prior notice; and
 - b. Certificate of Analysis.

Article 7

- (1) The PSAT prior notice as referred to in Article 6 is issued by the exporter in the country of origin no later than after PSAT has been loaded to the transport means in the country of origin.
- (2) If the exporter is not in the country of origin, the PSAT prior notice as referred to in paragraph (1) can be issued by its proxy the country of origin.
- (3) The model of PSAT prior notice as referred to in paragraph (1) follows Format-1 for a country whose PSAT security inspection system has been recognized and Format-2 for a country whose PSAT security inspection system has not been recognized.

Article 8

- (1) If PSAT of a country whose PSAT security inspection system has been recognized is in transit in a country and PSAT volume is reduced, besides PSAT prior notice as referred to in Article 6 paragraph (1) it shall also be accompanied by PSAT prior notice for transit issued by the exporter in the country of transit.
- (2) If PSAT of a country whose PSAT security inspection system has not been recognized, is in transit in a country and PSAT volume is reduced, besides PSAT prior notice and Certificate of Analysis as referred to in Article 6 paragraph (2), it shall also be accompanied by PSAT prior notice for transit issued by the exporter in the country of transit.
- (3) If the exporter is not in the country of transit, PSAT prior notice for transit as referred to in paragraphs (1) and (2) can be issued by its proxy in the country of transit.

- (4) The model of PSAT prior notice for transit as referred to in paragraphs (1) and (2) follows Format-3.

Article 9

- (1) The PSAT prior notice as referred to in Article 7 and PSAT prior notice for transit as referred to in Article 8, shall be conveyed by the exporter or its proxy online through the official website of the Agricultural Quarantine Board.
- (2) The submission of PSAT prior notice and PSAT prior notice for transit online as referred to in paragraph (1) is done to obtain special code (barcode).
- (3) If PSAT of a country whose PSAT security inspection system has not been recognized, exporter or its proxy shall put the number and date of Certificate of Analysis of the country of origin on the PSAT prior notice and PSAT prior notice for transit as referred to in paragraph (1).
- (4) If the official website of the Agricultural Quarantine Board malfunctions, exporter or its proxy can manually issue PSAT prior notice and PSAT prior notice for transit as referred to in paragraph (1).

Article 10

- (1) The Certificate of Analysis as referred to in Article 6 paragraph (2) letter b is issued by the analysis laboratory registered by the Agricultural Quarantine Board.
- (2) The Certificate of Analysis as referred to in paragraph (1) contains:
- a. identity of PSAT;
 - b. identity of owner;
 - c. identity of consignment;
 - d. date of analysis;
 - e. method of analysis;
 - f. number and date of certificate; and
 - g. analysis.
- (3) The analysis as referred to in paragraph (2) letter g is done to the types of active materials of pesticide used in the country of origin, types of heavy metal, mycotoxin and/or microbe contamination as referred to in Article 4 paragraph (3).
- (4) The analysis as referred to in paragraph (3) shall be smaller or equal to the maximum limit of residue and/or contamination as referred to in Article 4 paragraph (3).
- (5) The analysis as referred to in paragraph (2) letter g shall be equipped with guaranty that PSAT meets PSAT

security requirements set by the chief of analysis laboratory.

(6) The model of Certificate of Analysis as referred to in paragraph (1) follows Format-4.

Article 11

- (1) The export of PSAT shall be equipped with a certificate or document stating that PSAT security accords with the requirements in the country of destination.
- (2) The certificate or document as referred to in paragraph (1) is issued by accredited analysis laboratory, accredited certification institution, or competent PSAT security authority.

CHAPTER III

RECOGNITION OF INSPECTION AND REGISTRATION SYSTEM OF PSAT SECURITY ANALYSIS LABORATORY OF A COUNTRY

Part One

Requirements of Recognition

Article 12

A country can be recognized for its PSAT security inspection system as referred to in Article 5 letter a if it has had and applied policies related to :

- a. Good Agriculture Practices (GAP);
- b. Good Handling Practices (GHP); and/or
- c. Good Manufacturing Practices (GMP).

Part Two

Procedure of Recognizing PSAT Security Inspection System of A Country

Article 13

- (1) Competent PSAT security authority or representative of government of a country shall file a written application to the Minister through the Head of the Agricultural Quarantine Board according to Format-5.
- (2) The application as referred to in paragraph (1) shall carry information on PSAT security inspection system in the country of applicant.
- (3) The information as referred to in paragraph (2) covers :
 - a. food security policy;
 - b. descriptions of type of PSAT proposed;

- c. production site applying GAP;
 - d. handling site applying GHP;
 - e. manufacturing site applying GMP;
 - f. PSAT security monitoring system;
 - g. the result of PSAT security monitoring at least in the past 3 (three) years;
 - h. PSAT security analysis laboratory;
 - i. authorized institutions including competent authority, food security policy institution, food security survey institution, and product certification institution;
 - j. list of producers/exporters;
 - k. PSAT export inspection and certification system;
 - l. PSAT import inspection and certification system; and
 - m. place of export.
- (4) Application for recognition of PSAT security inspection system as referred to in paragraph (1), shall be analyzed by a team.

Article 14

- (1) Analysis is done to ensure the compatibility of the information on PSAT security inspection system as referred to in Article 13 paragraph (3).
- (2) If the analysis as referred to in paragraph (1):
- a. is not relevant, the applicant shall meet compatibility no later than 2 (two) months after the date of notification of incompatibility; or
 - b. is relevant, spot verification shall be done.
- (3) The notification of incompatibility as referred to in paragraph (2) letter a shall be sent in writing by the Head of Agricultural Quarantine Board on behalf of the Minister to the country of applicant, along with reasons for incompatibility.
- (4) If the period of time as referred to in paragraph (2) letter a is not met, the application for recognition shall be regarded as being withdrawn.

Article 15

- (1) The spot verification as referred to in Article 14 paragraph (2) letter b is done to match information with the practice of PSAT security inspection system.

- (2) The result of spot verification as referred to in paragraph (1) is evaluated by a team.

Article 16

- (1) The evaluation as referred to in Article 15 paragraph (2) is done to evaluate the result of spot verification.
- (2) If during the evaluation as referred to in paragraph (1),
- a. minor incompatibility is found, OKKP in the country of origin shall take a corrective action no later than 6 (six) months since the date of notification of incompatibility;
 - b. major incompatibility is found, the evaluating team shall recommend the Minister to make rejection; or
 - c. compatibility is found, the evaluating team shall recommend the Minister to issue recognition.
- (3) If during the period of time as referred to in paragraph (2) letter a, the country of origin can improve the minor incompatibility, the evaluating team shall recommend the Minister to issue recognition.

Article 17

- (1) The rejection as referred to in Article 16 paragraph (2) letter b is conveyed in writing by the Head of the Agricultural Quarantine Board on behalf of the Minister to OKKP in the country of origin along with reasons for the rejection, according to Format-6.
- (2) The recognition as referred to in Article 16 paragraph (2) letters c and paragraph (3) is stipulated in a Ministerial Decree according to Format-7.

Article 18

- (1) The period of recognition as referred to in Article 17 paragraph (2) is valid for 3 (three) years.
- (2) The period of recognition as referred to in paragraph (1) can be extended.
- (3) Application for the extension as referred to in paragraph (2) is filed no later than 6 (six) months before the validity period of recognition ends.
- (4) If the application for the extension exceeds the period of time as referred to in paragraph (3) it shall be regarded as a new application for recognition.

Article 19

The procedure of recognition and the extension of recognition of PSAT security inspection system of a country as referred to in Article 18 is contained in Attachment II which is an integral part of this Ministerial Regulation.

Part Three

Procedure of Registering PSAT Security Analysis Laboratory of a Country

Article 20

- (1) Country whose PSAT security inspection system has not been recognized as referred to in Article 5 letter b can be a country of origin of PSAT, if it has a registered PSAT security analysis laboratory.
- (2) OKKP in the country of origin files an application for the registration of analysis laboratory as referred to in paragraph (1) to the Minister through the Head of the Agricultural Quarantine Board according to Format-8.
- (3) The analysis laboratory as referred to in paragraph (1) shall be accredited by a competent institution in the country of origin or competent international institution in the scope of analysis at least according to the type of PSAT and active materials of pesticides used, heavy metal, mycotoxin, and/or biological contamination as referred to in Article 4 paragraph (3).

Article 21

- (1) The application for registration from OKKP in the country of origin as referred to in Article 20 paragraph (2) shall carry the following information:
 - a. profile of OKKP in the country of origin, covering name of institution, address, contact person, organizational structure, tasks, and authority;
 - b. profile of competent institution accrediting food security analysis laboratory in the country of origin, covering name of institution, address, contact person, organizational structure, tasks, and authority;
 - c. profile of analysis laboratory, covering name of laboratory, address, organizational structure, contact person, scope of analysis, method of analysis, record of analysis in the past 2 (two) years, list of main equipment, office and laboratory layout, laboratory personnel including training period for laboratory analysts, copy of document indicating the result of evaluation of laboratory performance;
 - d. list of active materials of pesticides which are still used and are no longer used;
 - e. specimen signature and name of official authorized to endorse certificates of analysis;
 - f. laboratory accreditation system; and
 - g. mechanism of inspection by OKKP of food security analysis laboratory.
- (2) The application as referred to in paragraph (1), is analyzed by a team.

Article 22

- (1) The analysis as referred to in Article 21 paragraph (2) is done to ensure that information submitted by OKKP in the country of origin is complete, true and compatible.
- (2) If the analysis as referred to in paragraph (1) is not complete, correct or compatible, the Head of the Agricultural Quarantine Board shall reject the application for registration.
- (3) The rejection as referred to in paragraph (2) is conveyed in writing by the Head of the Agricultural Quarantine Board on behalf of the Minister to OKKP in the country of origin, along with reasons for the rejection, according to Format-9.

Article 23

- (1) If based on the analysis as referred to in Article 22 paragraph (1) information conveyed is complete, correct, and compatible, laboratory verification of PSAT security analysis can be done.
- (2) The laboratory verification as referred to in paragraph (1) is done to prove the competence of PSAT security analysis laboratory.
- (3) The result of laboratory verification as referred to in paragraph (2) is evaluated by a team.

Article 24

- (1) The evaluation as referred to in Article 23 paragraph (3) is done to evaluate the result of laboratory verification.
- (2) If during the evaluation as referred to in paragraph (1),
 - a. minor incompatibility is found, OKKP in the country of origin shall take a corrective action no later than 6 (six) months since the date of notification of incompatibility;
 - b. major incompatibility is found, the evaluating team shall recommend the Head of the Agricultural Quarantine Board to make rejection; or
 - c. compatibility is found, the evaluating team shall recommend the Head of the Agricultural Quarantine Board to endorse registration.
- (3) If during the period of time as referred to in paragraph (2) letter a, OKKP in the country of origin can improve the minor incompatibility, the evaluating team shall recommend the Head of the Agricultural Quarantine Board to endorse registration.

Article 25

- (1) The rejection as referred to in Article 24 paragraph (2) letter b is sent in writing by the Head of the Agricultural Quarantine Board on behalf of the Minister to OKKP in the country of origin along with reasons for the rejection, according to Format-9.
- (2) The application for registration accepted as referred to in Article 24 paragraph (2) letter c and paragraph (3) is stipulated in a decision of the Head of the Agricultural Quarantine Board on behalf of the Minister according to Format-10.

Article 26

- (1) The period of registration as referred to in Article 25 paragraph (2) is valid for 3 (three) years.
- (2) The period of registration as referred to in paragraph (1) can be extended.
- (3) Application for the extension as referred to in paragraph (2) is filed no later than 6 (six) months before the validity period of registration ends.
- (4) If the application for the extension exceeds the period of time as referred to in paragraph (3) it shall be regarded as a new application for registration.

Article 27

The procedure of registration and extension of registration of PSAT security analysis laboratory of a country as referred to in Article 26 is contained in Attachment III which is an integral part of this Ministerial Regulation.

Article 28

- (1) The team analyzing PSAT security inspection system as referred to in Article 13 paragraph (4) and the team evaluating PSAT security inspection system as referred to in Article 15 paragraph (2) is formed by the Minister.
- (2) The team analyzing registration as referred to in Article 21 paragraph (2) and the team evaluating registration as referred to in Article 23 paragraph (3) is endorsed by the Head of the Agricultural Quarantine Board.

CHAPTER IV

INSPECTION OF IMPORT AND EXPORT

Part One

General

Article 29

- (1) PSAT security inspection in the place of import and export of PSAT is done by plant quarantine officers.
- (2) The PSAT security inspection as referred to in paragraph (1) is done along with plant quarantine action.

Part Two

Procedure of Inspection of Import

Paragraph 1

**Procedure of Inspecting Import of Country Whose PSAT Security Inspection
System is recognized**

Article 30

- (1) Owner or proxy importing PSAT from a country whose PSAT security inspection is recognized, shall report and delivers PSAT to the quarantine in the place for import no later than the arrival of PSAT.
- (2) The export of PSAT as referred to in paragraph (1) shall be accompanied by PSAT prior notice as referred to in Article 6 paragraph (1).
- (3) If the import of PSAT:
 - a. is not accompanied by PSAT prior notice, the import of PSAT shall be rejected; or
 - b. is accompanied by PSAT prior notice, the validity of PSAT Prior Notice shall be inspected.

Article 31

- (1) The inspection of the validity of PSAT (prior notice) as referred to in Article 30 paragraph (3) letter b is intended to prove the special code (barcode) in the PSAT prior notice accords with the country of origin of PSAT.
- (2) If the inspection of the validity of PSAT prior notice as referred to in paragraph (1) proves that the special code (barcode) in the PSAT prior notice:
 - a. does not accord with the country of origin of PSAT, rejection will be made
 - b. accords with the country of origin of PSAT, the identity shall be inspected.

Article 32

- (1) The inspection of identities as referred to in Article 31 paragraph (2) letter is done to see whether PSAT prior notice matches identity in the pack and physical condition of PSAT.

(2) If the inspection of the identity of PSAT as referred to in paragraph (1) shows:

- a. PSAT prior notice does not match the identity in the pack or physical condition of PSAT, rejection will be made; or
- b. PSAT prior notice matches the identity in the pack and physical condition of PSAT, plant quarantine measure will be taken according to the law and regulation in the field of plant quarantine.

Article 33

If PSAT comes from a country whose PSAT security inspection system is recognized, and transit in a country as referred to in Article 8 paragraph (1):

- a. is not accompanied by PSAT prior notice or PSAT prior notice for transit, rejection is made; or
- b. is accompanied by PSAT prior notice and PSAT prior notice for transit, the validity of PSAT Prior Notice and PSAT prior notice for transit will be inspected.

Article 34

(1) The inspection of validity as referred to in Article 33 letter b is intended to prove that special code (barcode) in PSAT prior notice and PSAT prior notice for transit match the country of origin of PSAT.

(2) If the inspection of validity as referred to in paragraph (1) proves that special code (barcode) in PSAT prior notice and PSAT prior notice for transit:

- a. does not match the country of origin of PSAT, rejection will be made; or
- b. matches the country of origin of PSAT, the inspection of identity will be conducted.

Article 35

(1) The inspection of identity as referred to in Article 34 paragraph (2) letter b is done to see whether PSAT prior notice and PSAT prior notice for transit match the identity in the pack and physical condition of PSAT.

(2) If the inspection of identity of PSAT as referred to in paragraph (1) shows:

- a. PSAT prior notice and PSAT prior notice for transit do not match the identity in the pack or physical condition of PSAT, rejection will be made; or
- b. PSAT prior notice and PSAT prior notice for transit match the identity in the pack and physical condition of PSAT, plant quarantine measure will be taken according to the law and regulation in the field of plant quarantine.

Paragraph 2

Procedure of Inspecting Import from Country Whose PSAT Security Inspection
System Has Not Been Recognized

Article 36

- (1) Owner or proxy importing PSAT from a country whose PSAT security inspection system has not been recognized, shall report and submit PSAT to the quarantine officer in the place of import no later than the arrival of PSAT.
- (2) The import of PSAT as referred to in paragraph (1) shall be accompanied by PSAT prior notice and Certificate of Analysis as referred to in Article 6 paragraph (2).
- (3) If the import of PSAT :
 - a. is not accompanied by PSAT prior notice, rejection will be made;
 - b. is not accompanied by Certificate of Analysis, rejection will be made; or
 - c. is accompanied by PSAT prior notice and Certificate of Analysis, inspection of the validity of PSAT prior notice and Certificate of Analysis will be done.
- (4) The detention as referred to in paragraph (3) letter b is made no later than 14 (fourteen) calendar days to give a chance to complete Certificate of Analysis.
- (5) If within the period of time as referred to in paragraph (4), owner or proxy cannot complete Certificate of Analysis, rejection will be made. Article 37

Article 37

- (1) The validity inspection of PSAT prior notice as referred to in Article 36 paragraph (3) letter c, is done to prove that :
 - a. special code (barcode) matches the country of origin of PSAT; and
 - b. the number and date of Certificate of Analysis match Certificate of Analysis.
- (2) If the validity inspection of PSAT prior notice as referred to in paragraph (1) proves :
 - a. the special code (barcode) does not match the country of origin of PSAT; or
 - b. the number and date of Certificate of Analysis does not match Certificate of Analysis, rejection shall be made.

Article 38

- (1) The validity inspection of the Certificate of Analysis as referred to in Article 36 paragraph (3) letter c, is done to prove that the Certificate of Analysis matches the provisions as referred to in Article 10.
- (2) If the result of the validity inspection of Certificate of Analysis as referred to in paragraph (1) proves that :
- a. it is issued by an unregistered analysis laboratory;
 - b. the type of residue or contamination analyzed is less than the set residue or contamination; and/or
 - c. the result of analysis exceeds the maximum limit of residue or contamination as referred to in Article 4 paragraph (3), rejection shall be made.

Article 39

If the validity inspection of :

- a. PSAT prior notice as referred to in Article 37 paragraph (1) matches the country of origin of PSAT, and the number and date of Certificate of Analysis match Certificate of Analysis; and
- b. Certificate of Analysis as referred to in Article 38 paragraph (1) matches the provisions as referred to in Article 10, inspection of identity shall be made.

Article 40

- (1) The inspection of identity as referred to in Article 39 is done to see if PSAT prior notice and Certificate of Analysis match the identity in the pack and physical condition of PSAT.
- (2) If the inspection of identity of PSAT as referred to in paragraph (1) shows that:
- a. PSAT prior notice and Certificate of Analysis do not match the identity in the pack or physical condition of PSAT, rejection shall be made; or
 - b. PSAT prior notice and Certificate of Analysis match the identity in the pack and physical condition of PSAT, plant quarantine measure shall be taken according to the law and regulation in the field of plant quarantine.

Article 41

- (1) If PSAT from a country whose PSAT security inspection system has not been recognized, transit in a country as referred to in Article 8 paragraph (2):
- a. is not accompanied by PSAT prior notice or PSAT prior notice for transit), rejection shall be made;

- b. is not accompanied by Certificate of Analysis, detention shall be made; or
 - c. is accompanied by PSAT prior notice, PSAT prior notice for transit, and Certificate of Analysis, validity inspection of PSAT Prior Notice, PSAT prior notice for transit, and Certificate of Analysis.
- (2) The detention as referred to in paragraph (1) letter b is made no later than 14 (fourteen) calendar days to give a chance to complete Certificate of Analysis.
- (3) If within the period of time as referred to in paragraph (2), the owner or proxy cannot complete Certificate of Analysis, rejection shall be made.

Article 42

- (1) The validity inspection of PSAT prior notice and PSAT prior notice for transit as referred to in Article 41 paragraph (1) letter c, is done to prove :
- a. the special code (barcode) matches the country of origin of PSAT; and
 - b. the number and date of Certificate of Analysis match Certificate of Analysis.
- (2) If the validity inspection of PSAT prior notice as referred to in paragraph (1) proves that :
- a. the special code (barcode) does not match the country of origin of PSAT; or
 - b. the number and date of Certificate of Analysis do not match Certificate of Analysis, rejection shall be made.

Article 43

- (1) The validity inspection of Certificate of Analysis as referred to in Article 41 paragraph (1) letter c, is done to prove that Certificate of Analysis matches the provisions as referred to in Article 10.
- (2) If the validity inspection of Certificate of Analysis) as referred to in paragraph (1) proves that :
- a. it is issued by an unregistered analysis laboratory;
 - b. the type of residue or contamination analyzed is less than the set residue or contamination; and/or
 - c. the result of analysis exceeds the maximum limit of residue or contamination as referred to in Article 4 paragraph (3), rejection shall be made.

Article 44

If the validity inspection of :

- a. PSAT prior notice and PSAT prior notice for transit as referred to in Article 42 paragraph (1) matches

the country of origin of PSAT, and the number and date of Certificate of Analysis matches (Certificate of Analysis; and

- b. Certificate of Analysis as referred to in Article 43 paragraph (1) matches the provisions as referred to in Article 10, inspection of identity shall be done.

Article 45

- (1) The inspection of identity as referred to in Article 44 is done to see if PSAT prior notice, PSAT prior notice for transit, and Certificate of Analysis match the identity in the pack and physical condition of PSAT.
- (2) If the inspection of identity of PSAT as referred to in paragraph (1) shows:
 - a. PSAT prior notice, PSAT prior notice for transit, and Certificate of Analysis do not match the identity in the pack or physical condition of PSAT, rejection shall be made; or
 - b. PSAT prior notice, PSAT prior notice for transit, and Certificate of Analysis match the identity in the pack and physical condition of PSAT, plant quarantine measure shall be taken according to the law and regulation in the field of plant quarantine.

Paragraph 3

Extraordinary Occurrence

Article 46

- (1) If extraordinary incident which affects PSAT security occurs in a country of origin of PSAT its import shall be banned.
- (2) The ban on the import of PSAT as referred to in paragraph (1) is stipulated in a separate ministerial decree.

Part Three

Monitoring

Article 47

- (1) To see if the PSAT security inspection system of a country whose PSAT security inspection system has been recognized and registered PSAT security analysis laboratory meet PSAT security conditions of the Republic of Indonesia, monitoring shall be done.
- (2) The monitoring as referred to in paragraph (1) is done based on the following considerations:
 - a. quantity and type of PSAT;
 - b. country of origin;

- c. obedience of PSAT exporter/importer;
 - d. analysis laboratory;
 - e. food security information;
 - f. period of time for the import of PSAT;
 - g. frequency of import of PSAT; and /or
 - h. obedience record.
- (3) The monitoring as referred to in paragraph (1) is done anytime during the import of PSAT by analyzing the content of chemical contamination and/or biological contamination.
- (4) The monitoring as referred to in paragraph (3) is done by the technical unit of agricultural quarantine based on assignment from the Head of Agricultural Quarantine Board.

Article 48

- (1) The analysis of the contamination content as referred to in Article 47 paragraph (3) is done at an accredited or appointed laboratory as contained in Attachment IV which is an integral part of this Ministerial Regulation.
- (2) During the laboratory analysis as referred to in paragraph (1), PSAT is under the supervision of plant quarantine officer.

Article 49

If the laboratory analysis as referred to in Article 48 proves that :

- a. chemical contamination and/or biological contamination exceed the maximum limit as referred to in Article 4 paragraph (3), rejection shall be done; or
- b. chemical contamination and biological contamination do exceed the maximum limit as referred to in Article 4 paragraph (3), plant quarantine measure shall be taken according to the law and regulation in the field of plant quarantine.

Article 50

- (1) The rejection of the import of PSAT as referred to in Article 30 paragraph (3) letter a, Article 31 paragraph (2) letter a, Article 32 paragraph (2) letter a, Article 33 letter a, Article 34 paragraph (2) letter a, Article 35 paragraph (2) letter a, Article 36 paragraph (3) letter a and paragraph (5), Article 37 paragraph (2), Article 38 paragraph (2), Article 40 paragraph (2) letter a, Article 41 paragraph (1) letter a and paragraph (3), Ar-

GOVERNMENT REGULATIONS

Article 42 paragraph (2), Article 43 paragraph (2), Article 45 paragraph (2) letter a, or Article 49 letter a, is done by exporting PSAT from the territory of the Republic of Indonesia.

- (2) The rejection of the import of PSAT as referred to in paragraph (1) is conveyed to the owner or proxy by plant quarantine officer using a letter of rejection along with reasons.
- (3) In regard to the rejection of the import of PSAT as referred to in paragraph (1), the Head of the Technical Unit of the Agricultural Quarantine Board shall convey notification of non compliance to the competent PSAT security authority in the country of origin, with a copy addressed to the Head of the Agricultural Quarantine Board.

Article 51

- (1) If after a period of 14 (fourteen) calendar days since the letter of rejection is issued as referred to in Article 50 paragraph (2), PSAT has not been exported from the territory of the Republic of Indonesia, it shall be destroyed.
- (2) The destruction as referred to in paragraph (1) is done by plant quarantine officer by issuing an official report of destruction.

Article 52

The rejection as referred to in Article 50 and the destruction as referred to in Article 51 become the responsibility of the owner or proxy.

Part Four

Procedure of Supervising Export

Article 53

- (1) Plant quarantine officer in the place of export shall inspect whether the documents required by the country of destination are complete and correct.
- (2) If the inspection as referred to in paragraph (1):
 - a. does not match, rejection shall be made; or
 - b. matches, PSAT can be sent to the country of destination.

CHAPTER V

FREEZE AND REVOCATION OF RECOGNITION OF PSAT SECURITY INSPECTION SYSTEM OF

A COUNTRY AND REVOCATION OF REGISTRATION OF PSAT SECURITY ANALYSIS
LABORATORY OF A COUNTRY

Part One

Freeze and Revocation of Recognition of PSAT Security Inspection System of

A Country

Article 54

The freeze of recognition of PSAT security inspection system of a country is done by the Minister if 3 (three) laboratory analyses as referred to in Article 49 letter a show chemical contamination and/or biological contamination which exceed the maximum limit.

Article 55

- (1) The freeze as referred to in Article 54 shall be notified in writing by the Head of the Agricultural Quarantine Board on behalf of the Minister to OKKP in the country of origin to take corrective action.
- (2) The corrective action as referred to in paragraph (1) shall be done no later than 6 (six) months since the notification date of the freeze using Format-11.
- (3) The result of the corrective action as referred to in paragraph (2) shall be reported to the Minister through the Head of the Agricultural Quarantine Board.
- (4) If within the period of time as referred to in paragraph (2), OKKP in the country of origin did not take corrective action, recognition shall be revoked by a Ministerial Decree using Format-12.

Article 56

- (1) Based on the report of corrective action as referred to in Article 56 paragraph (3), repeat verification to the country of origin shall be made.
- (2) The repeat verification as referred to in paragraph (1) is done to prove that corrective action has been taken in the country of origin and has met provisions on PSAT security in the Republic of Indonesia.
- (3) If the result of repeat verification as referred to in (2) proves that it :
 - a. does not match the requirements of PSAT security, recognition shall be revoked; or
 - b. matches the requirements of PSAT security, freeze shall be revoked.
- (4) The revocation of freeze as referred to in paragraph (3) letter b shall be notified in writing by the Head of the Agricultural Quarantine Board on behalf of the Minister to OKKP in the country of origin using Format-13.

- (5) The import of PSAT cannot be done from a country whose recognition of PSAT security inspection system is being frozen.
- (6) The procedures of freezing, revoking the recognition of, and revoking the freeze of PSAT security inspection system of a country are set forth in Attachment II which is an integral part of this Ministerial Regulation.

Part two

Revocation of the Registration of PSAT Security Analysis Laboratory of A

Country

Article 57

- (1) If PSAT security analysis laboratory in the country of origin has 3 (three) times issued Certificates of Analysis which do not match provisions on PSAT security during the registration period, the registration of PSAT security analysis laboratory shall be revoked.
- (2) The revocation of the registration of analysis laboratory as referred to in paragraph (1) shall be notified in writing by the Head of the Agricultural Quarantine Board on behalf of the Minister to OKKP in the country of origin using Format-14.
- (3) The procedure of revoking the registration of PSAT security analysis laboratory as referred to in paragraph (1) is set forth in Attachment III which is an integral part of this Ministerial Regulation.

Article 58

Certificate of Analysis issued by analysis laboratory whose registration is revoked as referred to in Article 57 paragraph (1) can not be used as requirement for the import as referred to in Article 6 paragraph (2).

Article 59

Format-1 up to Format-14 as referred to in Article 7 paragraph (3), Article 8 paragraph (4), Article 10 paragraph (6), Article 13 paragraph (1), Article 17, Article 20 paragraph (2), Article 22 paragraph (3), Article 25, Article 55 paragraphs (2) and (4), Article 56 paragraph (4), and Article 57 paragraph (2) are contained in Attachment V which is an integral part of this Ministerial Regulation.

CHAPTER VI

EXPENSES

Article 60

- (1) All expenses needed to carry out analysis, verification and evaluation as referred to in Article 13 up to Article 28 are borne by the State Budget (APBN).
- (2) The expenses needed to conduct laboratory analysis within the framework of monitoring as referred to in Article 47 up to Article 49 of PSAT from:
 - a. countries whose PSAT security inspection system has been recognized become the responsibility of the Agricultural Quarantine Board; or
 - b. countries whose PSAT security inspection system has not been recognized become the responsibility of owners.
- (3) The detention expenses as referred to in Article 36 paragraph (3) letter b and Article 41 paragraph (1) letter b, the rejection expenses as referred to in Article 50, and the destruction expenses as referred to in Article 51 become the responsibility of owners or proxies.

CHAPTER VII

TRANSITIONAL PROVISIONS

Article 61

- (1) The recognition of PSAT security inspection system of a country which has been given before this Ministerial Regulation takes effect, shall remain valid until its validity period ends.
- (2) Application for the recognition of PSAT security inspection system of a country which has been filed and has not been approved before this Ministerial Regulation takes effect shall follow provisions in Ministerial Regulation No. 88/Permentan/PP.340/12/2011 on Food Security Inspection of the Import and Export of Fresh Foods of Plant Origin.

CHAPTER VIII

CONCLUSION

Article 62

When this Ministerial Regulation began to take effect, Regulation of the Agriculture Minister No. 88/Permentan/PP.340/12/2011 on Food Security Inspection of the Import and Export of Fresh Foods of Plant Origin (State Gazette of 2011 No. 842), shall be revoked and declared null and void.

Article 63

Provisions on the registration of PSAT security analysis laboratories as referred to in Article 20 up to Article 28 shall take effect as from the promulgation date of this Ministerial Regulation.

Article 64

This Ministerial Regulation shall come into force 1 (one) year after the date of promulgation.

For public cognizance, this Ministerial Regulation shall be promulgated by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On February 10, 2015

THE AGRICULTURE MINISTER OF

THE REPUBLIC OF INDONESIA,

sgd.

AMRAN SULAIMAN

Promulgated in Jakarta

On February 17, 2015

THE LAW AND HUMAN RIGHTS MINISTER OF

THE REPUBLIC OF INDONESIA,

sgd.

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA

OF 2015 NO. 275

Editor's Notes :

- Attachments are not carried for technical reason.

(S)

**AMENDMENT TO REGULATION OF THE FINANCE MINISTER NO. 5/PMK.07/2014 ON THE SETTLEMENT OF GOVERNMENT RECEIVABLES TO REGIONAL GOVERNMENT OVER THE RESIDUAL FUND FOR THE ACCELERATION OF REGIONAL INFRASTRUCTURE DEVELOPMENT OF THE BUDGET YEAR 2011
(Regulation of the Finance Minister of the Republic of Indonesia No. 49/PMK.07/2014 dated March 13, 2014)**

BY THE GRACE OF GOD ALMIGHTY
THE FINANCE MINISTER OF
THE REPUBLIC OF INDONESIA,

PMK.07/2014 on the Settlement of Government Receivables to Regional Governments over the Residual Fund for the Expedited Development of Regional Infrastructures of the Budget Year 2011;

Considering :

- a. that to accelerate the repayment of residual fund for expedited development of regional infrastructure of the budget year 2011, Regulation of the Finance Minister No. 5/PMK.07/2014 on the Settlement of Government Receivables to Regional Governments over the residual fund for expedited development of regional infrastructure of the budget year 2011 has been stipulated;
- b. that to give a chance to regions to reconcile data of fund for expedited development of regional infrastructure, it is necessary to change the deadline for the repayment of residual fund for expedited development of regional infrastructure;
- c. that based on the considerations as referred to in letters a and b, it is necessary to stipulate Regulation of the Finance Minister on Amendment to Regulation of the Finance Minister No. 5/

In view of :

Regulation of the Finance Minister No. 5/PMK.07/2014 on the Settlement of Government Receivables to Regional Governments over the Residual Fund for the Expedited Development of Regional Infrastructures of the Budget Year 2011;

DECIDES :

To stipulate :

REGULATION OF THE FINANCE MINISTER ON AMENDMENT TO REGULATION OF THE FINANCE MINISTER NO. 5/PMK.07/2014 ON THE SETTLEMENT OF GOVERNMENT RECEIVABLES TO REGIONAL GOVERNMENTS OVER RESIDUAL FUND FOR THE ACCELERATED DEVELOPMENT OF REGIONAL INFRASTRUCTURE IN THE BUDGET YEAR 2011.

Article I

Several provisions in Regulation of the Finance Minister No. 5/PMK.07/2014 on the Settlement of Government Receivables to Regional Governments over the Residual Fund for the Expedited Development of Regional Infrastructures of the Budget Year 2011 are amended as follows:

1. Article 4 paragraph (1) is amended so that Article 4 read as follows:

Article 4

- (1) Regional governments (Pemda) can repay receivables to residual DPPID TA 2011 to the account of general state treasurer by using non-tax payment form (SSBP) until April 2014.
- (2) Pemda convey a copy of non-tax payment form (SSBP) as referred to in paragraph (1) validated by perception bank/giro post receiving payment to the Finance Minister in this case the Director General of Finance Balance.
- (3) Format and guide to filling non-tax payment form (SSBP) as referred to in paragraph (1) are contained in Attachment II which is an integral part of this Ministerial Regulation.

2. Article 5 paragraph (1) is amended so that the article reads as follows:

Article 5

- (1) If in May 2014 there are still receivables to the residual DPPID TA 2011 in regions, repayment of receivables to the residual DPPID TA 2011 shall be made by cutting DAU and/or DBH of the budget year 2014 in the regions.
- (2) DAU and/or DBH are cut by the Finance Min-

ister in this case the Director General of Finance Balance.

- (3) Confirmation on cut DAU and/or DBH is contained in the sheet of transfer confirmation.
- (4) The sheet of transfer confirmation as referred to in paragraph (3) is conveyed by the Finance Minister in this case the Director General of Finance Balance to Pemda every quarter.

Article II

This Ministerial Regulation shall come into force as from the date of promulgation. June 1, 2014.

For public cognizance, this Ministerial Regulation shall be promulgated by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta Jakarta

On March 13, 2014

THE FINANCE MINISTER OF THE REPUBLIC OF
INDONESIA,
sgd.

MUHAMAD CHATIB BASRI

Promulgated in Jakarta

On March 13, 2014

THE LAW AND HUMAN RIGHTS MINISTER OF
THE REPUBLIC OF INDONESIA,
sgd.

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA
OF 2014 NO. 324

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