

Business News

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PS-2/51931/E 8776
PERSEK. WIDYAWAN & PARTNERS
THE ENERGY LT.9 - SCBD LOT 11-A (BELAKANG
GRAHA NIAGA)
JL. JEND. SUDIRMAN KAV. 59 - JAKARTA 12190



Address : Komplek P & K Jl. Pendidikan 3 No. 12 Jakarta Selatan 12430 Telp. : 759 20 118

ACCELERATION OF OUTSKIRT AREA DEVELOPMENT

Last Thursday (November 5), the government launched again the Sixth Economic Package with a view of activating development in outskirt areas through the development of special economic area (KEK). Through the package, several areas are stipulated to become KEK with a view that resources in the areas and surroundings could be processed more maximally. In this context, the stipulated KEK are eight, namely Tanjung Lesung (Banten), Sei Mangkei (North Sumatra), Palu (Central Sulawesi), Bitung (North Sulawesi), Mandalika (NTB), Morotai (North Maluku), Tanjung Api-Api (South Sumatra) and Maloi Batuta Trans Kalimantan/MBTK (Central Kalimantan). Coordinating Minister for Economy Darmin Nasution said that the government hopes the stipulation of KEK along with facilities and incentives could provide certainty cum attractiveness for investors.

On the same day, the Central Board of Statistics (BPS) released open unemployment data in August 2015. The presented data are not too surprising but surely worrying. BPS recorded that the number of open unemployment reached 7.56 million or 6.18 percent of the total workforce, totaling 122.4 million. It is worrying because the jobless people rose by 320,000, compared to the number in August 2014. It means, the jobless people increased by at least 26,000 per month in the August 2014 – August 2015 period.

On one side, we are proper to be happy to welcome the series of economic packages launched periodically by the government. It indicates the serious effort to improve the condition by method believed to be capable of bringing about positive impacts. However, on the other hand, we also worry because the jobless people have continued to increase. The reality results in a classic question about relations between the function of investment and the absorption

of manpower.

We understand the vision of the government by launching the Sixth Economic Package. The government, as disclosed by the Coordinating Minister, does not intend to treat KEK as only area with various incentives but also intends to boost the development and deepening of clusters of industries based on local resources owned by the respective locations of KEK. Last but not less, KEK should be able to ascertain the absorption of local human resources as the main priority.

If we observe, KEK seem to have been stipulated in the previous administration era. The most important and principal thing for us is to ascertain that KEK policy do contribute positively and concretely to the acceleration of development in regions where KEK are located. From the economic perspective, most of the KEK are located in relatively less developed regions. Therefore, KEK may be categorized successful to achieve the goal if the development in the regions accelerates. The acceleration of the development should cover issues, mainly the improvement of infrastructure, reduction of jobless rate and utilization of local resources.

To date, the series of economic packages have targeted the whole aspects. The sixth economic package also touches outskirt areas, a policy reflecting vision of equitable distribution. Substantially, the policy needs not be doubted. However, the effectiveness of a policy is determined by not only the substance. The factor of execution in the field is very important and decisive. In relations thereto, we hope the government works optimally to ascertain that the launched economic packages really work and are executed in the field.

Jakarta, November 10, 2015

THE OTHER SIDE OF TRANS-PACIFIC PARTNERSHIP

The government finally decided to study advantages and disadvantages of participation in Trans-Pacific Partnership. In coincidence with the visit of President Jokowi to the United States some time ago, TPP becomes a hot topical subject of talks in the country. Vice President Jusuf Kalla said that participation in TPP may increase the competitiveness of Indonesia in the trading sector. Actually the opinion indicates explicitly the rejection to the involvement of Indonesia in the partnership. Substantial requirements must be fulfilled before Indonesia joins in the scheme unless otherwise losing. It is general opinion from non-government parties.

Inter-regional cooperation is not something new. All corners of the world have been covered by such a trading cooperation scheme. In relations thereto, the positive and negative aspects of cooperation for a state have been ascertained actually. Surely, joint cooperation between countries in the free trade formula would benefit the higher competitive countries than the lower ones. The reality some time results in opinion that the low competitive countries should avoid such a kind of cooperation. The opinion rejecting the involvement of Indonesia in TPP may be explained by the argument.

However, pros and cons over TPP result in questions. For instance, may a country be challenged to enhance competitiveness if the country does not involve itself in free trade scheme? May the involvement in global cooperation, such as TPP be used as an instrument to build national competitiveness so to be competitive globally? The question seems attractive if it is linked to opinion of Vice President Jusuf Kalla saying that TPP enhances competitiveness of Indonesia.

Regardless of pros and cons, it is better if we see TPP not merely an economic instrument for only economic interest. To the best of our beliefs, Indo-

nesia has become a part of regional and global joint cooperation schemes. It means the schemes of joint cooperation where Indonesia is involved has been numerous, to prevent us from saying them overlapping. Clearly, the presence of TPP is motivated by not only economic interest but also political interest, especially for protecting us from the influence of China. In the eyes of Western people, China is not only a threat but also something drawing attention from observers. The last opinion may be observed in article of John Micklethwait and Adrian Wooldridge with the title, "The State of the State: The Global Contest for the Future of Government" (Foreign Affairs, July/August 2014). In the article, Micklethwait and Wooldridge write, The Chinese have produced a new model of government that directly challenges the Western belief in free market and democracy. The United States worries about the closer relations between Indonesia and China and the increasingly aggressive expansion of China to the East may change the domination of the United States in the region. Therefore, it is logic if the United States tries to expand the coverage of TPP by inviting Indonesia to join in because at the same time, China has continued driving the enforcement of Free Trade Area in Asia Pacific (FTAAP). It shows clearly that the establishment of TPP is not only motivated by economic interest.

Indonesia, which is involved in the two schemes, actually can reap benefits. For instance, by playing neutrality card as non aligned country, Indonesia may become arena of competition between Chinese investors and Americans and their allies. If it is executable, Indonesia would gain the most valuable momentum to realize infrastructure projects and transfer of technology, which is very important for the enhancement of competitiveness.

Jakarta, November 6, 2015

BARISTAND PADANG EXPECTED TO CONTRIBUTE MORE IN INNOVATION AND INDUSTRIAL RESEARCH

Padang, *Business News*

R & D institutions, such as the Industrial Research and Standardization Center (Baristand) Padang, is expected to be able to make a significant contribution and have a stronger commitment, especially in the various activities related to the implementation of innovation and research needed by industry; providing technical solutions to the various problems faced by the industry; revitalization of technology R & D functions in order to improve the mastery of technology / acceleration of technology transfer and independence of the nation; as well as increased application of the results of national R & D and Intellectual Property Rights (IPR) protection.

When providing direction to the work unit of the Ministry of Industry in Padang, West Sumatra, on Tuesday (November 10), Minister of Industry Saleh Husin stated, "The business world, particularly the industrial sector, is in dire need of applied research and development to address the problems it faces, such as R & D, leading to the substitution of raw materials / auxiliary materials in order to reduce national

industry's dependence on imports; R & D to reduce waste problems (both in terms of minimizing waste generation and utilizing waste to be turned into superior products); and R & D for energy conservation or substitution in supporting green industry.

Currently, the working area of Baristand Padang for the technical service activities include West Sumatra Province, Jambi, Bengkulu Province, Riau Province and Riau Islands Province, where most of the technical service (testing) activities are located in Riau and Riau Islands Province with total services reaching around 80%. Technical service activities in the region, in general, are environmental testing services (air emissions, ambient and liquid waste) in palm oil factories and pulp & paper mills.

Therefore, the existence of Baristand in Pekanbaru, which is formerly Riau Industrial Technology Enhancement Project in Pekanbaru, needs our collective support, "he said, accompanied by Director General of Small and Medium Industries (SMI) of the Ministry of Industry, Euis Saedah. The task of Baristand Padang is to carry out research, standardization and certification in the field of industry according to the



technical policies set by Head of Industrial Research and Development of the Ministry of Industry.

Ministry of Industry continues to implement human resource training program through Industry Center / Baristand and BDI (Education & Training Center) and Schools throughout Indonesia. The training program is to improve the quality of human resources in the industrial sector so they have competitiveness in an increasingly competitive competition. Through various efforts that will be made, the Ministry of Industry is expected to encourage growth of the industrial sector in order to achieve the targets set.

Development and growth of the domestic industry should be maintained since it has a very important role in the national economy. During the visit, participants came from the Polytechnic Academy of Industrial Technology Padang, Padang Industrial Training Agency, School of Chemical Analysis Padang, as well as the High School of Industrial Management Padang.

In a macro scale, the Ministry of Industry is optimistic that growth of the industrial sector in 2015 reached 6.3 to 6.8 percent, despite facing a global economic downturn. Global economic conditions which are uncertain at this time makes the national economic growth in the second quarter at 4.67 percent, slightly slowing down compared with the first quarter at 4.71 percent.

Bank Indonesia estimated that in the third quarter of 2015, economic growth increased to 4.9 percent. It was based on the data of cement sales which increased 14 percent, imports of capital goods which rose significantly, and imports of iron and steel which rose 60 percent. This shows that government's capital spending has increased.

Therefore, the various efforts that will be made by Ministry of Industry are expected to encourage the growth of the industrial sector in order to achieve the targets set. Development and growth of the domestic industry should be maintained since it has a very important role in the national economy. (E)

REGARDING IMPROVEMENT OF INDONESIA'S EASE-OF-DOING-BUSINESS RANKINGS

Jakarta, *Business News*

Indonesia's ranking in the ease-of-doing-business survey or Ease of Doing Business (EODB) 2016 released by the World Bank Group rose from rank 120 to 109 out of 189 countries surveyed (October/28/2015).

Indonesia experienced an increase of 11 rankings in a survey conducted in June 2, 2014 - June 1, 2015 in two locations, namely Jakarta and Surabaya. Of the 10 indicators measured by the World Bank Group, Indonesia experienced an increase in five indicators of ease-of-doing-business for small and medium enterprises (SMEs) in the country, namely licensing associated with building construction, electricity connection, payment of taxes, access to credit as well as confirmation of contract.

While, five indicators where Indonesia experienced a decrease are starting a business, property registration, trading across borders, investor protection and settlement of bankruptcy cases.

In the World Bank "Doing Business 2016" report, it is evident that Singapore, which is a neighboring country of Indonesia, has successfully maintained its position as the easiest country for doing business.

Meanwhile, the position of Indonesia which ranks 109 of 189 countries surveyed still ranked below other ASEAN countries, such as Malaysia, which ranked 18 and Thailand ranked 49, or Vietnam ranked 90. The report stated that almost all developing countries in the world are currently accelerating the speed of their business-friendly reforms in the past year.

Meanwhile, for category of 10 best countries which are the most friendly in ease-of-doing-business, there tends to be no changes. So far, New Zealand remains on the second position, followed by Denmark on the third, South Korea on the fourth, Hong Kong on the fifth, Britain on the sixth, and the United States on the seventh. Meanwhile, Sweden moved up one level to rank eight, switched places with Norway, which fell to the ninth, and Finland which remains on the 10th.



World Bank's annual "Doing Business" report, which is currently the 13th year, sees that regulatory environment for small and medium companies in order to see how regulations could hamper or assist in doing business.

From starting and paying taxes until registering assets or property as well as cross-border trade. Admittedly, a modern economy cannot function without efficient regulation.

Meanwhile, progress in the five top "emerging-market" countries or rapidly developing countries known as BRICS (Brazil, Russia, India, China, and South Africa) is now likely to slow down.

China, which is the second largest economy in the world, dropped one position to rank 84. Brazil fell to rank 116 from 111, and South Africa fell four places to rank 73. Meanwhile, Russia, which is currently being hit hard by its economic conditions due to the oil price decrease and the Western Sanctions over Ukraine conflict, has successfully climbed to rank 51 from 54.

Of the 189 countries surveyed until June 1, the World Bank found improvements in the regulatory framework in 122 of them. Among developing countries, 85 implemented 169 reforms over the past year, compared with 154 reforms a year earlier. While, in the lowest position, aka countries with the worst climate for business is occupied by Eritrea which ranked 189.

Despite the improvement of Indonesia's rank should be appreciated, the government still has to fix two indicators that have been done, but have not been included in the World Bank's assessment in the EODB 2016 report. The two indicators are starting a business and enforcement of contract.

So far, the government has conducted services reform, such as online registration of company names that could be done by individuals. However, it seems that it lacks socialization. Even, there are

reforms that have been undertaken, such as SIUP (Trade Permit) and TDP (Company Registration Certificate) at the One Stop Services (PTSP) Jakarta, which has just been released in August, but has not been surveyed.

Regarding rating improvement, the government should continue the ease-of-doing-business reform. In the future, a variety of ease-of-doing-business reform could be properly socialized, so that policy users will feel the changes.

What must be understood is that improvement of ease-of-doing-business rankings are only part of improvement of Indonesia's competitiveness as a whole. Understandably, Indonesia's economic competitiveness of the World Economic Forum (WEF) version is down this year, from rank 34 last year to 37 out of 140 countries.

In the Global Competitiveness Report 2015-2016 released by WEF, Indonesia's competitiveness lags behind three neighboring countries, namely Singapore, which is ranked second, Malaysia ranked 18 and Thailand ranked 32.

In ASEAN, Indonesia is ahead of the Philippines (47), Vietnam (56), Laos (83), Cambodia (90), and Myanmar (131). Indonesia's competitiveness ranking is better than many countries outside Southeast Asia, among others, Portugal (38), Italy (43), Russia (45), South Africa (49), India (55), and Brazil (75),

Previously, WEF once placed Indonesia's competitiveness on rank 54 in 2009, then climbed to the 44th in 2010 before it declined to rank 46 in 2011 and 50 in 2012. Indonesia's competitiveness rebounded in 2013 to rank 38 and to 34 last year.

WEF combines quantitative data and survey, where assessment of global competitiveness ranking is based on 113 indicators grouped into 12 pillars of competitiveness. The twelve pillars are institutions, infrastructure, macroeconomic conditions and situ-

ations, health and elementary education, top-level education and training, market efficiency, labor efficiency, financial market development, technological readiness, market size, business environment, and innovation.

In the future, it is important for Indonesia to improve its competitiveness rankings because developing countries are also competing to improve it. The Indonesian government must attempt to prevent the ranking from declining, on the opposite, it should rise. Understandably, in 2014, Indonesia's Global Competitiveness Index (GCI) had risen to rank 34 of 144 countries, as reported by the World Economic Forum in Global Competitiveness Report 2014-2015.

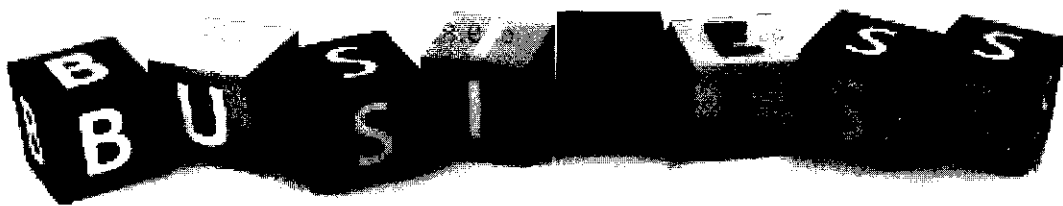
Indonesia's position is above countries, such as Spain which ranked 35, Portugal 36, Kuwait 40, Turkey 45, Italy 49, South Africa 56, Brazil 57, Mexico 61, and India which ranked 71.

At the ASEAN level, Indonesia's rank is inferior to three neighboring countries, namely Singapore,

which is ranked second, Malaysia ranked 20 and Thailand ranked 31. However, the position of Indonesia still outperformed the Philippines who is ranked 52, Vietnam ranked 68, Laos ranked 93, Cambodia ranked 95, and Myanmar ranked 134.

The improvement of ease-of-doing business ranking in 2016 at level 109 should be able to provide encouragement and inspiration to all ministries / institutions and government agencies to make improvements through bureaucratic reform in a sustainable manner.

Structural reforms which are the main agenda of the government must continue to be pursued to be seen by all stakeholders, including international rating agencies so that later, the results will be evident, i.e. in the form of improvement of competitiveness on an ongoing basis. From here, a rapid flow of foreign and local investments would increase as one of the drivers of the national economy. (E)



MARKET OBSERVE GOVERNMENT ECONOMY POLICY PACKAGE AND THE FED'S MANEUVERS

Jakarta, *Business News*

All through last week and continuing this week end, marketplayers focused their attention on three strategic issues. Firstly, development of Indonesia's macro-economy and its future prospect. Secondly, implementation of Government's Policy Package Chapter 6 Released last Thursday (5/11). Thirdly, the course of the Fed's strategy in stipulating Fed Fund Rate.

The Central Board of Statistics posted Indonesia's economic growth in Q III/2015 at 4.73%; this figure was an increase against Q II which was 4.6% and Q I at 4.7%. Indonesia's economic growth per Q III/2015 was bigger than before.

The 4.7% Indonesia's economic growth was because global economic growth of Q III/2015 was predicted to slow down. Such was apparent in growth of Indonesia's trading counterpart countries which slumped, US economy weakened from 2.7% to 2.0%. China's growth slumped from 7% to 6.9% and Singapore's growth slumped from 1.7% to 1.4%.

Meanwhile the situation at home such as inflation in September 2015 which was as 6.63% were the Governing factor. Rupiah value weakened by end of Q III/2015. Government expenditure increased, but income from tax dropped through Q III/2015.

In Q III/2015 growth was posted in all lines of business except electricity and gas which was which dropped by 0.85%. The high growing sector was finance and insurance 7.03%, agriculture, forestry, fishery 5.09% and construction 4.88%, while information and communication was highest (10.83%) followed by financial services, insurance and education 8.25%.

Other macro-trends was inflation. Consumer's Price Index (IHK) in October 2015 posted inflation at 0.08% (m t m). Realization of IHK in October 2015 was not far different from BI estimate.

Such originated in inflation in volatile food which was mainly influenced by price correction on price of meat and chilli which continued through October 2015. Hence IHK inflation since October 2014 – October 2015 (y o y) came to 6.25% (y o y) while inflation of January-October 2015 (y t d) was posted at 2.16% (y o y).

Deflation in volatile food category was 1.22% (mtm) which was the biggest deflation in October over the past 5 years. On yearly basis, inflation in volatile food was posted at 6.95% (y o y). Deflation in October was mainly due to on-going inflation in chicken meat, beef and chilli.

Besides, core inflation and administered prices at that month was notably low compared to their historic record. Core inflation was posted at 0.23% (m t m) or 5.02% (y o y) in tandem with Rupiah strengthening, economic slowdown and controlled inflation.

Administered prices came to 0.03% (m t m) or 9.83 (y o y) driven by downturn of solar oil and the on-going impact of lowered LPG 1 kg gas prices last September. Based on inflation data in October 2015, BI believed inflation for the entire 2015 would be below mid target of 4% with support of coordinated inflation controlling at central and local level.

Consumers survey by BI indicated that consumer's confidence level in October 2015 which strengthened against the previous month was the market's attention. Consumer's Confidence Index (IKK) in October 2015 was posted at 99.3% , an increase from 97.5 in the previous month.

Increased of IKK was mainly due to increase of IEK which showed market's growing optimism about macro condition in the next 6 months. Survey also signaled that consumers were expecting price increase would be eased in January 2016. Such was indicated by Price Expectation Index (IEH) in the next 3 months which dropped by 12.8 points to become 155.1 Biggest downturn was predicted to happen in the categories of food, education, recreation and sports.

In the next 6 months, consumers predicted increase of total savings would be less than the month before and the position of credit would be lower as well. Such was indicated in estimate of total saving in the next 6 months which dropped by 0.6% and 0.5% respectively against previous month.

Lastly, marketplayers were also observing follow up action of Government's Economy Package Policy Chapter 6, which was announced by Coordinating Minister Darmin Nasution (5/11).

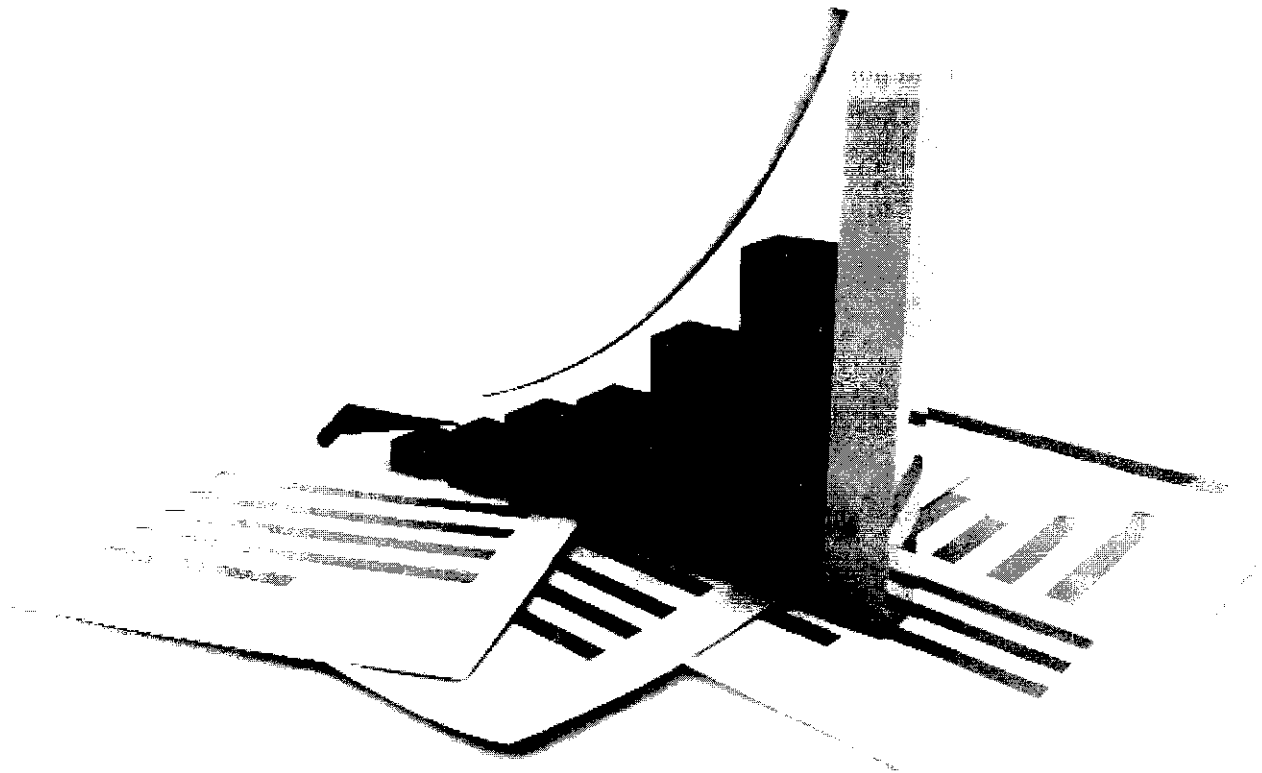
The main objective of this policy was firstly to give assurance and create appeal to investors to invest and open job opportunities.

In Exclusive Economic Zone the Government would facilitate 20% to 100% Income tax exemptions for 10 to 15 years for investments worth Rp 500 billion – Rp 1 trillion and reduction of Pph 20% - 100% for 20 years for companies investing more than Rp 1 trillion.

20% - 100% Pph reduction facilities would also be allowed to companies operating in KEK using local resources. Companies not using local resources would be given tax allowance of 30% for 6 years.

The 8 KEK were in Sei Mankei in North Sumatra, KEN Maloy Batuta Trans Kalimantan, KEI Palu Central Sulawesi, KEK Morotai North Maluku, KEK Tanjung Api Api South Sumatra, KEK Tanjung Lesung Banten, KEK Mandalika NTB and KRK Bitung North Sulawesi.

In the Water Management Sector, the



Coordinating Minister Darmin Nasution stated that Law No 7/2004 had been withdrawn by the Constitutional Court (MK) because the Law did not comply with the Six Basic Principles of Water Management. According to MK, water consumption as part of Human Rights, was possessed by the Government.

In terms of medicine and food BPOM had simplified import procedures for medicine and food, i.e. paperless procedures by on-line which cut the time duration: permit could be issued in less than 1 hour.

On the external side, the Fed's maneuvers was part of marketplayer's attention because of the indisputable impact on the emerging markets including Indonesia.

The Moneymarket

Rupiah in interbank transaction in Jakarta on Thursday (5/11) weakened by 31 points to touch Rp13,579 per USD against the previous position of Rp13,548 per USD. Statement of Janet Yellen indicated that increase of FFR in December 2015 would correct Rupiah.

Thankfully Rupiah was saved by the bell as economic data of Q III/2015 urned positive. BPS not-

ed Indonesia's economy in Q III-2015 grew by 4.73% (y o y), higher than the previous period at 4.67%. Domestic economy which posted positive growth kept Rupiah from sinking any deeper brought expectations that Indonesia's economy would keep growing, driven by Government Policy Package I to IV.

Low inflation of this year was expected to be followed by BI's policy which was more relaxed through lowering of BI rate. Hence the process of Indonesia's economic growth could be more dynamic. Indonesia's economic growth was propelled by people's consumption.

Strengthening of USD tend to be limited as marketplayers in the USA tend to be prudent in anticipating publication of weekly jobless report. Some marketplayers tend to keep risky assets including Rupiah. Meanwhile last Thursday (5/11) BI's mid rate noted Rupiah weakening to Rp 13,603 against the previous Rp13,461 on Wednesday (4/11).

Generally USD value strengthened against most of the leading currencies in New York due to the Fed's statement who supported Market speculations for increased FFR by end of year. Chairwoman of the Fed Janet Yellen told the Congress last Wednesday



(4/11) that US economy was performing well and that December would be the beginning of process toward FFR increase.

Yellen's words was echoed by other executive of the Fed. Head of the Fed New York William Dudley stated that he fully agreed with Yellen to increase FFR in December. Furthermore Head of the Fed Atlanta Dennis Lockhart stated that US economy was probably at the stage of growth so the urge to increase FFR strengthened.

On the week that ended on October 31 last, initial figures were adjusted to seasonal agenda for jobless claim that came to 276,000 an increase against 16,000 the week before but above market consensus of 262,000.

Now investors were waiting for report of payroll data of US non agriculture to be released last Friday to have more comprehensive perception of recovery of the labor market.

At the FOMC meeting on October 8 last came a statement that FOMC would consider increase of interest at the next meeting. Yellen's and Dudley's remark strengthened assumptions that next month would be the moment of FFR increase.

Yellen expected that US economy would continue to grow at the same pace to bring betterment to the labor market and be back to inflation target of 2%

in the short run.

From the above picture it was apparent that some market players feared that Rupiah would be vulnerable. The growing signal that the Fed would increase FFR this year end would burden Rupiah.

On Thursday (5/11) last Rupiah inched up by 0,04% to become Rp 13,543 per USD but again BI saw Rupiah depreciation by 1.05%. In fact Rupiah was supported by positive sentiment by bettered national GDP in Q III/2015.

Unfortunately the potential of Rupiah strengthening would be undermined by external issue, USD stood a chance to strengthen.

Unemployment level last October was predicted to drop from 5.1% to 5.0%. Employment in non agricultural sector per October was predicted to be higher than the month before.

Yellen saw that low quality labor force had been reduced significantly since early year although the Fed still saw some slowdown in employment process.

The Fed had surpassed inflation target of 2% for more than 3 years and in her statement in October 28 last Yellen was "certain enough" that prices would go up in accordance with the aim to increase FFR. The Fed's last meeting of this year would be on December 15 – 16 including press conference by



Yellen and policy makers.

Apparently Rupiah exchange rate value was held back at around Rp13,500 – Rp13,600 per USD last week (6/11) but this week Rupiah stood a chance to strengthen in the range of Rp 13,400 – Rp 13,500 per USD as positive impact of Government's policy package.

The Capital Market

Index of IHSG at BEI on Friday (06/11) scored rebound, opened to increase by 10.21 points to the level of 4,587.45. IHSG was opened positive as the Government launched Economy Policy package Chapter IV.

The Goivernment's Economy Policy Package known as the November Package prioritized on economic development in the remote regions, through development of Exclusive Economic Zone, tapping of water resources and deregulation in Food and Medicine.

Meanwhile downturn in Wall street had no impact on IHSG position with support of positive performance of domestic economy.

During morning transaction (6/11) 118 shares were seen to strengthen and 46 shares weakened. Transaction of shares posted 479 million lots of shares at the value of 487 billion with frequency of 17,100 transactions

Previously during pre opening session IHSG rose by 9.359 points (0.20%) to the level of 4,586,592 – while index of LQ 45 strengthened by 2,460 points (0,31%) to the level of 789,474. Nearly all sectoral index strengthened thanks to act of buying. Only the Trading Sector was still weak. During transaction of Thursday (5/11) IHSG was axed by 35 points being affected by negative sentiment from the global market. Act of selling was happening in premium shares which once rose high.

Wall street was closed negative due to performance of technology emitents which was unimpressive. Investors were still waiting for report by US Labor Dept (6/11) while shares of energy, as well as technology and health sank even deeper.

The only Technological shares that strengthened was Facebook who reported positive performance in Q III-1015. This Mark Zuckerbera-made



social networking jumped up 4.6% to USD 108.76 per lot. During closing session on Thursday (5/11) index of Dow Jones dropped by 4.15 points (0.02%) to the level of 17,863.43. Index of S&P lost 2.38 points (0.11%) to the level of 2,099.93 and index of Komposit Nasdaq weakened by 14.74 points (0.29%) to the level of 5,127.74.

Previously shares index at Wall Street ended was corrected at Janet Yellen signaled the possibility of FFR increase in December this year. The stock market was corrected due to Yellen's statement causing investors to increase their projection of FFR increase to above 60%.

Most of the regional stockmarkets followed Wall Street movement. Only Japan's stock market could accompany IHSG in the green zone. Index of Nikkei 225 strengthened by 103.36 points (0.54%) to the level of 19,219.77. Index of Hang Seng weakened by 2015.17 points (0.93%) to the level of 22,835.87, Index of Composite Shanghai inched down by 0.31 points (0.01%) to the level of 3,522.50. Index of Straits Times dropped by 13.92 points (0.46%) to 3,009.73.

It was noteworthy that the local stock market was paying special attention to GDP performance and inflation instead of joblessness data released by BPS. This body posted unemployment in Indonesia in August numbering 7.56 million, an increase against February at 7.45 million people due to mass dismissal of workers.

Some month ago UMKM industry were doing act of efficiency by dismissing their workers. Unemployment figure rose due to mass dismissals and declining people's purchasing power. New job seekers were not entirely absorbed.

As known, unemployment kept increasing in Indonesia since 2014. By February 2014 unemployment was posted at 7.15 people; in August it was 7.24 million people and in February 2015 7.45 million people.

In August 2015 the productive generation dropped by 5.9 million people against February 2015. The number of active people was reduced by 6 million people by August 2015 against February 2015.

Taking into consideration bettered GDP figure in Q 1 and Q 3 this year and inflation being under control, IHSG was predicted to rebound in the range of 4,590 – 4,620 (6/11).

IHSG still had the potential to continue strengthening to around 4,600 – 4,650 thanks to better investors' trust in Indonesia's economic prospect in Q 4 of this year and the entire year.

Implementation of all Government's Economy Policy Package was strengthened by BI's relaxed monetary policy and fiscal policy and monetary policy by OJK. Domestic economic betterment would bring positive effect on corporate to ensure that fundamental economic performance would be better in the future. (SS)

GOVERNMENT SET UP THREE POLICY PACKAGES IN CHAPTER 6 ECONOMY PACKAGE

Jakarta, *Business News*

The Government launched the 6th Economy Policy Packages as follow up of the 5 Economy Packages launched before. The Chapter 6 Economy Policy Package consisted of 3 sub packages namely:

1. The effort to popel economy in the remote regions by developing Exclusive Economic Zone (KEKI)
2. Water supplying for the people the sustainable and justifiable way and
3. Simplification of permit application procedure at the Board of Medicine and Food Inspection (BPOM)

Exclusive Economic Zone

To energize economy in the remote areas by developing KEK. By this package there were some areas in the regions designated as KEK, with the main objective of exploring the natural resources.

If there was any activity not of the main resources category in the region attention would still be given although with less facility. "Now there are 8 KEK stipulated by Government's regulation to be developed," the Coordinating Minister Darmin Nasution stated at the Presidential office on Thursday afternoon (5/11).

The 8 KEK were at Tanjung Lesung Banten, Sei Mangkei, North Sumatra, Palu Central Sulawesi, Bitung North Sulawesi, Mandalkika NTB, Morotai North Maluku, Tanjung Api Api South Sumatra, and Maloi Batuta Trans Kalimantan/MBTK. At the moment there were only 2 KEK which were decaled to operate in early 2015 by President Jokowi while other

projects were at the stage of development. The draft of Government's Regulation had just been signed by the President and were passed on to the Cabinet Secretariat. "Hopefully it would be processed further soon" Darmin said.

The benefit expected from the KEK development was to give assurance and induce appeal for investors to create job opportunities for workers in the respective regions. "The facilities were given through Government's Regulations to push development of clusters based on local resources in the respective KEK areas" Darmin was quoted as saying,

In creating a favorable investment climate, a Government Regulation was issued and full commitment was expected from the Central and Local Government.

The essential facilities and conveniences given to KEK include:

1. Income Tax (PPh)

- Tax Holiday including reduction of PPh by 20% - 100% for investments of 10 - 25 years with investment value of more than Rp1 trillion, reduction of PPh by 20% - 100% for investments of 5 - 15 years with investment value of more than Rp 500 billion.
- Tax allowance including reduction of net income by 30% for 6 years, depreciation made sooner.
- Income tax over dividend amounting to 10%.
- Compensation for loss 5 - 10 years.

2. PPN and PPnBM Value Added Tax

- Import : tax not imposed
- Income from other sources with the Customs zone (TLDDP) to KEK not tax imposed.
- Expenditures from KEK to TLDDP not tax imposed.
- Transaction inter parties not tax imposed

3. Customs

- From KEK to the domestic market: income tax based on Certificate of Origin (SKA)

4. Property Ownership for Foreigners

- Foreigners/institutions could own house or property (apartment) in KEK
- Owners of Houses/property to be given stay permit with KEM management as guarantor.
- PPnBM and Pph tax allowance on extremely luxurious goods to be given

5. Main activities in Tourism

- Tax exemption of 50% - 100% to be allowed for Development Tax I
- 50%-100% tax exemption to be given to entertainment business,

6. Labor

- Board of Payroll and Special Tripartite to be set up in KEK
- Only 1 Forum SP/SB in every company
- Validation and extension of employment plan

for foreign workers in KEK

- Extension of Permit for employing foreign workers KEK

7. Immigration

- Visa on Arrival of 30 days could be prolonged 5 times, 30 days for every period.
- Multiple Visa to be valid for 1 year
- Stay Permit would be given to foreigners owning property in KEK
- Stay permit to be given to aging foreigners in KEK Tourism Sector

8. Land Affairs

- Building Use Permit (HGB) to be given to KEK recommended by private companies and extension to be given simultaneously.
- KEK administrator authorized to render services in land management.

9. Permit

- The KEK administrator has the authority to issue Principle Permit through One Stop Service at KEK
- Permit to be issued in not longer than 3 hours provided that prerequisites are fulfilled
- Checklist to be applied in the process of permit issuance and fulfillment of requirements.
- The process of permit issuance and non immigration permit, labor, and land affairs to be exercised at KEK Administration Office.

Water Supply

Government's policy in water procurement was based on the stipulation of the Constitutional Court (MK) No. 85/PUU-XI/2013 which concluded that Law No 7/2014 on water resources was contradictory to Constitution of the Republic of Indonesia 1945 and was not binding. To fill in the legal vacuum as result of cancellation of the Law, the Law no 11/1974 on water procurement was re activated.

There were 4 principles of the Constitutional Court that defined the right over water, i.e. every exploration of water must not disturb, neglect or eliminate people's right over water; the state must fulfill people's right over water; environmental conservation is one of the basic human right; control of water was absolute; the right to manage water was given to BUMN/BUMD as Government's extension.

If all the above definitions were fulfilled, and there was still water resources available, it was still permissible for the Government to extend permit to private companies to explore water under certain tight condition. The Government had already given permits to private companies to process and use water, clean water or drinking water.

To ensure legal protection in water resources management, particularly in water management by operators investing in Indonesia, the Government was scheming up legal plan on the management of water resources and law on drinking water procurement, and law on Water Procurement System.

Through the two RPP the Government would still honor the collaboration contract in water resource management until expire date. However the Government would enhance control of the execution of collaboration through strengthening of governance in water tapping permit as mandated by the Constitutional Court to fulfill people's need for water.

Besides, the permit for water management in the Management of water resources through PP

regulation was meant to protect people's right over water, to fulfill the need of users of water resources and protection of water resources.

The permit extended for managing SPAM through PP SPAM was run with the objective serve the need for water to fulfill people's right; to realize management and render services of high quality and at affordable price; to equally serve the interest of BUMN, BUMD, UPT and UPTD, people's groups and business units; and to manage drinking water the effective and efficient way to broaden the scope of service.

Simplification of BPOM Permit Application

BPOM had been making deregulations in importing medicine or medicine raw material. Chapter 1 of deregulation state that import must be by on line, but now some were still done by paperwork. "By the deregulation package import procedure of medicines could be shortened to 5.7 hours" Minister Darmin stated.

After the Economic Policy Package was issued, BPOM made some improvements and simplifications, so today the process was 100% paperless. "No more signatures needed, so there was no need to meet Mister A or Mrs B for importing permit" Darmin said.

Darmin reminded that today nearly all medicines and raw materials were imported because the domestic medical industry was not developing.

After all the betterment process, the process of importing of raw materials could be made sooner, "I would say it takes about one hour, in fact it could be less than that," Darmin who was flanked by Cabinet Secretary Pramono Agung, Agriculture Minister Ferry Mursyidan Baldan, Head of BKPM Franky Sibarani and Head of BPOM Roy Alexander Sparinga was quoted as saying, (SS)

WEST JAVA AND CENTRAL JAVA SUGARCANE FARMERS NEED HELP

Jakarta, *Business News*

To meet self sufficiency target in sugar by 2019, it was necessary for the Government to observe the varied condition of the regions. An example was East Java who needed revitalization of sugar mills and Central Java-West Java who needed betterment of sugarcane cultivation at farmer's level. Arum Sabil Chairman of APTRI association told BusinessNews.

The leading province in sugar production in Indonesia was East Java, no problem faced by farmers in terms of sugar. It was easy for farmers in East Java to produce 100 tons of sugarcane per Ha. Beside production, the yield also increased.

"In the past the highest yield was 8% now only 10% on the average or even more. Increase of yield by 2% was remarkable for Farmer's economic development," he said,

One of the reasons why East Java could excell was high commitment by BUMN management. The previous management had no commitment to

help farmers. The farmers were zealous if the sugar mill had high commitment in their partnership with farmers.

Beside the provincial Government, the Provincial Plantation authorities also had their strong commitment. The ratoon management Financed by APBN was well executed. The seeds used were really premium seeds. The fertilizer and tractor aid were also benefited by the farmers.

The total area of sugarcane plantation in Indonesia,, which was posted at 475,000 ha was the greatest contributor, i.e. 250,000 ha as there was land expansion by the farmer's themselves. East Java's sugar production could reach 1.3 million tons and could be increased to 1.6 million tons.

The problem today was that sugar mill capacity did not keep up with farmers' production output of sugarcane, Sugarcane farmers had to queue before supplying sugarcane to sugarmills. Insertion of state capital to PTPN X and XI must be constantly excised without being hindranced by political intervention.



And yet since KKPE there was enevr any payment due to farmers, payments were always on time. "Therefore we asked the Government and the bank to again finance farmers through KKPE."

Other peroblem was subsidized fertilizers. Farmers were only permitted to buy subsidized fertilizers for maximum 4 ha of land, and yet many farmers owned more than 4 ha of land. "Farmers are not allowed to use subsidized fertilizers but when they seek for urea fertilizers they are not available at the shops and when the farmers turn to subsidized fertilizers they are arrested by the police and the soldiers"

Arum asked that if use of subsidized fertilizers was restricted then non subsidized fertilizers must be made available and the police and the soldiers could not just arrest people around.

What happened to East Java was different from Central Java and West Java. In Central Java to dismantle ratoon was hindranced because the Court

inspected.

In West Java the condition was even worse. It was hard for farmers to produce 60 tons of sugar. The maximun yield was only 7.3%. Under such circumstances to grow sugarcane in West Java was not profitable and production dropped year after year.

The cause was that the sugacane seeds and technology used in West Java were not as good as that in East Java.

"Therefore to attain self sufficiency in sugar the Government must focus attention on on-farm in Central Java and East Java." Arum Sabil was quoted as saying.

In East Java, the KKPE farmers were activated once more, non-subsidized fertilizers were increased and what's more on-farm activities was enhanced. Revitalization of sugar mill would promote production by quantity and quality whereby to supply food and beverages industry. (SS)

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Editor in Chief : Taufik Sumawinata
Managing Editor : Arisanto
Correspondents : Expert from Business & Scientific world
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FOREIGN EXCHANGE RATES

Jakarta, *Business News*

EXCHANGE RATES ON TRANSACTION

CURRENCY	VALUE	NOVEMBER 10, 2015			NOVEMBER 9, 2015			NOVEMBER 6, 2015		
		BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING
AUD (Australia)	1,-	9,553.46	9,604.82	9,656.18	9,591.86	9,642.51	9,693.15	9,630.19	9,682.17	9,734.15
BND (Brunei)	1,-	9,521.50	9,571.99	9,622.47	9,578.70	9,627.21	9,675.72	9,588.22	9,637.62	9,687.01
CAD (Canada)	1,-	10,212.53	10,265.33	10,318.13	10,249.87	10,301.44	10,353.00	10,244.68	10,296.75	10,348.81
CHF (Switzerland)	1,-	13,487.61	13,557.33	13,627.04	13,552.59	13,620.94	13,689.29	13,540.22	13,615.39	13,690.56
CNY (China Yuan)	1,-	2,130.59	2,141.29	2,151.98	2,142.09	2,152.79	2,163.48	2,124.52	2,135.24	2,145.95
DKK (Denmark)	1,-	1,952.82	1,962.78	1,972.73	1,961.97	1,972.04	1,982.10	1,967.80	1,978.00	1,988.20
GBP (United Kingdom)	1,-	20,480.98	20,587.18	20,693.38	20,517.02	20,623.59	20,730.16	20,507.47	20,614.99	20,722.51
HKD (Hong Kong)	1,-	1,748.00	1,756.89	1,765.77	1,756.90	1,765.79	1,774.88	1,739.39	1,748.22	1,757.05
JPY (Japan)	100,-	10,999.19	11,056.64	11,114.09	11,035.57	11,092.93	11,150.29	11,080.79	11,138.06	11,195.33
KRW (Korean)	1,-	11.71	11.77	11.83	11.81	11.87	11.93	11.85	11.91	11.97
KWD (Kuwaiti Dinar)	1,-	44,429.51	44,815.48	45,201.45	44,652.46	45,039.24	45,426.02	44,304.96	44,691.38	45,077.79
MYR (Malaysia)	1,-	3,095.60	3,114.72	3,133.83	3,119.33	3,137.44	3,155.54	3,133.89	3,151.17	3,168.45
NOK (Norway)	1,-	1,565.27	1,573.58	1,581.89	1,574.51	1,582.58	1,590.65	1,576.49	1,584.91	1,593.33
NZD (New Zealand)	1,-	8,847.45	8,893.90	8,940.35	8,917.72	8,963.63	9,009.53	8,915.65	8,963.34	9,011.03
PGK (Papua New Guinea)	1,-	4,498.93	4,624.16	4,749.39	4,521.51	4,647.25	4,772.99	4,478.72	4,602.09	4,725.45
PHP (The Philippines)	1,-	287.22	288.69	290.16	288.94	290.43	291.91	287.49	288.99	290.49
SAR (Saudi Arabian Riyal)	1,-	3,612.83	3,631.45	3,650.06	3,630.96	3,649.58	3,668.20	3,594.15	3,613.00	3,631.85
SEK (Sweden)	1,-	1,559.81	1,567.91	1,576.01	1,562.58	1,570.96	1,579.33	1,562.88	1,571.04	1,579.19
SGD (Singapore)	1,-	9,521.50	9,571.99	9,622.47	9,578.70	9,627.21	9,675.72	9,588.22	9,637.62	9,687.01
THB (Thailand)	1,-	377.26	379.21	381.15	380.10	382.05	384.00	378.92	380.94	382.96
USD (United States)	1,-	13,551.00	13,619.00	13,687.00	13,619.00	13,687.00	13,755.00	13,482.00	13,550.00	13,618.00
EUR (Europe)	1,-	14,567.33	14,641.80	14,716.26	14,634.98	14,710.81	14,786.63	14,679.20	14,755.28	14,831.36

NOTE : The middle rate is based on Business News calculation

**SIXTH AMENDMENT TO REGULATION OF
THE MINISTER OF LAW AND HUMAN RIGHTS
NUMBER M.HH-01.GR.01.06 YEAR 2010
CONCERNING VISITING VISA AT ARRIVAL
(Regulation of the Minister of Law and Human Rights
Number 3 Year 2015, dated March 10, 2015)**

WITH THE BLESSING OF THE ONE AND ONLY GOD
MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA

Considering:

- a. Whereas, in the context of improving relationship on economy, trade, and social between the Government of Indonesian and the Government of Croasia, and Andorra, it has been agreed upon to enforce the policy on visiting visa at arrival to citizens of Croasia, Belarusia, and Andorra for holders of nationality passports based on the principle of benefit, mutual profiting, and not arising disturbance to security.
- b. Whereas, with the stipulation of Sabang as free trade zone and free port, the Indonesian Government provides facilities on immigration to foreigners from particular country entering Sabang zone through the immigration examination site of Sabangby providing visiting visa through Sabang im-

migration clearance spot in the form of granting visiting visa;

- c. Whereas, with the changes taking place to Polonia Airport to Kualanamu International Airport and Selapang Airport to to Lombok International Airport, stipulation of particular immigration check-in counter as facilities for visiting visa at arrival must also be changed.
- d. Whereas, based on the consideration referred to in letter a through letter c, it is necessary to stipulate Regulation of the Minister of Law and Human Rights it is necessary to stipulate Regulation of the Minister of Law and Human Rights on Sixth Amendment to Regulation of the Minister of Law and Human Rights Number M.I-IH-01.GR.01.06 Year 2010, concerning Visiting Visa at Arrival;

In view of:

1. Law Number 39 Year 2008, concerning State Ministry (Statute Book of the Republic of Indonesia

Year 2008 Number 166, Supplement to Statute Book of the Republic of Indonesia Number 4916);

2. Law Number 6 Year 2011, concerning Immigration (Statute Book of the Republic of Indonesia Year 2011 Number 52, Supplement to Statute Book of the Republic of Indonesia Number 5216);
3. Government Regulation Number 31 Year 2013, concerning Regulation on Implementation of Law Number 6 Year 2011, concerning Immigration (Statute Book of the Republic of Indonesia Year 2011 Number 68, Supplement to Statute Book of the Republic of Indonesia Number 5409);
4. Regulation of the Minister of Law and Human Rights Number M.HH-01.GR.01.06 Year 2010, concerning Visiting Visa at Arrival (State Gazette of Republic of Indonesia Year 2010 Number 12] as amended several times and lately amended by Regulation of the Minister of Law and Human Rights Number 26 Year 2013, concerning Fifth Amendment to Regulation of the Minister of Law and Human Rights Number M.HH-01.GR.01.06 Year 2010, concerning Visiting Visa at Arrival (State Gazette of the Republic of Indonesia Year 2013 Number 957);
5. Regulation of the Minister of Law and Human Rights Number M.HH-05.OT.01.01 Year 2010, concerning Organization and Work Procedure of the Ministry of Law and Human Rights of the Republic of Indonesia (State Gazette of the Republic of Indonesia Year 2010 Number 676) as amended by Regulation of the Minister of Law and Human Rights Number 19 Year 2013, concerning Amendment to Regulation of the Minister of Law and Human Rights Number M.HH-05.01.01.01 Year 2010, concerning Organization and Work Procedure of the Ministry of Law and Human Rights of the Republic of Indonesia (State Gazette of the Republic of Indonesia Year 2013 Number 740);

D E C I D E D:

To stipulate:

REGULATION OF THE MINISTER OF LAW AND HUMAN RIGHTS ON SIXTH AMENDMENT TO REGULATION OF THE MINISTER OF LAW AND HUMAN RIGHTS NUMBER M.HH-01.GR.01.06 YEAR 2010, CONCERNING VISITING VISA AT ARRIVAL.

Article I

The provisions in Attachment I and Attachment II to Regulation of of the Minister of Law and Human Rights Number M.HH-01.GR.01.06 Year 2010, concerning Visiting Visa at Arrival (State Gazette of the Republic of Indonesia Year 2010 Number 12) that has been amended several times and lately amended by Regulation of the Minister of Law and Human Rights:

- a. Number M.HH-03.GR.01.06 Year 2010, concerning Amendment to Regulation of the Minister of Law and Human Rights Number MHH- 01.GR.01.06 Year 2010, concerning Visiting Visa at Arrival (State Gazette of the Republic of Indonesia Year 2010 Number 2415);
- b. Number M.HH-04.GR.01.06 Year 2010, concerning Second Amendment to Regulation of the Minister of Law and Human Rights Number M.HH-01.GR.01.06 Year 2010, concerning Visiting Visa at Arrival (State Gazette of the Republic of Indonesia Year 2010 Number 264);
- c. Number M.HH-01.GR.01.06 Year 2011, concerning Third Amendment to Regulation of the Minister of Law and Human Rights Number M.HH-01.GR.01.06 Year 2010, concerning Visiting Visa at Arrival (State Gazette of of the Republic Indonesia Year 2011 Number 3151);
- d. Number 19 Year 2012, concerning Fourth Amendment to Regulation of the Minister of Law and Human Rights Number M.HH-01.GR.01.06 Year 2010, concerning Visiting Visa at Arrival (State Gazette of the Republic Indonesia Year 2012 Number 1193);
- e. Number 26 Year 2013, concerning Fifth Amendment to Regulation of the Minister of Law and Human Rights Number M.HH- 01.GR.01.06 Year 2010, concerning Visiting Visa at Arrival (State Gazette of the Republic of Indonesia Year 2013 Number 957),

have been amended by:

1. adding the State of Croasia, State of Belarusia, and the State of Andorra in the list of particular citizens constituting the subject of Visiting Visa at Arrival as specified in Attachment I constituting inseparable part of this Regulation of the Minister;
2. adding Kualanamu, Lombok, and Sabang in the Immigration Check Up List on Particular Facilities for Vising Visa at Arrival as specified in Attachment II constituting inseparable part of this Regulation of

Minister ini; and

3. eliminating Polonia and Selaparang from the Immigration Check Up List on Particular Facilities for Visiting Visa at Arrival as specified in letter A figure 2 and figure 19 in Attachment II constituting inseparable part of this Regulation of Minister.

Article II

This Regulation of Minister takes effect on the date it is enacted.

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

Stipulated in Jakarta

Dated March 10, 2015

MINISTER OF LAW AND HUMAN RIGHTS,

sgd.

YASONNA H. LAOLY

Enacted in Jakarta

Dated March 16, 2015

MINISTER OF LAW AND HUMAN RIGHTS,

sgd.

YASONNA H. LAOLY

ATTACHMENT I

LIST OF CITIZENS OF PARTICULAR COUNTRY CONSISTITUNG SUBJECTS OF
VISITING VISA AT ARRIVAL

- | | |
|------------------------------|----------------------------------|
| 1. South Afric; | 27. Germany |
| 2. Alzeria; | 28. is deleted; |
| 3. United States of America; | 29. Canada; |
| 4. Argentine; | 30. South Korea; |
| 5. Australia; | 31. Kuwait; |
| 6. Austria; | 32. is deleted; |
| 7. Bahrain; | 33. Latvia; |
| 8. Belgia; | 34. Libiya; |
| 9 The Netherlands; | 35. Liechtenstein; |
| 10. Brazil; | 36. Lithuania; |
| 11. Bulgaria; | 37. Luxemburg; |
| 12. Cechoslovakia; | 38. Maladewa; |
| 13. Cyprys; | 39. Malta; |
| 14. Denmark; | 40. Mexico; |
| 15. Emirate Arab; | 41. Egypt; |
| 16. Estonia; | 42. Monaco; |
| 17. Fiji; | 43. Norway; |
| 18. Finland; | 44. Oman; |
| 19. Hungary; | 45. Panama; |
| 20. India; | 46. France; |
| 21. England; | 47. Poland; |
| 22. is deleted; | 48. Portugal; |
| 23. Ireland; | 49. Qatar; |
| 24. Iceland; | 50. Republic of People of China; |
| 25. Italy; | 51. Rumania; |
| 26. Japan | 52. Rusia; |

- | | |
|-------------------|--------------------|
| 53. Saudi Arabia; | 61. Taiwan; |
| 54. New Zealand; | 62. Timor Leste; |
| 55. Slovakia; | 63. Tunisia; |
| 56. Slovenia; | 64. Turkey; |
| 57. Spain; | 65. Greece; |
| 58. Suriname; | 66. Andorra; |
| 59. Swedia; | 67. Belarusia; and |
| 60. Swiss; | 68. Croasia. |

ATTACHMENT II

LIST OF IMMIGRATION CHECK-UP COUNTERS ON PARTICULAR FACILITIES FOR VISITING VISA AT ARRIVAL AT THE AIRPORT

A. AIRPORT

1. Sultan Iskandar Muda, at Banda Aceh, Nanggroe Aceh Darussalam;
2. is deleted;
3. Sultan Syarif Kasim II, at Pekanbaru, Riau;
4. Hang Nadim, at Batam, Kepulauan Riau;
5. Minangkabau, at Padang, West Sumatra;
6. Sultan Mahmud Badaruddin II, at Palembang, S. Sumatra;
7. Soekarno-Hatta, at Jakarta, DKI Jakarta;
8. Halim Perdana Kusuma, at Jakarta, DKI Jakarta;
9. Husein Sastranegara, at Bandung, Jawa Barat;
10. Adi Sucipto, at Yogyakarta, Yogyakarta Special District;
11. Ahmad Yani, at Semarang, Central Java;
12. Adi Sumarmo, at Surakarta, Central Java;
13. Juanda, at Surabaya, East Java;
14. Supadio, at Pontianak, West Kalimantan;
15. Sepinggan, at Balikpapan, East Kalimantan;
16. Sam Ratulangi, at Manado, North Sulawesi;
17. Hasanudin, at Makassar, S. Sulawesi;

GOVERNMENT REGULATIONS

18. Ngurah Rai, at Denpasar, Bali;
19. is deleted;
20. El tari, at Kupang, Nusa Tenggara Timur;
21. Kualanamu at Medan, N. Sumatera; and
22. Lombok at Central Lombok, Nusa Tenggara Barat.

B. SEA PORTS

1. Sekupang; Citra Tritunas (Harbour Bayl's Nongsa; Marina Teluk Senimba, and Batam Centre, at Batam, Kepulauan Riau;
2. Bandar Bintan Telani Lagoi and Bandar Sri Udana Lobam, at Tanjung Uban, Kepulauan Riau;
3. Sri Bintan Pura, at Tanjung Pinang, Kepulauan Riau;
4. Tanjung Balai Karimun, at Tanjung Balai Karimun, Kepulauan Riau;
5. Belawan, at Belawan, North Sumatera;
6. Sibolga, at Sibolga, North Sumatera;
7. Yos Sudarso, at Dumai, Riau;
8. Teluk Bayur, at Padang, West Sumatera;
9. Tanjung Priok, at Jakarta, DKI Jakarta;
10. Tanjung Mas, at Semarang, Central Java;
11. Padang Bai, at Karangasem, Bali;
12. Benoa, at Badung, Bali;
13. Bitung, at Bitung, North Sulawesi;
14. Soekarno-Hatta, at Makassar, South Sulawesi;
15. Pare-Pare, at Pare-Pare, South Sulawesi;
16. Maumere, at Maumere, Nusa Tenggara Timur;
17. Tenau, at Kupang, Nusa Tenggara Timur;
18. Jayapura, at Jayapura, Papua; and
19. Sabang at Sabang, Aceh.

C. OTHER PLACES

1. Entikong, at Entikong, West Kalimantan.

MINISTER OF LAW AND HUMAN RIGHTS,

sgd.

YASONNA H. LAOLY

(MA)

IMPLEMENTATION OF ONE SINGLE STOP ADMINISTRATION SYSTEM ON MOTOR VEHICLES

**(Regulation of President of the Republic of
Indonesia Number 5 Year 2015, dated January 19, 2015)**
**[Continued from Business News No. 8772-8773
page 45-48]**

Article 19

- (1) The filing referred to in Article 13 paragraph (2) letter f covers activities on:
 - a. separate and keep Regident Ranmor in the file;
 - b. separate and keep PKB and BBN-KB in the file; and
 - c. separate and keep the SWDKLLJ in the file.
- (2) The filing service referred to in paragraph (1) letter a will be conducted by Officer of the Polri appointed to manage files.
- (3) The filing service referred to in paragraph (1) letter b will be conducted by Officer of the Regional Financial Management Task Force exercising collection of provincial taxes appointed to manage files.
- (4) The filing service referred to in paragraph (1) letter c will be conducted by Officer of Business Entity appointed to manage files.
- (5) The filing activity referred to in paragraph (1), paragraph (2), paragraph (3), and paragraph (4) may be conducted electronically in accordance with the statutory regulation.

CHAPTER V

IMPLEMENTATION

Part One

Samsat Joint Office

Article 20

- (1) Samsat Joint Office is established in every area of Regency / Municipality.
- (2) Samsat Joint Office is located within the Office of the local Police Force of the same level with Regional Police Force or Police Resort or outside the environment of the local police office with due consideration of access to service, security, and condition of the location.
- (3) Establishment of Samsat Joint Office is decided under Joint Decision of the Governor, Head of Regional Police Force, and Branch Head of Business Entity.

Article 21

- (1) Construction of facilities for Samsat Joint Office shall at least consist of:
 - a. room for Samsat Coordinator;
 - b. room for Head of Regional Financial Management Task Force exercising collection of provincial taxes;
 - c. room for Business Entity;
 - d. room for Samsat service provision;
 - e. room for consultation and information service;
 - f. room for complaints service;
 - g. room for information and technology system;
 - h. room for internal safeguard and supervision of Samsat Joint Office;
 - i. room for examination of Ranmor physical check up;
 - j. room for printing TNKB or workshop of TNKB; and
 - k. supporting facilities for Samsat service provision.
- (2) Construction planning of Samsat Joint Office is coordinated by Regional Government together with the relevant agency.

Article 22

- (1) Service quality of Samsat Joint Office may be improved by establishing supporting units such as:
 - a. supporting Samsat;
 - b. Samsat counter/corner/payment point/outlet;

- c. Samsat drive thru;
- d. mobile Samsat;
- e. Samsat delivery order/door to door;
- f. E-Samsat; and
- g. other development of Samsat according to the progress of technology and anticipation of the community.

(2) Determination of procedure, scope of authority, facilities and infrastructure, supporting service unit for Samsat Joint Office as referred to in paragraph (1) shall be compiled based on the need with due consideration of the provisions in the this Presidential Regulation.

Part Two

Samsat Organization

Article 23

To provide service to the society/community Samsat organization is established, consisting of:

- a. Samsat Management;
- b. Samsat Coordinator; and
- c. Samsat Operator.

Paragraph 1

Samsat Management

Article 24

(1) Samsat Management as referred to in Article 23 letter a consists of:

- a. Samsat Management nationwide level; and
- b. Samsat Management provincial level.

(2) Samsat Management nationwide level as referred to in paragraph (1) letter a consists of:

- a. Minister exercising local administration affairs;
- b. Minister exercising administration affairs on finance; and
- c. Head of Police Force of the State of the Republic of Indonesia.

- (3) Samsat Management provincial level as referred to in paragraph (1) letter b consists of:
- a. Governor;
 - b. Head of Police Force of Region; and
 - c. Head of Branch Office of Business Entity.
- (4) Samsat Management as referred to in paragraph (2) and paragraph (3) letter a and letter b, may appoint structural / management official of Business Entity that pertains to Samsat operation in exercising the duty of management.
- (5) To support implementation of the duty of Management, Samsat Management Secretariat is established:
- a. nationwide level; and
 - b. provincial level.
- (6) Further specification on establishment of Secretariat of Samsat Management nationwide level shall be stipulated in Joint Regulation of Samsat Management nationwide level.
- (7) Further specification on establishment of Secretariat of Samsat Management provincial level will be stipulated in Joint Regulation of Samsat Management provincial level.

Article 25

Samsat Management nationwide level is assigned the duty to:

- a. stipulate the norm, standard, procedure, and criteria in providing services, establishment, development of Samsat, human resource, facilities and infrastructure, and information system of Samsat and payment system of Samsat by electronic transaction;
- b. provide guidance, training, and technical assistance to Samsat Management of provincial level;
- c. conduct supervision, analysis, and evaluation on Samsat implementation of activity and
- d. submit report on Samsat implementation activity each year or at any time as required to the President.

Article 26

Samsat Management of provincial level is assigned the duty to:

- a. supervise implementation of the norm, standard, procedure, and criteria exercised by the Samsat operator;
- b. provide consideration / proposal on stipulation of standard service to Samsat Management nationwide;
- c. provide guidance, training and technical assistance to Samsat Operating offices;
- d. conduct supervision, analysis, and evaluation on implementation of Samsat services; and
- e. submit report on Samsat operational activity each year or at any time as required to the Samsat Management nationwide.

Paragraph 2

Samsat Coordinator

Article 27

(1) Samsat Coordinators as referred to in Article 23 letter b will comprise:

- a. Coordinator of Samsat Joint Office for the entire jurisdiction of Regional Police Force; and
- b. Coordinator at each Samsat Joint Office within the jurisdiction of Police Resort.

(2) The terms of office of Coordinator of the entire jurisdiction of Regional Police Force as referred to in paragraph (1) letter a will be held by the Director of Traffic of Regional Police Force.

(3) The terms of office of Coordinator of Samsat Joint Office as referred to in paragraph (1) letter b will be held by:

- a. technical official responsible on Resident of the Directorate of Traffic of Regional Police Force existing within the jurisdiction of Regional Police Force; and

- b. technical official responsible on traffic for Samsat Joint Office existing within the jurisdiction of Police Resort.

Article 28

Duty of Samsat Coordinator for the entire jurisdiction of Regional Police Force as referred to in Article 27 paragraph (1) letter a shall be as follows :

- a coordinate planning, control, supervision, and evaluation of Samsat operational activity existing within the jurisdiction of Regional Police Force;
- b. facilitate and/or settle any issue encountered in providing Samsat services within the jurisdiction of Regional Police Force;
- c. coordinate management of information and communication system inter-Samsat Joint Offices; and
- d. receive report on the provision of Samsat services periodically each month from the Samsat Joint Office.

Article 29

Duty of Coordinator at each Samsat Joint Office within the jurisdiction of Police Resort as referred to in Article 27 paragraph (1) letter b covers the following:

- a. coordinate planning, controlling, supervision, and evaluation of implementation of the activity of duty of the Samsat Joint Office;
- b. facilitate and/or settle any issue encountered in carrying out the duty of Samsat Joint Office;
- c. coordinate management of information and communication system within the Samsat Joint Office;
- d. coordinate the space set-up of Samsat Joint Office;
- e. receive report periodically each month from the Samsat operating element;
- f. evaluate Samsat service; and

- g. report the provision of Samsat services to the Samsat Coordinator as referred to in Article 27 paragraph (1) letter a.

Paragraph 3

Samsat Operator

Article 30

- (1) Operators of Samsat Joint Office referred to in Article 23 letter c comprise:
- a. police element;
 - b. Regional Financial Management Task Force exercising collection of provincial taxes; and
 - c. element of Business Entity.
- (2) Operators of Samsat Joint Office shall be obliged to comply with the standard number and standard competence.
- (3) Operators of Samsat Joint Office shall provide Samsat services as referred to in Article 3.

Part Three

Information System

Article 31

- (1) Samsat operation must be supported by information and communication constituting integrated data of:
- a. the Samsat Joint Office within the jurisdiction of of Police Force over all Indonesia; and
 - b. Samsat Joint Office within the jurisdiction of the Police Resort.
- (2) Operation of the Samsat information and communication system referred to in paragraph (1) is in the form of sub-division of Information and Communication System of Roads Transportation Traffic.
- (3) The Information and communication system of Samsat as referred to in paragraph (1) contains data and information, such as:

- a. Ranmor and owner;
- b. income from PKB and BBN-KB; and
- c. SWDKLLJ.

- (4) The data and information referred to in paragraph (3) may be accessed by the society for services with due consideration of the factor of security according to the statutory regulation.
- (5) Samsat standardized information and communication system referred to in paragraph (1) shall be stipulated by the Samsat Management nationwide.
- (6) Data of Resident Ranmor is Samsat sub-system of information and communication system utilized for police forensic operation as part of the Information and Communication System of Traffic and Road Transportation operated by Polri.

Part Four

Samsat Administration

Article 32

- (1) To support operation of Samsat Joint Office, it is necessary to stipulate integrated technical and administration specification.
- (2) Integrated technical and administration specification as referred to in paragraph (1) shall be, among other things,:
 - a. SPRKB Form;
 - b. TBPKP; and
 - c. SKKP.
- (3) Further specification on integrated technical and administrasi service as referred to in paragraph (2) will be stipulated in joint regulation by the Samsat Management nationwide.

CHAPTER VI
SUPERVISION AND CONTROL

Article 33

Supervision and control of implementation of Samsat services exercised by the Samsat Coordinator.

Article 34

Supervision and control of Samsat operation as referred to in Article 33 may be exercised in the form of:

- a. monitoring;
- b. provision of written guideline and guidance;
- c. provision of supervisory and/or assistance;
- d. analysis and evaluation; and/or
- e. reports consisting of:
 - 1. preamble;
 - 2. implementation;
 - 3. result accomplished; and
 - 4. closing.

Article 35

The Samsat Coordinator shall report the result of supervision and control of Samsat operation to the Samsat Management by hierarchy.

Article 36

Follow-up action to the result of report submitted by Samsat Coordinator must be taken by the respective relevant agency.

CHAPTER VII

FUNDING

Article 37

- (1) Construction, procurement, and maintenance of facilities and infrastructure of Samat Joint Office will be financed by Regional Government of Province in accordance with the statutory regulation.

- (2) The funding arising for Samsat operation other than the funding referred to in paragraph (1) will be charged to the operating element of the Samsat Joint Office in accordance with the statutory regulation.

CHAPTER VIII

TRANSITIONAL PROVISION

Article 38

Integrated technical and administration specifications at Samsat must be adjusted within one (1) year at the latest effective as of this Presidential Regulation is enacted.

Article 39

The requirements and procedure at Samsat service must be adjusted within one (1) year effective as of this Presidential Regulation is enacted.

CHAPTER IX

CLOSING PROVISION

Article 40

Information and communication systems facilities and infrastructure of Samsat as referred to in Article 31 must be established within two (2) years effective as of this Presidential Regulation is enacted.

Article 41

By the time this Presidential Regulation comes to force, all provisions and implementing regulations governing the implementation and service of the Samsat is hereby declared survives so long they are not contravening or not yet further governed in Regulation of the Samsat Management of national level based on this Presidential Regulation.

Article 42

This Presidential Regulation takes effect on the date it is enacted.

For public cognizance, this Presidential Regulation shall be announced by placing it in the Statute Book of the Republic Indonesia.

Stipulated in Jakarta

Dated January 19, 2015

PRESIDENT OF THE REPUBLIC OF INDONESIA,

sgd.

JOKO WIDODO

Enacted in Jakarta

Dated January 20, 2015

MINISTER OF LAW AND HUMAN RIGHTS

OF THE REPUBLIC OF INDONESIA,

sgd.

YASONNA H. LAOLY

STATUTE BOOK OF THE REPUBLIC INDONESIA

YEAR 2015 NUMBER 6

(MA)

PROCEDURE OF UTILIZING STATE-OWNED GOODS

(Regulation of the Finance Minister of the Republic of Indonesia No. 78/PMK.06/2014, dated April 30, 2014)

[Continued from Business News No. 8771 page 24-48]

Part Six

Selection and Naming of BGS/BSG Partner

Article 108

BGS/BSG partner is selected through a tender.

Article 109

The tender as referred to in Article 108, is done through the following mechanism:

- a. tender plan is announced on the national mass media before the tender is realized;
- b. the tender can be continued if there are at least 3 (three) would-be partners submitting bids;
- c. if the number of would-be partners submitting bids is less than 3 (three), a repeat announcement will be made on the national mass media; and
- d. if after the repeat announcement has been made :
 1. there are at least 3 (three) would-be partners, the process will be continued through tender mechanism;
 2. there are less than 3 (three) would-be partners, the process is continued through the following mechanism:
 - a) direct selection, if there are only 2 (two) participants; or
 - b) direct appointment, if there is only 1 (one) participant.

Article 110

The selection of BGS/BSG partner as referred to in Article 109 is endorsed by goods manager.

Part Seven

Period of BGS/BSG

Article 111

- (1) The period of BGS/BSG is a maximum of 30 (thirty) years after the contract is signed.
- (2) The period of BGS/BSG as referred to in paragraph (1) is only applicable to 1 (one) contract and cannot be extended.

Part Eight

BGS/BSG Contract

Article 112

- (1) The realization of BGS/BSG is put in a contract.
- (2) The contract as referred to in paragraph (1) is signed by goods manager and BGS/BSG partner.
- (3) The contract as referred to in paragraph (1) contains at least :
 - a. the basis for contract;
 - b. the identities of parties bound to the contract;
 - c. the object of BGS/BSG;
 - d. the result of BGS/BSG;
 - e. the appropriation of BGS/BSG;
 - f. the period of BGS/BSG;
 - g. the amount of annual contribution and the mechanism of its payment;
 - h. the result of BGS/BSG used directly to carry out the tasks and functions of goods manager/goods user;
 - i. the rights and obligations of the parties bound to the contract;
 - j. provisions on the termination of BGS/BSG;
 - k. sanctions; and
 - l. the settlement of disputes.
- (4) The BGS/BSG contract as referred to in paragraph (3) is put in a notarial document.
- (5) The BGS/BSG contract is signed after BGS/BSG partner has submitted evidence of payment of the first annual contribution to goods manager.
- (6) The evidence of payment of the first annual contribution as referred to in paragraph (5) constitutes one of the documents in the attachment which is an integral part of the BGS/BSG contract.

- (7) A change in BGS/BSG partner's ownership can be made, provided it does not disrupt the realization of BGS/BSG.
- (8) A change in the substance of the BGS/BSG contract shall secure approval from goods manager.

Part Nine

Annual Contribution, Result of BGS/BSG Used Directly for Government Tasks and Functions, Calculation and Payment

Article 113

- (1) Partner shall pay annual contribution to the account of the state general treasurer as state revenues from BGS/BSG.
- (2) The amount of annual contribution as referred to in paragraph (1) is calculated by a team formed by goods manager.

Article 114

- (1) The amount of annual contribution constitutes the result of the multiplication of the percentage of annual contribution and the fair value of BMN used for BGS/BSG.
- (2) The percentage of annual contribution as referred to in paragraph (1) is set by goods manager based on the calculation by appraiser.
- (3) The fair value of BMN as referred to in paragraph (1) is set based on the assessment by government appraiser.
- (4) If the value of BMN is different from the fair value from the assessment as referred to in paragraph (3), within the framework of BGS/BSG BMN, the fair value from the assessment as referred to in paragraph (3) will be used..
- (5) The amount of annual contribution from BGS/BSG as referred to in paragraph (1) which has been set, will increase every year, and the increase will be calculated based on the first annual contribution by considering inflation rate..
- (6) The amount of annual contribution is set in approval of BGS/BSG and is put in a contract.
- (7) Exception to provisions as referred to in paragraph (1), if the amount of annual contribution proposed by BGS/BSG would-be partner is larger than that calculated by a government appraiser, the amount of annual contribution set in the approval of BGS/BSG and put in a contract is the amount of annual contribution

proposed by the GS/BSG would-be partner. Article 115

Article 115

- (1) The payment of first annual contribution by BGS/BSG partner to the account of the state general treasurer shall be made no later than 2 (two) days before the BGS/BSG is signed.
- (2) The payment of annual contribution in the following years to the account of the state general treasurer shall be made no later than March 31 every year until the termination of BGS/BSG contract.
- (3) The payment of annual contribution as referred to in paragraphs (1) and (2) shall be evidenced with a payment slip.

Article 116

- (1) During the operation of BGS/BSG, at least 10% (ten percent) of BGS/BSG gains shall be directly used by goods user to carry out government tasks and functions.
- (2) The amount of BGS/BSG gains used directly as referred to in paragraph (1) is set by goods manager based on the calculation recommended by a team formed by goods manager.
- (3) Portion of BGS/BSG gains used directly as referred to in paragraph (1) is handed over according to the timeline set in the BGS/BSG contract.
- (4) The use of BMN from BGS/BSG gains used directly as referred to in paragraph (1) is decided by goods manager.
- (5) Based on the decision from goods manager as referred to in paragraph (4), goods user has the authority to manage the BMN according to the law and regulation in the field of BMN management

Part Ten

Termination of BGS/BSG

Article 117

- (1) BGS/BSG will terminate if :
 - a. the period of BGS/BSG as contained in the BGS/BSG contract ends;
 - b. BGS/BSG contract is terminated unilaterally by goods manager;
 - c. BGS/BSG contract ends;
 - d. other provisions according to the law and regulation.

- (2) BGS/BSG as referred to in paragraph (1) letter a can be terminated if BGS/BSG partner does not meet the obligation as contained in the contract and provisions in this Ministerial Regulation, including :
- a. BGS/BSG partner is late in paying annual contribution 3 (three)times in a row; or
 - b. BGS/BSG partner does not pay annual contribution as contained in the BGS/BSG contract 3 (three) times in a row.
- (3) BGS/BSG as referred to in paragraph (2) can be terminated by goods manager in writing without passing through the court

Article 118

- (1) The unilateral termination of BGS/BSG contract by goods manager as referred to in Article 117 paragraph (1) letter b is done in stages:
- a. goods manager issues a first written warning to BGS/BSG partner;
 - b. if BGS/BSG partner does not implement the warning within a period of 30 (thirty) calendar days since the issuance of the first written warning, goods manager issues a second written warning;
 - c. if BGS/BSG partner does not implement the second warning within a period of 30 (thirty) calendar days since the issuance of the second warning, goods manager shall issue a third written warning as the last warning;
 - d. if BGS/BSG partner does not implement the third warning within a period of 30 (thirty) calendar days since the issuance of the third written warning, goods manager shall issue a decision terminating BGS/BSG.
- (2) After receiving the decision terminating BGS/BSG as referred to in paragraph (1) no later than 30 (thirty) days, BGS/BSG partner shall hand over the object of BGS/BSG to goods manager.
- (3) Goods manager asks a government internal supervisory officer to audit the object of BGS/BSG handed over by BGS/BSG partner.
- (4) The audit as referred to in paragraph (3) is intended to check :
- a. whether the quantity and condition of the object of BGS/BSG to be handed over matches the BGS/BSG contract;
 - b. whether the buildings and facilities as the result of BGS/BSG to be handed over match the KSP contract; and

- c. a report of realized BGS/BSG.
- (5) Government internal supervisory officer shall report the audit result to goods manager with a copy addressed to BGS/BSG partner.
- (6) BGS/BSG partner shall follow up on the entire audit result submitted by government internal supervisory officer and report it to goods manager.
- (7) The handover of the object of BGS/BSG shall be done no later than the end of BGS/BSG period and be put in an official report of handover.
- (8) Partner remains obliged to sign the audit result if any of the audit result has not been followed up on by partner after the handover as referred to in paragraph (7).
- (9) The unilateral termination of BGS/BSG does not abolish the obligation of BGS/BSG partner to meet its obligations as contained in the BGS/BSG contract.

Part Eleven

Procedure of Realizing BGS/BSG

for BMN in the Form of Land at

Goods Manager

Paragraph 1

Phases

Article 119

The phases of the realization of BGS/BSG for BMN at goods manager cover:

- a. initiative or application;
- b. administrative research;
- c. formation of team and appraiser;
- d. calculation of the amount of state revenues in the form of annual contribution and the percentage of BGS/BSG gains used directly for government tasks and functions;
- e. selection of partners;
- f. issuance of decision;
- g. signing of contract; and
- h. realization.

Paragraph 2

Initiative or Application

Article 120

BGS/BSG for BMN at goods manager can be done :

- a. at the initiative of goods manager; or
- b. based on an application from other party.

Article 121

- (1) The initiative of goods manager over BGS/BSG for BMN as referred to in Article 120 letter a, is contained in a letter of recommendation on BGS/BSG for BMN.
- (2) The initiative of goods manager as referred to in paragraph (1) may come from the need plan submitted by goods user/proxy of goods user.

Article 122

- (1) The application from other party as referred to in Article 120 letter b, shall be proposed to goods manager, containing :
 - a. background of application;
 - b. plan to use BGS/BSG;
 - c. period of BGS/BSG;
 - d. proposed amount of annual contribution; and
 - e. proposed percentage of BGS/BSG gains used directly for government tasks and functions.
- (2) The application as referred to in paragraph (1), is complete with :
 - a. data of BMN proposed for BGS/BSG;
 - b. data of applicant for BGS/BSG;
 - c. proposed business plan of BGS/BSG;
 - d. other information related to proposal for BGS/BSG, including information on :
 - 1. general plan for spatial layout and city management; and
 - 2. ownership evidence or similar document.

Paragraph 3

Calculation of the Amount of Annual Contribution and

**Percentage of BGS/BSG Gains
Used Directly for Government
Tasks and Functions**

Article 123

- (1) The amount of annual contribution calculated by BGS/BSG team based on and/or by considering an appraisal report of fair value of BMN and analysis report from appraiser.
- (2) The calculation of BGS/BSG gains used directly for government tasks and functions is done by BGS/BSG team according to provisions as referred to in this Ministerial Regulation.
- (3) If needed, goods manager can assign an appraiser to calculate BGS/BSG used directly for government tasks and functions.
- (4) The amount of annual contribution and BGS/BSG gains used directly for government tasks and functions set by goods manager constitutes the lower limit value in the selection of partner.

Paragraph 4

Realization of BGS/BSG

Article 124

- (1) BGS/BSG partner shall realize the construction of buildings and their facilities as set forth in the BGS/BSG contract.
- (2) If partner has completed the construction :
 - a. the partner shall hand over BGS/BSG gains used directly for government tasks and functions as promised to goods manager;
 - b. the partner can directly operate BGS gains built according to the BGS contract;
 - c. if BSG is realized:
 1. the partner shall hand over BSG gains to goods manager after the construction has been completed;
 2. BSG gains handed over to goods manager are declared as BMN;

Article 125

Provisions on the realization of KSP BMN as referred to in Article 83 up to Article 94 shall mutatis mutandis apply to the realization of BGS/BSG at goods manager.

Part Twelve

Procedure of Realizing BGS/BSG

for BMN at Goods User

Article 126

- (1) BGS/BSG for BMN in the form of land at goods user can be done based on :
 - a. initiative of goods user; or
 - b. application from other party.
- (2) Initiative of goods user over the realization of BGS/BSG BMN as referred to in paragraph (1) letter a, shall be conveyed in the form of application for the realization of BGS/BSG addressed to goods manager.
- (3) The application as referred to in paragraph (2) may come from application from other party..

Article 127

- (1) Goods user files an application for approval of BGS/BSG to goods manager containing:
 - a. background of application;
 - b. plan to use BGS/BSG;
 - c. period of BGS/BSG;
 - d. proposed amount of annual contribution; and
 - e. proposed percentage of BGS/BSG gains used directly for government tasks and functions.
- (2) The application as referred to in paragraph (1), is complete with :
 - a. data of BMN proposed for BGS/BSG;
 - b. data of applicant for BGS/BSG;
 - c. proposal for BGS/BSG;
 - d. data of BMN proposed for BGS/BSG;
 - e. written statement from goods user that
 1. BMN to be used for BGS/BSG is not being used to carry out the tasks and functions of ministry/institution; and
 2. the realization of BGS/BSG for BMN will not disrupt the realization of tasks and functions of ministry/institution;
 - f. other information related to proposal for BGS/BSG, including information on :
 1. general plan for spatial layout and city management; and
 2. ownership evidence or similar document.

- (3) If application for BGS/BSG filed by goods user is not based on application from applicant for BGS/BSG, the application for BGS/BSG to goods manager is not necessarily accompanied by data of applicant for BGS/BSG as referred to in paragraph (2) letter b.
- (4) Based on the application from goods user, goods manager shall conduct administrative research on BMN to be used for BGS/BSG, including but no limited to :
 - a. application for BGS/BSG;
 - b. document of the object of BGS/BSG; and
 - c. decision on the status of use.

Article 128

- (1) Based on the result of administrative research as referred to in Article 127 paragraph (4), goods manager shall decide whether or not to approve the application for BGS/BSG.
- (2) If goods manager does not approve the application for BGS/BSG, goods manager shall notify goods user of the rejection along with reasons for it.
- (3) If goods manager approves the application for BGS/BSG, goods manager shall issue a decision containing approval from goods manager and obligation of goods user to hand over BMN to be used as the object of BGS/BSG to goods manager.
- (4) The handover of BMN to be used as the object of BGS/BSG is done with an official report of handover.

Article 129

- (1) Goods manager and goods user decide a breakdown of needs for buildings and facilities to be built on the object of BGS/BSG.
- (2) Provisions on the realization of KSP BMN as referred to in Article 83 up to Article 94 shall mutatis mutandis apply to the realization of BGS/BSG BMN for land at goods user that has been handed over by goods user to goods manager.

CHAPTER IX

COOPERATION IN PROVIDING INFRASTRUCTURES

Part One

General Principles

Article 130

(1) KSPI is realized :

- a. to serve public interests and/or provide infrastructures to support government tasks and functions;
- b. because there is no or there is not enough fund in the state budget to build the infrastructures; and
- c. it is included in the priority list of projects in the provision of infrastructures set by the government.

(2) KSPI partner that has been named, during the period of KSPI:

- a. is banned from using as collateral, pawning or transferring to other party BMN used as the object of KSPI;
- b. is obliged to maintain the object of KSPI and goods resulting from KSPI; and
- c. can bear profit surplus sharing, provided there is profit surplus obtained from that set at the time of starting a contract (clawback).

(3) KSPI partner shall hand over the object of KSPI and goods resulting from KSPI to the government at the time when the period of KSPI ends according to the contract.

(4) Goods resulting from KSPI becomes BMN since the goods is handed over to the government according to the contract.

Part Two
to be continued

(S)