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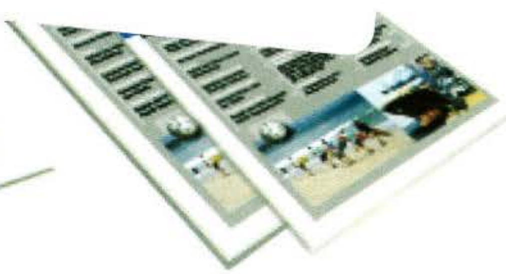


Address : Komplek P & K Jl. Pendidikan 3 No. 12 Jakarta Selatan 12430 Telp. : 759 20 118

FROM KUALA LUMPUR TO INDONESIA

The 27th ASEAN Summit held in Kuala Lumpur has been over. The event results in two important agreements: Defense Pact and ASEAN Economic Community (MEA) officially coming into force on December 31, 2015, besides other agreements.

The signing of MEA and Defense Pact at the same moment reflects the mutual understanding between leaders of ASEAN countries that economic cooperation requires security cooperation. The fact shows that economy and security is increasingly connected one each other so that they need to be executed collectively for reasons. Preserving economic interest constitutes a part of security policy and so on.

Related to AEC, whether Indonesia is really ready or not in executing and taking benefit from the would-be applied agreement is not an important question anymore. Inevitably, ready or not ready, AEC would run promptly wherein Indonesia becomes an element. Besides serving as the beginning of the new area of more transparent and freer economic cooperation, Indonesia embarks on AEC by carrying the longest cabin with the largest number of passengers, namely around 250 million people (of the total ASEAN population 625 million).

Even though it is not easy to establish ASEAN Community because of diversity of political dynamics, security situation, socio cultural dimension and others among member countries, agreements related to AEC run properly. For Indonesia, the level of the smoothness is mainly reflected from the low dynamic of debates over MEA in the country. So far, AEC and possibilities which would arise from indeed are only understood by certain parties. In regions, knowledge about AEC may be categorized low. If proper understanding becomes the main pre-requisite to reap profits in AEC scheme, the cooperation may only be enjoyed by limited parties, at least in the first year of the enforcement.

Any of the attractive points is that, from the government side, Indonesia embarks on AEC with a high sense of optimism. The impression is easy to find in the country and reflected again from the attention of Indonesian delegates seeming to rather focus on regional security and terrorism issues. It is different form Malaysia which rather touches prospects for economic growth of AEC member countries next year. Surely, terrorism is a threat which must be blocked. And, by carrying South Sea security issue as asserted by President Jokowi, apparently there is a serious effort to carry Indonesia so as to take greater participation in the frame of regional security.

The ASEAN Summit is increasingly important because China claims on Natuna at the same time. Dispute over South China Sea already taking place for decades is potential to trigger open conflict between countries if there is no commitment and agreement to take peaceful settlement. The presence of Chinese leader and President Obama completes conclusion that the architecture of regional economic and security cooperation in the frame of AEC gains attention from the two main global forces.

Eventually, our readiness to face AEC next year is determined by preparation that we execute so far. We may say that optimism is just optimism supported by indicators and standards that we prepare. The actual site test would start next year.

Jakarta, November 24, 2015

REFORMATION OF COOPERATIVE

Cooperative is gaining special attention from the government. The government plans to reform totally cooperative which has so far been deemed as the backbone of national economy. In this context, the government would take three great measures in what is called as total reformation of cooperative. The measures cover rehabilitation of cooperative, re-orientation of cooperative and development of cooperative, and the three measures are expected to push cooperative to go intentional. It was asserted by Minister of Cooperative and UKM, Anak Agung Gede Ngurah Puspayoga, upon serving as keynote speaker at a seminar with the theme "What would be done with major cooperative?", cum the launching of book written by Irsyad Muchtar with the title "100 Major Indonesian Cooperatives of the Second Series II", in Jakarta recently.

Interestingly, the total reformation of cooperative is deemed urgent to realize because of two factors: Cooperatives do not make their members prosperous and many cooperatives have not played role in increasing gross domestic product (GDP). The affirmation indicates the recognition of the government, as institution fostering cooperatives that the cooperatives always called the backbone of national economy have not been able to act as expected.

Inevitably, the reality must be accepted. On one side the recognition points directly to the government, particularly the Ministry of Cooperatives that failed to execute the function to develop cooperatives. On the other hand, the recognition may also come as a consequence of the rising standard of the ruling administration with regards to the cooperative. In this context, the commitment to total reformation of cooperatives reflects the high expectation of the government to the cooperatives.

In relations to the status of cooperatives as the backbone of national economy, there are questions comes: Does the term of backbone constitute attributable already inherent whet it is established (given)? Or does the status of backbone still constitute an expectation which has to be realized? If the empirical fact and recognition of the government are observed, cooperatives still have to struggle themselves (and strive such a way) so as to become backbone of national economy. With the share only two percent in GDP, as disclosed by Minister Puspayoga, cooperatives surely have not achieved the level of the backbone.

Total reformation of cooperative surely covers not only institutional, economic and human resources aspects as the total reformation means the whole aspects need to be reformed. Therefore, reformation covers at least perspective over cooperative. It is important to observe to prevent us from being trapped in attribute of the backbone so that it must be followed by serious efforts in their development. Besides cooperatives have to struggle, the state should also struggle optimally so that cooperatives could achieve the level of backbone in the real sense. The backbone status is not something given but obsession and objective which must be realized. The perspective should underlie the reformation of cooperatives.

The perspective may result in consequences. Firstly, cooperatives need partiality from the state so as to be able to grow. Secondly, cooperative is not an institution which may be established by anybody and whenever without good preparation in aspects, mainly human resources, management, research, market opportunities and other. It is necessary to gain attention to prevent cooperatives from only having billboard without activity and contribution to the enhancement of welfare of their members.

We support the commitment of the government to reforming totally cooperatives. The aforementioned explanations constitute ideas promoted for the enhancement of the contribution of cooperatives to their members and national economy.

Jakarta, November 20, 2015

TO OPTIMIZE FISHERIES POTENTIAL, MINISTRY OF MARITIME AFFAIRS & FISHERIES MAKES INNOVATION BREAKTHROUGH

Jakarta, *Business News*

The Ministry of Maritime Affairs and Fisheries (MMAF) reported that the highest potential for marine and fisheries sector in ASEAN is in Indonesia, so the government is focusing to optimize this potential. However, Director General for Strengthening of Product Competitiveness of MMAF, Nilanto Perbowo, in Jakarta, on Monday (November 23), regretted that national fishery processing industry is still below the processing industry in some neighboring countries, such as Singapore, Thailand, and Malaysia.

To that end, the government encourages more parties to invest themselves in the fish processing sector in Indonesia in order to improve competitiveness. Nilanto stated that his party is also consulting with the Trade Ministry to be able to protect a number of marine and fisheries products in the country. "The government is encouraging the financing for fishermen as well as small and medium enterprises (SMEs) in the marine and fisheries sector in the various regions in the country," said Nilanto.

According to him, the problem frequently becomes a scourge for SMEs of fisheries sector, among others, limited access to capital, the business being dependent on the season or the weather, low trust of financial institutions, lack of information and lack of collateral. He says that the government has implemented a number of programs, such as smallholder business credit (KUR), food and energy security credit (KKPE), revolving fund from Revolving Fund Management Agency of the Ministry of Cooperatives, Micro, Small, and Medium Enterprises (LPDB-KUMKM), such as capital strengthening support for micro businesses as members of cooperatives, as well as capital assistance for novice entrepreneurs.

By looking at the huge potential of Indonesian fisheries, said Nilanto, MMAF is currently making innovation breakthrough by preparing Gerobak Ikan Higienis products as a means of mobile marketing to sell fish caught by fishermen or farmers. According to him, it is also an effort to make it easier for micro, small, and medium enterprises (SMEs) to sell fresh fish. He said that innovation is planned through the Center for Testing and Application of Fishery Products (BBP2HP) of MMAF.

Gerobak Ikan Higienis is towed by a knock down system with motorcycles, so it is expected to increase the cruising range for marketing of fresh fish and easily enter residential areas. Gerobak Ikan Higienis is equipped with a live fish container using tempered glass, as well as a fish container by using two cool boxes located under the back and front parts, and is expected to carry up to 90 kg of milkfish. By using Gerobak Ikan Higienis, fresh fish will stay fresh for eight hours and is also safe, because it has a protective and cover with the use of fairly well ingredients.

Meanwhile, Secretary General of the People's Coalition for Fisheries Justice (Kiara), Abdul Halim, urged the government and the various stakeholders to streamline the supply chain of marine and fisheries sector from the regional level to the global level in facing the ASEAN Economic Community (AEC).

According to Halim, by cutting the trade chain, it can make increase the quality of fresh fish fresher and the price. Various strategic measures, he added, are important to do, especially ahead of the enactment of the ASEAN Economic Community (AEC). Halim suggested that with the presence of the state, traditional fishermen, female fishers, and small fish farmers will be able to compete with the economic players in the field of other seafood.

He also highlighted some of the major issues that continue to affect international fish trade today, among others, volatility of commodity prices in general and its impact on producers and consumers. In addition, other issues are distribution and profit margins in whole fisheries value chain, climate change, carbon emissions and their impact on the fisheries sector, and the role of small-scale sector in fish production and trade. (ST)

MARKET APPRECIATE GOVERNMENT ECONOMIC POLICY

Jakarta, *Business News*

Gradually Rupiah value and IHSG index at BEI strengthened and stabilized. Apparently marketplayers were appreciative to Government's Economic Policy being launched accompanied by Monetary Policy by BI and OJK which were accomoidative and dovish.

All data were monitored from the decicion of the Board Meeting of Governors on November 17 last which decided to maintain BI Rate at 7.50% with Deposit Facility Rate 5.50% and Lending Facility Rate 8.00%.

RDG Meeting also decided to lower Primary Minimum Giro (GWM) in Rupiah from the previous 8.0% to 7.50%, efrective as per December 1,2015. BI saw that macro economy was stabilizing, giving room to monetary policy easing.

BI beived that inflation 2015 would be secured below 4% + 1% with deficit in current transaction projected at around 2% of GDP in 2015. With high degree of uncertainty at the global financial market due to FFR increase factor by the Fed and monetary policy adopted by Europe, Japan, and China, BI would be more prudent in adopting monetary policies.

Under the circumstances monetary policy easing through lowering of Primary GWM was expected to increase financing capacity to support economy which had been progressing since QW III 2015.

In the future BI would foster coordination with the Government tio strengthen economy whereby to sustain better economic growth with macro stability and financial system being well guarded.

In the USA growth rate was still moderate as indicated by manufacturing and export which was still low. Somehow the labor sector was showing improvement as indicated by less unemployment and increased salarey and non-farm payroll,

Menwhile economic recovery in Europe and Japan was still vulnerable which led to monetary policy easing. China's economy was still on the slowdown among others as indicated by PMI contraction of manufacturing to meet export demand which necesitated monetary policy easing. China was also doing market reformation an internationalization of Renminbi.

Indonesia 's economic growth increased in Q III 2015 and was predicted to contiue increasing in Q IV 2015. Economic growth of Q III 2015 was posted at 4.73% (y o y).

Increase was mainly due to intensive Government's role in consumption and investment. Such was in line with progress of Government's infra structure project which ran in parallel with increased Government capital expenditure which increased 38.8% by October 2015.

Household cosumption was still strong as indicated by bettered purchasing power. On the external side low commodity prices and slow growth among trade counterpart countries like the USA, China and Singapore caused export to be contracted.

BI predicted Indonesia's economic betterment would continue in Q IV 2015 being sustained by execution of Government's infrastructure projects. Besides, private investment was expected to increase in line with Government's policy line such as various deregulations supportive to investment climate. In 2015 private investment would be around 4.7% - 5.2% to increase to 5.2% - 5.6% in 2016.

Current transactions continued to improve especially by support of non oil-gas trade balance. Deficit in current transaction in NPI of Q III -2025 was posted at USD 4.0 billon (1.86% of GDP) improving against Q III – 2014 amounting to USD 7.0 billion (3.2%) or defisit in Q II-2015 at USD 4.2 billion (1.95%).

Betterment of current transaction was mainly sustained by improvement in current transaction due to notable slump of import due to limited domestic demand. On the other hand non oil gas export was posting minor slump dur to falling commodity prices although increasing in reality.

Meanwhile trade balance of oil-gas transactions posted deficit of about the same level as in the previous quarter due to reduced surplus in trade balance in telecommunication.

In October 2015 Indonesia'a trade balance was showing improvement, posting surplus of USD 1.01 . On the other hand, performance in capital and financial transaction was still posting surplus amidst growing uncertanty in the global financial market.

However the surplus was less compared to the previous month and was not enough for covering deficit. Under the circumstances forex reserves by end of October 2015 was posted at USD 100.7 billion of equal to 7 months of import or 6.6 months of import plus payment of overseas debt; the figure was above CAR of around 3 months of import.

Rupiah strengthened after being uinder supression in Q III 2015 when Rupiah on the average weakened by 5.35% (q t q) to Rp 13,873 per USD. Pressures on Rupiah came from the Fed's policy and devaluation of Yuan.

Rupiah strengttehed in October 2015 by 4.47% (m t m) to the level of Rp 13,783 per USD by positive sentiment of FOMC being dovish and growing optimism of Indonesia's economic prospect.

Meanwhile BPS announced that Trade Balance of October 2015 again poste surplus of USD 1.01 billion, slghtly below the surplus of September 2015 at USD 1.2 billion, so accumulatively by January-October 2015 Trade Balance posted surplus of USD 8.16 billion.

The trade surplus was supported by surplus in non oil-gas transaction of USD 1.4 billion while trade

balance in oil-gas still posted deficit of USD 377.6 million. On the export side in October 2015 export was posted at USD 12.08 billion. The export value was still lower by 20.98% against same period the previous year. Import in October was posted at USD 11.07 billion, which was lower by 27.81% against same period the previous year.

Compared to previous month, export in October 2015 also dropped by 4.4%. The same was with import in Octobr 1015 posted downturn of 4.27% against the previous month, but export volume increased by 4,38% against September 2015.

The Moneymarket

Rupiah exchange rate value in inter-bank transaction in Jakarta on Friday morning (20/11) strengthened by 33 points to become Rp 13,742 against the previous Rp 13,775 per USD. USD was under pressure of world's leading currencies as analysts believed the Fed's action was needed to revitalize economy.

The Fed signaled that the process of FFR increase would be slow which caused asset in USD was unppealing. On the other hand act of profit taking was also haunting USD because increease of FFR was already anticipated by the market.

At home, Indonesia's fundamental economy which was notably stable posted as positive sentiment to Rupiah to make it stay in the green zone. Some world's currencies were seen to strenghen against USD, among others Euro, ¥en, Swiss Franc and British Poundsterling.

At home in Indonesia, positive sentiment came from the Depoit Guarantee Agency (LPS) where intrerest rate in banks was 7.5%, foreign currency 1.25% and and lending facility for BPR in the form of Rupiah was 10%.

According to BI Ripiah was today still under pressure, being depreciated by 11% year to year. This was on account of the external factor where today the global condition was still full of uncertainty.

The Wal Street Journal prediced the Fed would increase FFR on December 15 – 16 next. Only 5% of academician being surveyed believed the Fed would maintain FFR till March next year, ony 3% predicted the Fed would soon axe FFR close to zero percent.

However the Gobernment and BI were ready to anticipate the possibiility of the Fed increasing FFR. The Ministry of Finance of RI had received China's offer to incease ceiling of bilateral currency SWAP arrangement (BCSA) to beome USD 20 billion or Rp 270 trillion (based in exchange rate Rp 13,500) against the previous USD 15 billion.

The Ministry of Finance Bambang Brodjonegoro stated that the increased demand could be entirely used for supporting liquidity. Not just that, meeting between President Joko Widodo and President Xi Jin Ping underscored China's commitment to increase investment at the real sector and portofolio sector.

China had underscored their commitment to underscore their support to Indonesia's economic growth.

The BSCA fund would be used for strengthening standby fund for forex reserves. The fund would only used if BI needed fund for strenghthening Rupiah exchange rate value against foreign currencies. At that meeting leader of the G20 countries also dicussed the potential of the Fed increasing FFR.

Leader of the G 20 countries discussed anticipative steps and assessed timing of The Fed increasing FFR this year end.

To accept China's offer to increase BCSA ceiling was a right step considering Indonesia's overseas debt. BI noted that 93.7% of Indonesia's long term debt were of the private sector, while Indonesia's debt by end of Q III-1015 was posted at USD 302.4 billion, down by USD 2.1 billion against end of previous quarter at USD 304.5 billion which was due to reduced debt of the private sector.

Statisical report of 2015 showed that debt status of the private sector was down by USD 1.7 billion on account of lessened bank debt. Position of overseas debt (ULN) of the private sector was down by USD 0.4 billion, especially due to less Government's debt. By such downturn, ULN of the private sector was posted at USD 168.2 billion (55.,6%) – bigger than ULN share of the public sector at 44.4% (USD 134.2 billion). Besides Indonesia's economic growth in Q III-2015 slowed down against Q II-2015 from 6.,2% to 2.7% (y o y).

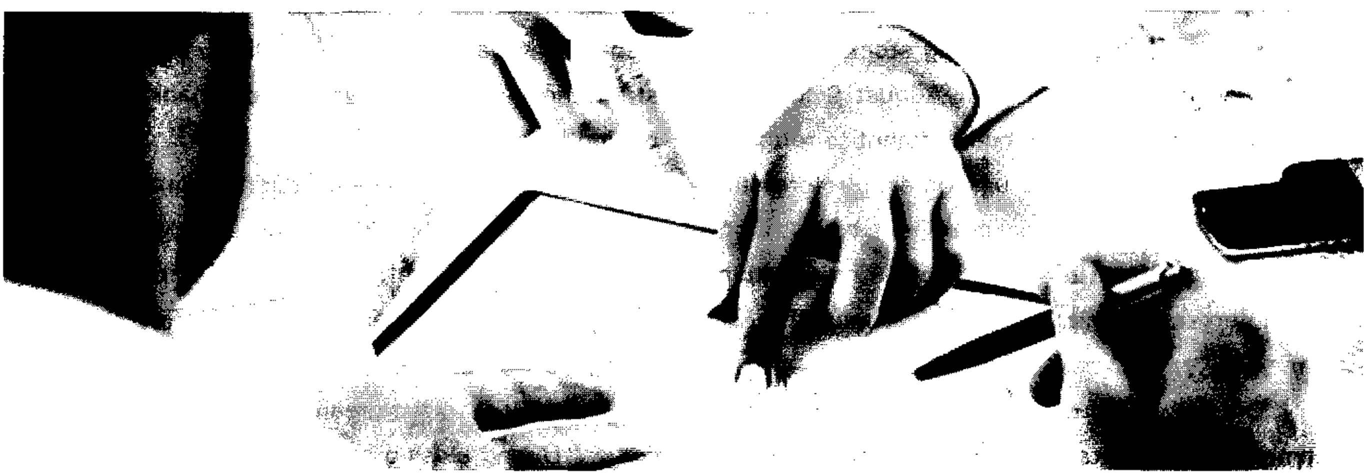
BI saw that development of ULN in Q III 2015 was still healthy but the risk on economy must still be constantly watched on. Still BI must monitor ULN development.

Beside betterment of national macro economy as the effect of implementation of pro growth economic policy, potential appreciation of Rupiah also came from entry of Yuan as international currency. Christine Lagarde, Managing Director of IMF last weekend (1311) stated her support for Yuan in the basket of special drawing rights.

For information, SDR was IMF currency the value of which referred to a basket of world's leading currencies, namely USD, Euro, ¥en and Poundsterling, Lagarde stated that she would chair the meeting of IMF Board of Directors in November 30 next. One of the agenda was to include Yuan in the basket,

Previously Beijing insisted Yuan to enter the IMF basket which was part of China's long term strategy to minimize their dependency on USD. To enter the IMF basket would mean sweet victory for Beijing because it would jack up demand for Yuan in the moneymarket, symbolizing the role of China as the second strongest economy of the world.

Meeting of IMF executives concluded that Yuan had met the standard requirements to be used



internationally. Besides Yuan could also be used in transactions of currency market. IMF had also signaled green light to Beijing's effort to tackle some problems detected in July release.

IMF Board of Executives who represented 188 IMF members, seemed to be supportive to IMF recommendations, not excepting France and Britain. In the affirmative case, ebtry of Yuan to SDR masket would be efrective per October 2016 which would give enough time for Beijing to prepare themselves,

Assuming that Yuan could manage to get 70% votes at IMF Management Board, it would be the first time in history that the number of currencies in SDR were increased. Lagarde rated that chances of Yuan being accepted in the basket was high. The only factor that could undermine the process was America's rejection, but US high officials did not seem to reject it.

Apparently China had done some reformations lately to liberate their financial market and help Yuan to try to meet IMF standards. Among some of the policies adopted was among others to set limit for fix deposit interest, to release three montly promissory notes every week and to improve China's transparence of data.

Economists rated that the entry of Yuan to IMF basket means China had to build world's confidence with global investors and Government's of the world. The point was that interventions made by China to put brakes on their falling stockmarket and sudden devaluation of Yuan on August 9 last triggered doubts about China's commitment to reform.

So China must step up domestic reformation and improve their transparence of Government's policy. The Central Bank of China (PBOC) must reduce market intervention and leave things to market mechanism.

On the other hand, PBOC stated that IMF statement was admittance of progress made by China in doing reformation and liberating their economy. Inclusion of Renminbi into SDR basket would promote SDR credibility and help today's international monetary system which would advantage China and other countries of the world. PBOC also confirmed they would honor IMF decision to reform.

Surely China had their reason to bring Yuan to IMF SDR basket. With China's economic slowdown, to devaluate their currency would be a way to jack up economy once more.

From the abve picture it makes sense for Rupiah during closing session last week (20/11) to continue strengthening in the range of Rp 13,600 – Rp13.700 per USD. This week Rupiah exchange rate value would be in the range of Rp13,550 – Rp13,650 per USD.

The Capital Market

During opening session of BEI last Friday (20/11) IHSG was continuing strengthening of the first session and strengthened by 24.44 points or increasing by 0.54% to 4,543.38. 134 shares strengthened 99 shares weakened and 88 shares stagnated and 23 shares unsold. The number of shares being transacted was 2.07 billion lots with transaction value of Rp1.9 trillion.

Nine out of ten sectors during section two were seen to strengthen with biggest increase happening in the property sector which rose by 1.36%. Generally speaking increase of IHSG was helped by strengthening of premium shares thanks to act of buying by domestic investors.

To start transaction during morning session, IHSG dropped by 13.039 points (0.29%) to the level of 4,505.901 was affected by act of profit takiing. Shares which stengthened the day before were subject to selling by investors. Selective buying by investors took IHSG to the green zone.

During closing session of I on Friday (20/11)

IHSG strengthened by 18,257 points (0.40%) to 4,537.197. Meanwhile index of LQ 45 increased by 2.731 points (0,.35%) to the level of 780,791 The highest position of IHSG today was 4,543.678. Foreign investors were beginnning to hunt cheap shares.

Market was quiet with transaction frequency 130.879 times and 2.21 billion lots worth Rp 2.337 trillion. 133 shares rose, 92 shares down and 77 shares stagnated. Meanwhile regional shares moved negatively until afternoon session except China's stockmarket.

Index of Nikkei 225 inched down by 23.21 points (0.12%) to the level of 19,836.60. Index of Hang Seng dropped by 43.25 points (0.19%) to the level of 22,456.97. Index of Composite Shanghai inched up by 2.59 points (0.07%) to the level of 3,619.65. Index of Strauts Times inched down by 13m84 points (0.47%) to the level of 2.905.99.

On the day before (19/11) global and Asian stockmarkets strengthened as US Central Bank signaled they would increase FFR next month. Europe stockmarket was also opened to strengthen where FTS Eurofirst 300 FTEU3 in London rose by more than 1%. FTSE, Frankfurt and Paris were in positive zone as Nikkei 225 was closed to strengthen as main contributor to Asia stockmarket increased.

The Fed's meeting minutes showed that most of the members were ready to increase FFR for the first time after nearly ond decade.

At the commodity market, price of gold inched up by 0.6% to become US% 1,077.20 per ounce after being at the lowest point since early 2010. Zinc , tin and nickel were at the lowest level in the past 5 to 7 years. Price of oil rose from the lowest position in 3 months. Price of Crude Oil WTI was at USD 40.65 per barrel, while price of Brent strengthened by 20 cents to become USD 44.34.

During closing session last Friday (20/11) IHSG at BEI was projected to strengthen in the range of 4.550 – 4.570 as investors were getting optimistic about betterment of corporate performance. IHSG continued to strengthen this week to around 4,575 – 4,625 with optimism of improvement in Indonesia's fundamental economy.

As told, although BI rate was not lowered from 7.5%, monetary stimulus released by BI enabled cedit expansion and lowering of credit interest. The stimulus was lowering of GWM and relaxation of rules on loan-to-value (LTV) for property credit for automotives.

Lowering of GWM by 0.5% had the potential to increase bank liquidity of Rp 18.22 trillion which could be used for credit pipelining. The estimated impact would be to increase credit growth by 0.06%. Hence bank could lower fix deposit interest and finally credit interest.

It must be borne in mind that interest rate depended much on inflation level. The point was that althouh businesspeople demanded low intetest, they would not deposit their money if the interest was below inflation level. This year inflation was estimated to drop to below 4% against 8.3% last year. Only by lessened inflation bank interest could lessen.

Lowering of credit interest could bring positive effect on emitent's performance. It would mean motivation for investors to increase their portofolio. In the end IHSG would rise sustainably, moreover the Government's Economy Policy Package was starting to roll. (SS)

SPECIAL STRATEGY NEEDED TO BE SELF-RELIANT IN SALT

Jakarta, *Business News*

It was necessary for the Government to set up a special strategy for developing salt industry to be self reliant in salt. Sudarto, Head of the Technological Workshop for Industrial Polution stated on Friday (20/11) that in drawing roadmap for self reliance in salt, land procurement was still the problem faced by investors. He said that business promotion was needed to drum up investors.

Sudarto said it was necessary for the provincial Governments to immediately launch promotion to draw investors. It was also necessary to make feasibility study on the distribution side to suply small inustry (IKM). To develop salt industry, the potential regions were NTT, East Java, Central Java, NTB and South Sulawesi.

To meet the ojective of self sufficiency in salt, was necessary for the Ministry of Maritime Affairs (KKP) to scheme up a concept and applicable implementation strategy to meet national self suffiiency in salt by 2015 as envisaged by the Minister. Member of Commission IV of Parliament Rofi Munawar stated that the process of planning and evaluation must be thoroughly exercised before target was set.

On the business side, importig of salt must be transparent in terms of utility. He said that self reliance in salt could be realized if the Government was determined to attain it. He said that the process of inter-ministrial coordination and communication had not been well executed.

As known, the Ministry of Maritime Affairs had set target for national self reliance in salt, for consumption or for industry, to be realized by 2015. Meanwhile the national roadmap for salt industry development inter-ministrial agreement could be realized in 2017. Rofi stated that the important step to be taken by the Government was empowerment of local salt farmers, which could be done by technologocal and management aid.

Data of the Ministry of KKP had it that so far people owned land for salt making only 0.27 ha per farmer wth productivity of 80 -90 tond of salt per season, while people's production of salt last year was posted at around 2.5 million tons with KP 1 quality salt 35%. Today national demand for salt was 4 million tons consisting of cosumption salt 2.2 million tons and industrial salt 1.8 million tons, filfilled by import from Australia, China, Europe etc.

Meanwhile Secretary of KIARA Fishermen Coalition Abul Halim rated that national target for self reliance in salt set in 2015 was hard to attain if inter ministrial coordination was not maximized. Today, coordination between the Ministry of Trade, Ministry of Industry and Ministry oif Maritime and Fishery was not at best. Target could only be met if salt farmers were fully involved in terms of capital, technology, processing, packaging and sales.

As known, the Government had schemed up roadmap for national self sufficiency in salt by 2017 which was made soonest to be this year end. National salt production was targeted to reach 4.6 million tons consisting of people's salt 3.2 million tons and PT Garam 1.4 million tons. Through 2014. Realization of national land production came to 2.5 million tons consisting of people's salt 2.12 million tons and PT Garam 350,000 tons. (SS)

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because Indonesian Robusta coffee is more superior.

In particular, Faiz highlighted Gayo Arabica coffee, which is now becoming one of the most sought after commodity in the international market. However, he said, coffee productivity has not been considered optimal. The local government was asked to make efforts to improve coffee productivity intensively.

He explained that Gayo Arabica coffee is one of the best coffees in Indonesia. Gayo Arabica coffee along with several other Indonesian coffees became increasingly demanded by the world market. National coffee production reached 685,000 tons in 2014. Of that amount, 75,000 tons was Gayo Arabica coffee. Around 65% of total production was exported in the form of raw materials or green beans, the rest is processed in the country.

The export value of Indonesia's refined coffee products rose 9.9%, from USD 302.12 million in 2013 to USD 332.24 million in 2014. The coffee is exported to almost all over the world, consisting of a number of countries in Asia, America, and Europe. Faiz said that the average productivity is approximately 750 kg per hectare per year. This amount is still minimal compared to its true potential. According to the Gayo Coffee Protection Society (MPKG), productivity potential of Gayo Arabica coffee could reach 2,000 kilograms per hectare per year if treated optimally.

It was also expressed by Gamal Nasir, Director General of Plantation of the Ministry of Agriculture. He said that coffee products in Indonesia are very diverse in terms of flavor and aroma, but in terms of productivity it is still up to 50% lower than Vietnam. In fact, Indonesia has much greater potential land of coffee plantations.

He said that Indonesia is lagging behind Vietnam in terms of productivity of coffee production due to technical problems, i.e. coffee plantations in Indonesia are still traditional. While, Vietnam has implemented GAP (Good Agriculture Practices). Ranging from the selection of superior and certified seeds, good irrigation, optimal fertilizers, and in accordance with GAP standards. With the implementation of GAP, he said, Vietnam is able to produce an abundance of coffee per hectare compared with Indonesian plantations.(E)

GOVERNMENT SYNCHRONIZES THE ROLE OF BALAI BESAR TO HELP SMALL & MEDIUM INDUSTRIES TO BE MORE OPTIMAL

Jakarta, *Business News*

As one of government programs in 2016, the government will synchronize the role of a number of Balai Besar and Industrial Research and Standardization Center (Baristand), to optimize the function of industry, especially small and medium-scale industries. According to the Director General of Small and Medium Industries (SMIs) of the Ministry of Industry, Euis Saedah, it is still a challenge, because during this time, both Baristand and Balai Besar, are mostly providing testing services.

"In accordance with the main tasks and functions, they carry out research, standardization, certification and testing in the field of industry according to the technical policy stipulated by Head of Industrial Research and Development Agency of the Ministry of Industry. Therefore, most large companies use their services, such as for laboratory testing, packaged food products, environmental certification, as well as other products that have already met the standards, such as SNI," Euis told Business News, on Thursday (November 19).

With these services, they obtain Non-Tax Revenues. Nevertheless there are still problems in terms of availability of human resources, mainly because of the lack of support for research and engineering personnel. Meanwhile, if such personnel is available, it has the potential to promote the emergence of new technology-based entrepreneurs. Such as the presentation on R & D results on processed turnips, which, by Baristand Padang, is used as an alternative product of wheat flour, as materials used by the food industry for making cakes.

Looking at these developments, the next step is towards the stage of commercialization of R & D, the extent to which this can be done through the production of machineries that will be provided by the government through the Directorate General of Small & Medium Industries to a number of business groups. Therefore, with technology-based processes, it is also equipped with the help of research and technology, and the next is to sharpen the step towards a more commercial service. Indeed, to get to the stage of machinery commercialization, there has to be a process that may not be done easily and it

Kementerian Perindustrian
REPUBLIK INDONESIA

took several times of trials and testing.

Concerning the stage of inter-agency cooperation, which has been conducted between the Directorate General of SMEs and Balai Besar, among others, Center for Pollution Prevention of Industrial Technology - Semarang in the development of Industrial Self-Sufficient Village (Desa Mandiri Industri). The cooperation is for the development of organic liquid fertilizer in the Balai Besar, which is applied in several regencies in East Java and South Sulawesi, to make it capable of supporting the regions concerned, with a symbiotic system in the industrial field that has been qualified. Directorate General of Small and Medium Industries who provides a model in financed village pilot project, in sync with Balai Besar who prepares researchers and engineers. Although the model has not been running perfectly, it continues to be developed gradually.

Directorate General of Small & Medium Industries is also working with the Center for Textile and Batik Craft for the development of natural fibers. The cooperation is continuously developed as the output is not yet evident. Because industry requires a separate process, so it needs to be explored seriously. Looking at some forms of cooperation that have been done, next year there will be more specific breakthroughs to achieve more concrete outcomes, said Euis.

In contrast to other cooperation, such as the test process to obtain Indonesian National Standard (SNI), which is mandatory, such as helmets, children's toys and children's clothing, performed in a number of Balai Besar. While, for standard development in the future, there has to be machinery engineering for processing that will make their products more quickly in the production system or their quality improved, she said. (E)

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Editor in Chief : Taufik Sumawinata
Managing Editor : Arisanto
Correspondents : Expert from Business & Scientific world
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EMPLOYMENT OF FOREIGN WORKERS IN EXCLUSIVE ECONOMIC ZONE NOT TO BE MADE EASY

Jakarta, *Business News*

As follow up of Govt. Economy Policy Package, i.e. convenience in extending permit for employing foreign workers (IMTA) and the Plan for Employing Foreign Workers (RPTKA) a the Exclusive Econimy Zone (KEK), the Ministry of labor would soon appoint official in charge of managing permit process for employing foreign workers at KEK.

The Dir. Gen. of Employment of the Ministry of Labor Heri Sudarmanto stated in Jakarta (9/11) that the Government was allowing convenience for investors employing foreign workers, to be given directly at KEK.

So far issuance of RPTKA and IMTA permit was done at the Central Government and Provincial (local) Government. The IMTA and RPTKA permit were ready to be implemented in Batam. Based on Ministrial data through January- August 2015 the number of foreign workers entering Indonesia was posted at 54,953 people consisting of workers of the sectors of Agriculture (5,399), industry (16,969) and trading and service (32,585).

However admittedly eased procedure for work permit application for foreign workers posed as challenge of its own for the Ministry of Labor. Muji Handaya. Dir. Gen. of Inspection stated that with eased application procedure the risk of illegal workers coming would be greater. Therefore inspection at KEK would be intensified, so monitoring could run well.

Muji explained that the Economy Policy Package chapter IV was focused on incentive giving at KEK, among others convenience in employing foreign workers. The Ministry of Labor felt sure that the number of foreign workers would increase.

Eased permit procedures were given to 8 KEK, namely Tanjung Lesung Banten, Sei Mangkei North Sumatra, Palu Central Sulawesi, Bitung North Sulawesi, Mandalika NTB, Mototai North Maluku, Tanjung Api Api South Sumatra and Maloy Trans Kalimantan/MBTK East Kalimantan.

Meanwhile the Dir. Gen, of Industrial Development Imam Haryono stated that since announcement 6 years ago KEK development had been stationery since infra structure was not ready. Two big KEK still had no electricity supply and gas, and adequate roads.

The two big KEK were KJEK in Sei Mangkei in North Sumatra and KEK in Bitung, North Sulawesi. Imam said that KEK in Sei Mangkei still had no adequate roads, railway, airport, and harbor. And yet Sei Mangkei was supposed to be an agro-business center like CPO.

To accelerate infra structure building at Sei Mangkei KEK, Imam said that the Ministry kept coordinating with the related institutions to solve problems. He said that the Ministry of Industry would manage supply of electricity, gas, and, roads and harbors. By this coordination, Imam was expecting facility building at Sei Mangkei would soon be completed. Imam said that the main obstacle was land clearing , many illegal houses wer spread out in this 92.6 ha land.

Imam sid that building of KEK would take around 7 to 8 years. Many taks needed to be done from space planning to infra struicture building. Imam showed as an example builing ok JEK at Tanjung Lesung Banten which was KEK labeled in 2012 which was progressing slowly. The masterplan and detail plan were thoroughly made to separate the project from settlements,(SS)

THE ROLE OF INDONESIA AS MAIN INVESTMENT DESTINATION

Jakarta, *Business News*

Survey exercised by Price Waterhouse Coopers (PwC) on 800 CEO companies based in Asia Pacific responded positively to Indonesia's effort to improve investment climate. Survey outcome confirmed Indonesia's position as investor's main destination together with China and the USA. BKPM release mentioned that Head of BKPM Franky Sibarani resoponded positively to PwC. The survey complemented other surveys run by other independent agencies.

Franky said that the positive perception in that survey outcome could help BKPM to increase investment flow to Indonesia and meet the target set by the Government.

The positive responses in that survey was quite significant as the global economic condition was in the state of uncertainty. At least the survey run from June 23 to August 2015 considered 2 global conditions which influenced respondents responses: the America factor and the China factor. Indonesia's positive position could enhance effort to drum up global investors.

52 percent of CEO Ready to Increase Investment

Some important points noted by BKPM in the survey made by PwC was that 800 respondets which was 52% of CEO stated they would incrrease their investment in Indonesia while 38% decided to stay at the same level. This was the highest precentage after China. Indonesia's position was the same as the USA and Vietnam.

As a whole 68% of new investment would flow in to APEC and 32% to the rest of the world. The respondents also had high confidence of Indonesia's economy for the next 3-5 years a confidence which was higher than confidence for the next 12 months.

The survey also projected Indonesia's future characterized by change of the industry profile from manufacturing to technology. Ths caused need for modernization of equipments and movement of trans national workers. (SS)

BASIC NEEDS PRICE

Jakarta, ***Business News***

No.	Commodity	Unit	OCTOBER 2015						
			15	16	17	18	19	20	21
1	Rice IR. I (IR 64)	Kilogram	10,785.00	10,775.00	10,765.00	10,755.00	10,765.00	10,765.00	10,765.00
2	Rice IR. II (IR 64)	Kilogram	9,933.00	10,022.00	10,033.00	10,044.00	10,056.00	10,056.00	10,033.00
3	Rice IR. III (IR 64)	Kilogram	11,800.00	11,800.00	11,820.00	11,800.00	11,800.00	11,967.00	11,911.00
4	Rice Muncul .I	Kilogram	13,000.00	13,090.00	13,270.00	13,270.00	13,270.00	13,270.00	13,290.00
5	Rice IR 42	Kilogram	12,360.00	12,240.00	12,120.00	12,210.00	12,150.00	12,200.00	12,150.00
6	Rice SETRA - I	Kilogram	10,873.00	10,955.00	10,927.00	11,009.00	10,918.00	11,000.00	11,000.00
7	Cooking oil (yellow/curah)	Kilogram	21,455.00	23,091.00	24,273.00	22,955.00	23,773.00	24,273.00	24,545.00
8	Curly red chilli	Kilogram	21,273.00	23,091.00	23,318.00	23,545.00	23,182.00	22,091.00	22,545.00
9	Red Chilli (TW)	Kilogram	22,909.00	23,364.00	23,364.00	24,000.00	23,636.00	22,273.00	22,455.00
10	Red cayenne pepper	Kilogram	22,182.00	22,545.00	23,273.00	23,636.00	23,818.00	23,455.00	23,818.00
11	Green cayenne pepper	Kilogram	21,182.00	21,182.00	21,273.00	21,091.00	21,636.00	21,091.00	21,091.00
12	Red onion	Kilogram	24,636.00	24,909.00	25,273.00	25,000.00	24,000.00	24,364.00	24,364.00
13	White onion	Kilogram	121,364.00	121,273.00	121,273.00	121,364.00	121,364.00	121,818.00	121,818.00
14	Tenderloin	Kilogram	110,455.00	109,455.00	110,364.00	110,455.00	110,455.00	110,909.00	110,909.00
15	Chuck (Semur)	Kilogram	32,600.00	32,100.00	31,900.00	31,900.00	32,300.00	31,800.00	31,900.00
16	Broiller chicken (Ras)	Pieces	19,364.00	19,864.00	19,909.00	20,045.00	20,500.00	20,773.00	20,773.00
17	Chicken egg	Kilogram	19,364.00	19,864.00	19,909.00	20,045.00	20,500.00	20,773.00	20,773.00
18	Lamb	Kilogram	107,125.00	106,875.00	106,875.00	106,875.00	106,875.00	108,125.00	108,125.00
19	Fatty pork	Kilogram	65,000.00	65,000.00	65,000.00	65,000.00	65,000.00	65,500.00	65,500.00
20	Milkfish (medium)	Kilogram	35,455.00	35,455.00	35,636.00	35,364.00	35,636.00	35,545.00	35,273.00
21	Goldfish	Kilogram	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
22	Satfish	Kilogram	24,400.00	24,400.00	24,500.00	24,500.00	24,400.00	24,500.00	24,500.00
23	Sugar	Kilogram	12,773.00	12,818.00	12,864.00	12,818.00	12,818.00	12,818.00	12,818.00
24	Wheat Flour	Kilogram	8,682.00	8,682.00	8,682.00	8,682.00	8,682.00	8,682.00	8,682.00
25	Salt	200 Gram	4,650.00	4,650.00	4,650.00	4,650.00	4,650.00	4,650.00	4,650.00
26	Gas Elpiji (3Kg)	3 Kilogram	19,750.00	19,875.00	19,750.00	19,750.00	19,750.00	19,625.00	19,625.00
27	Bendera powder milk (400 gr)	Box	41,643.00	41,643.00	41,643.00	40,214.00	40,214.00	41,643.00	41,643.00
28	Dancow powder milk (400 gr)	Box	48,138.00	48,138.00	48,138.00	48,075.00	48,075.00	48,075.00	48,075.00
29	Bendera condensed milk (200 gr)	Can	11,625.00	11,750.00	11,750.00	11,750.00	11,750.00	11,750.00	11,750.00
30	Enak condensed milk (200 gr)	Can	11,160.00	11,160.00	11,160.00	11,160.00	11,160.00	11,160.00	10,800.00
31	Margarine Blueband Cup (250 Gr)	Can	9,755.00	9,745.00	9,845.00	9,755.00	9,755.00	9,745.00	9,745.00
32	Margarine Blueband Cup (200 gr)	200 Gram	6,755.00	6,745.00	6,791.00	6,709.00	6,664.00	6,700.00	6,700.00
33	Potato (medium)	Kilogram	11,455.00	11,636.00	11,818.00	11,727.00	11,864.00	11,773.00	11,682.00
34	Tomato	Kilogram	12,318.00	12,545.00	12,364.00	12,455.00	12,364.00	12,545.00	12,455.00
35	coconut peeled	Pieces	6,450.00	6,550.00	6,500.00	6,500.00	6,500.00	6,350.00	6,500.00
36	Water melon	Kilogram	7,450.00	7,350.00	7,450.00	7,350.00	7,350.00	7,350.00	7,350.00
37	Orange Medan	Kilogram	22,889.00	23,111.00	23,222.00	23,222.00	23,000.00	22,556.00	22,556.00

Source : PD Pasar Jaya

(BN)

PRICE REFERENCE OF COAL (HBA) AND COAL BENCHMARK PRICE (HPB) PER NOVEMBER 2015

Jakarta, ***Business News***

HBA

HBA (US$/Ton)		
Quality: CV = 6322 kcal/kg GAR; TM = 8%; TS = 0,8% ar; Ash = 15 % ar	**54,43**	FOB *Vessel*

HPB COAL MARKER

No	BRAND	Typical Quality				HPB MARKER (US$/ton)
		CV (kcal/kg, GAR)	TM (%,ar)	TS (%,ar)	Ash (%,ar)	
1	Gunung Bayan I	7.000	10,00	1,00	15,00	58,16
2	Prima Coal	6.700	12,00	0,60	5,00	59,98
3	Pinang 6150	6.200	14,50	0,60	5,50	54,21
4	Indominco IM_East	5.700	17,50	1,63	4,80	44,77
5	Melawan Coal	5.400	22,50	0,40	5,00	44,76
6	Envirocoal	5.000	26,00	0,10	1,20	42,95
7	Jorong J-1	4.400	32,00	0,25	4,15	34,54
8	Ecocoal	4.200	35,00	0,18	3,90	31,83

Example HPB Other Coal Listed on Directorate General of Mineral and Coal

No	BRAND	Typical Quality				HPB (US$/ton)
		CV (kcal/kg, GAR)	TM (%,ar)	TS (%,ar)	Ash (%,ar)	
9	Gunung Bayan II	7.000	12,00	2,00	10,00	54,85
10	Marunda Thermal Coal	6.600	11,00	0,50	10,00	58,17
11	Trubaindo HCV_HS	6.553	12,00	1,69	4,21	54,72
12	Medco Bara 6500	6.500	10,00	3,28	9,38	47,07
13	Trubaindo HCV_LS	6.423	11,50	0,71	4,76	57,65
14	AGM Waruba Coal	5.313	23,00	0,24	4,00	44,92
15	Pinang 6000 NAR	6.300	14,00	0,60	5,50	55,30

No	BRAND	Typical Quality				HPB (US$/ton)
		CV (kcal/kg, GAR)	TM (%,ar)	TS (%,ar)	Ash (%,ar)	
16	Arutmin Satui 10	6.300	11,00	1,00	10,00	53,67
17	Arutmin Senakin	6.250	11,00	1,00	12,00	52,46
18	Arutmin A6250	6.250	10,00	1,20	12,00	52,24
19	Mandiri 1	5.200	25,00	0,60	7,00	40,50
20	Wahana Coal	6.200	12,00	0,90	10,00	52,66
21	Medco Bara 6200	6.200	10,00	4,00	12,00	40,62
22	Indominco IM_West / 6500	6.171	15,50	0,76	5,22	52,87
23	TAJ Coal	6.200	10,00	1,00	14,00	51,82
24	Mandiri 2	5.100	26,00	0,60	7,00	39,32
25	Trubaindo MCV_LS	6.143	14,00	0,76	5,20	53,52
26	SKB Coal	6.130	9,00	2,20	17,00	45,80
27	Baramarta Coal	6.112	9,50	0,95	13,00	51,96
28	Arutmin A6100	6.100	11,50	1,00	12,50	50,72
29	Insani Coal	6.050	19,00	0,15	3,20	53,20
30	BCS Coal	5.915	15,10	0,56	9,40	50,20
31	Indominco IM_West / 6350	6.029	15,50	0,71	5,22	51,95
32	Bangun Coal	6.072	10,02	2,20	14,91	45,57
33	Pinang 6000	6.000	16,00	0,60	5,00	51,97
34	Indominco IMM_MCVHS	5.970	15,50	1,65	5,05	47,79
35	Multi Coal Low	5.950	16,00	1,00	7,00	49,17
36	Multi Coal Middle	5.900	16,00	2,00	7,00	44,78
37	Pinang 5900	5.900	19,00	0,90	4,50	48,52
38	Arutmin A5900	5.900	12,00	0,90	13,00	48,99
39	Multi Coal High	5.765	16,00	3,20	7,00	38,92
40	KCM Coal	5.730	10,50	0,90	20,50	45,39
41	TSA Coal	5.700	18,00	2,00	8,00	41,74
42	Tanito Coal	5.700	17,50	1,00	8,50	45,81
43	Mahakam Coal	5.700	17,50	1,00	8,50	45,81
44	Ebony High Sulphur	5.700	18,00	1,75	4,70	44,06
45	Pinang 5700	5.700	19,00	0,50	5,00	48,41
46	IBP 5500	5.500	20,00	1,00	7,00	43,58
47	Arutmin A5700	5.700	11,00	0,80	14,00	47,87
48	BSS Coal	5.520	10,00	0,45	15,50	47,69
49	Lanna Harita Coal	5.500	22,00	1,00	6,00	42,95
50	Pinang 5500	5.500	21,00	0,40	5,50	46,06
51	Mahoni Medium Sulphur	5.500	20,00	1,30	4,70	43,30
52	Mahoni	5.500	20,00	0,80	4,70	45,30

No	BRAND	Typical Quality				HPB (US$/ton)
		CV (kcal/kg, GAR)	TM (%,ar)	TS (%,ar)	Ash (%,ar)	
53	Mahakam Coal B	5.400	23,00	1,50	8,00	38,91
54	Mahoni B	5.300	22,50	0,80	4,60	42,60
55	Kideco Coal	5.125	24,50	0,10	2,00	44,21
56	Agathis	5.100	25,00	0,82	4,50	39,92
57	Lanna Harita Coal	5.000	27,00	1,20	6,00	36,16
58	IBP 5000	5.000	25,00	1,00	7,00	37,49
59	Sungkai Medium Sulphur	5.000	26,00	1,30	4,50	36,83
60	Sungkai	5.000	26,00	0,90	4,50	38,43
61	Sungkai High Sulphur	5.000	26,00	1,70	4,50	35,23
62	Arutmin A5000	5.000	22,40	0,54	8,90	39,79
63	AGM Warute Coal	4.350	33,00	0,40	4,00	33,27
64	IBP 4600	4.600	28,00	0,50	7,00	35,39
65	Bas Gumay Coal	4.400	35,00	0,50	4,96	31,98
66	IBP 4400	4.400	30,00	0,50	7,00	33,22
67	IBP 4200	4.200	32,00	0,50	6,00	30,93
68	PIC Coal	4.200	33,00	1,75	6,00	25,53
69	BIB 4000	4.000	38,00	0,50	6,00	27,37
70	Borneo BIB	3.800	41,00	0,40	5,00	20,35
71	AGM Warutas Coal	3.800	40,00	0,15	5,23	20,71
72	PKN 3500	3.520	43,40	0,15	3,40	18,04
73	BMPclenco33	3.300	48,00	0,70	7,00	15,47
74	LIM 3010	3.010	47,50	0,60	5,30	14,26
75	LIM 3000	2.995	50,10	0,60	5,30	13,45

Provision_:

1. The above price reference of coal was price of coal for spot transaction, for the period of November 1 to NOvember 30, 2015
2. In the event that sales transaction was done in term basis price of coal would refer to the latest average 2 (three) benchmark price on the month when agreement was made with multiplier factor of 50% for the latest reference price, 30% for price of coal the month before and 20% for benchmark price of two months before.

(BN)

FOREIGN EXCHANGE RATES

Jakarta, *Business News*

EXCHANGE RATES ON TRANSACTION

CURRENCY	VALUE	NOVEMBER 24, 2015			NOVEMBER 23, 2015			NOVEMBER 20, 2015		
		BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING
AUD (Australia)	1,-	9,826.78	9,879.20	9,931.62	9,776.73	9,826.89	9,877.05	9,841.03	9,894.85	9,948.66
BND (Brunei)	1,-	9,644.70	9,695.16	9,745.62	9,610.72	9,660.05	9,709.37	9,664.88	9,716.43	9,767.97
CAD (Canada)	1,-	10,227.72	10,279.79	10,331.86	10,174.71	10,227.40	10,280.08	10,281.29	10,335.14	10,388.99
CHF (Switzerland)	1,-	13,411.26	13,482.36	13,553.46	13,346.39	13,418.93	13,491.47	13,478.60	13,552.68	13,626.76
CNY (China Yuan)	1,-	2,137.18	2,147.98	2,158.78	2,133.81	2,144.46	2,155.10	2,143.31	2,154.13	2,164.94
DKK (Denmark)	1,-	1,947.01	1,956.99	1,966.97	1,937.86	1,947.67	1,957.48	1,964.53	1,974.56	1,984.59
GBP (United Kingdom)	1,-	20,659.87	20,768.41	20,876.95	20,664.14	20,771.38	20,878.61	20,894.60	21,003.52	21,112.43
HKD (Hong Kong)	1,-	1,761.76	1,770.70	1,779.64	1,758.29	1,767.12	1,775.95	1,763.76	1,772.72	1,781.68
JPY (Japan)	100,-	11,123.42	11,180.09	11,236.76	11,062.59	11,120.06	11,177.52	11,121.05	11,179.47	11,237.89
KRW (Korean)	1,-	11.82	11.88	11.94	11.76	11.82	11.88	11.80	11.87	11.93
KWD (Kuwaiti Dinar)	1,-	44,767.21	45,105.19	45,443.16	44,755.34	44,993.51	45,231.68	44,863.80	45,202.35	45,540.90
MYR (Malaysia)	1,-	3,197.66	3,216.85	3,236.04	3,164.15	3,181.43	3,198.70	3,165.08	3,184.03	3,202.97
NOK (Norway)	1,-	1,577.95	1,586.34	1,594.73	1,573.33	1,581.40	1,589.47	1,586.86	1,596.18	1,605.49
NZD (New Zealand)	1,-	8,913.33	8,959.76	9,006.18	8,874.55	8,921.59	8,968.62	9,014.00	9,062.26	9,110.52
PGK (Papua New Guinea)	1,-	4,505.82	4,632.03	4,758.24	4,527.22	4,651.67	4,776.11	4,538.44	4,664.91	4,791.38
PHP (The Philippines)	1,-	289.62	291.12	292.61	288.88	290.39	291.89	290.73	292.26	293.79
SAR (Saudi Arabian Riyal)	1,-	3,640.39	3,659.03	3,677.67	3,633.36	3,651.98	3,670.60	3,644.85	3,663.49	3,682.13
SEK (Sweden)	1,-	1,566.33	1,574.64	1,582.94	1,558.86	1,566.91	1,574.95	1,575.45	1,583.68	1,591.90
SGD (Singapore)	1,-	9,644.70	9,695.16	9,745.62	9,610.72	9,660.05	9,709.37	9,664.88	9,716.43	9,767.97
THB (Thailand)	1,-	380.76	382.79	384.82	380.46	382.47	384.47	382.48	384.47	386.45
USD (United States)	1,-	13,654.00	13,723.00	13,792.00	13,628.00	13,696.00	13,764.00	13,670.00	13,739.00	13,808.00
EUR (Europe)	1,-	14,526.49	14,600.59	14,674.69	14,455.22	14,530.10	14,604.98	14,654.24	14,730.97	14,807.70

NOTE : The middle rate is based on Business News calculation

REVOCATION OF REGULATION OF DIRECTOR GENERAL OF TAXES NUMBER PER-01/PJ/2015, ON AMENDMENT TO REGULATION OF DIRECTOR GENERAL OF TAXES NUMBER PER-53/PJ/2009, CONCERNING TYPE OF FORM OF NOTIFICATION OF FISCAL PERIOD OF FINAL INCOME ARTICLE 4 PARAGRAPH (2), NOTIFICATION LETTER ON FISCAL PERIOD OF INCOME INCOME ARTICLE 15, ARTICLE 22, ARTICLE 23 AND/OR ARTICLE 26 AND PROOF OF DEDUCTION / COLLECTION THEREOF

(Regulation of Director General of Taxes Number PER-14/PJ/2015, dated March 13, 2015)

WITH THE BLESSING OF THE ONE AND ONLY GOD

DIRECTOR GENERAL OF TAXES,

Considering :

a. Whereas, Regulation of Director General of Taxes Number PER-01/PJ/2015 stipulates to make amendment to Regulation of the Director General of Taxes Number PER-53/PJ/2009, concerning type of Qustionnaire Form of Notification of Fiscal Period of Final Income Tax Article 4, paragraph (2), Notification Letter of Fiscal Period of Final Income Tax Article 15, Article 22, Article 23 and/or Article 26 and Proof of Deduction / Collection thereof;

b. Regulation of Director General of Taxes Number PER-01/PJ/2015, is being postponed by Regulation of Director General of Taxes Number PER-08/PJ/2015, concerning Postponed Validity of Regulation of Director General of Taxes Number PER-01/PJ/2015, concerning Amendment to Regulation of Director General of Taxes Number PER-53/PJ/2009, concerning type of Questionnaire Form of Notification Letter of Final Income Tax Fiscal Period Article 4 Paragrapht (2), Notification Letter of Income Tax Article 15, Article 22, Article 23 and/or Article 26 Fiscal Period and Proof of Deduction / Collection.thereof;

c. Whereas, in the context of creating investment growth but not arising different of opinion of members of the community;

d. Whereas, based on the consideration referred to in letter a, letter b and letter c, it is necessary to stipulate Regulation of Director General of Taxes on Revocation of Regulation of Director General of Taxes Number PER-01/PJ/2015, concernig Amendment to Regulation of Director General of Taxes Number PER-53/PJ/2009, on the type of Notification Letter of Fiscal Period of Final Income Tax Article 4 Paragraph (2), Notification Letter of Fiscal Period of Income Tax Article 15, Article 22, Article 23 and/or Article 26 and Proof of Deduction / Collection thereof;

In view of:

1. Law Number 6 Year 1983, concerning General Provision and Procedure of Taxes (Statute Book of the Republic of Indonesia Year 1983 Number 49, Supplement to Statute Book Republic of Indonesia Number 3262) as lately amended several times by Law Number 16 Year 2009 (Statute Book of the Republic of Indonesia Year 2009 Number 62, Supplement to Statute Book Republic of Indonesia Number 4999);

2. Law Number 7 Year 1983, concerning Income Tax (Statute Book of the Republic of Indonesia Year 1983 Number 50, Supplement to Statute Book o the Republic of Indonesia Number 3263) as lately amended several times by Law Number 36 Year 2008 (Statute Book of the Republic of Indonesia Year 2008 Number 133, Supplement to Statute Book of the Republic of Indonesia Number 4893);

3. Regulation of Director General of Taxes Number PER-53/ PJ/2009, concerning type of Form of Notification Letter of Final Income Tax Article 4 paragraph (2) Fiscal Period, Notification Letter of Income Tax Article 15, Article 22, Article 23 and/ or Article 26 Fiscal Period and Proof of Deduction / Collection thereof;

4. Regulation of Director General of Taxes Number PER-01/ PJ/2015, concerning Amendment to Regulation of Director General of Taxes Number PER-53/ PJ /2009, concerning type of Notification Letter Form of Final Income Tax Article 4 paragraph (2) Fiscal Period, Notification Letter of Artcle 15, Article 22, Article 23 and/or Article 26 and Deduction / Collection thereof;

5. Regulation of Director General of Taxes Number PER-08/PJ/2015, concerning Postponed Validity of Regulation of Director General of Taxes Number PER-01/PJ/2015, concerning Amendment to Regulation of Director General of Taxes Number PER-53/PJ/2009, concerning type of Form of Notification Letter of Final Income Tax Article 4 paragraph (2) Fiscal Period, Notification Letter of Income Tax Article 15, Article 22, Article 23 and/ or Article 26 and Proof of Deduction / Collection thereof;

DECIDED:

To stipulate:

REGULATION OF DIRECTOR GENERAL OF TAXES ON REVOCATION OF REGULATION OF DIRECTOR GENERAL OF TAXES NUMBER PER-01/PJ/2015, CONCERNING AMENDMENT TO REGULATION OF DIRECTOR GENERAL OF TAXES NUMBER PER-53/PJ/2009, ON THE TYPE OF FORM OF NOTIFICATION LETTER OF FINAL INCOME TAX ARTICLE 4 PARAGRAPH (2) FISCAL PERIOD, NOTIFICATION LETTER OF INCOME TAX ARTICLE 15, ARTICLE 22, ARTICLE 23 AND/OR ARTICLE 26 AND PROOF OF DEDUCTION / COLLECTION THEREOF.

Article 1

Regulation of Director General of Taxes Number PER-01/PJ/2015, concerning Amendment to Regulation of Director General of Taxes Number PER-53/PJ/2009, on the type of Form of Notification Letter of Final Income Tax Article 4 paragraph (2) Fiscal Period, Notification Letter of Income Tax Article 15, Article 22, Article 23 and/or Article 26 Fiscal Period and Deduction / Collection thereof is revoked and declared null and void.

Article 2

To comply with the need for implementation of Income Tax administration, the type of Notification Letter Form of Final Income Tax Article 4 paragraph (2) Fiscal Period, Notification Letter of Income Tax Article 15, Article 22, Article 23 and/or Article 26 Fiscal Period and Proof of Deduction / Collection thereof must comply with the provisions in Regulation of Director General of Taxes Number PER-53/PJ/2009, concerning type of Notification Letter Form of Final Income Tax Article 4 paragraph (2) Fiscal Period, Notification Letter of Income Tax Article 15, Article 22, Article 23 and/or Article 26 serta Bukti Deduction/Collectionnya

Article 3

By the time this Regulation of Director Generalini, Regulation of Director General of Taxes Number PER-08/PJ/2015, concerning Postponed validity of Regulation of Director General of Taxes Number PER-01/PJ/2015, on Amendment to Regulation of Director General of Taxes Number PER-53/PJ/2009, on the type of Notification Letter Form of Final Income Tax Article 4 paragraph (2) Fiscal Form, Notification Letter of Income Tax Article 15, Article 22, Article 23 and/or Article 26 Fiscal Form and Proof of Deduction / Collectionnya is revoked and declared null and void.

Article 4

This Regulation of Director General comes to force on the date it is stipulated.

Stipulated in Jakarta
Dated March 13, 2015
DIRECTOR GENERAL OF TAXES,
sgd
SIGIT PRIADI PRAMUDITO
(NIP.195909171987091001)

(MA)

ASSESSMENT OF THE QUALITY OF SHARIA COMMERCIAL BANKS' AND SHARIA BUSINESS UNITS' ASSETS

(Regulation of the Financial Service Authority of the Republic of Indonesia No. 16/POJK.03/2014 dated November 18, 2014)

[Continued from Business News No. 8780 page 39-48]

Article 15

(1) The rating of sharia securities is based on the rating assigned by rating agency in the past 1 (one) year according to the existing rule.

(2) If the rating of sharia securities assigned by rating agency in the past 1 (one) year as referred to in paragraph (1) is not available, the sharia securities will be considered having no rating.

Article 16

(1) The bank is banned from having productive assets in the form of shares and/or sharia securities related to or guaranteed by certain underlying reference assets in the form of shares.

(2) The ownership of sharia securities related to or guaranteed by by certain underlying reference assets in the form of shares as referred to in paragraph (1) can only be done for the purpose of capital participation or temporary capital participation, with approval from the Financial Service Authority according to the existing rule.

Article 17

The bank can only hold sharia securities related to or guaranteed by certain underlying reference assets, provided:

a. the truth of underlying reference assets asset is believable;

b. the bank has the right to the underlying assets or the right to the value of underlying assets;

c. the bank has clear, appropriate and accurate information on the breakdown of underlying assets, including issuer and value of each basic asset, including any change in the assets; and

d. the bank administers detailed composition and issuer of underlying assets and adjust the administration in case of a change in the composition of assets.

Article 18

(1) The quality of sharia securities related to or guaranteed by certain underlying reference assets as referred to in Article 17 is stipulated as follows:

a. the quality of sharia securities whose obligation payment is directly related to underlying assets (pass through) and cannot be redeemed (non redemption) is stipulated based on :

1. the quality of sharia securities as referred to in Article 14; or

2. the quality of assets underlying sharia securities if the sharia securities has no rating;

b. the quality of sharia securities that does not meet the criteria as referred to in letter a is stipulated based on the quality of sharia securities as referred to in Article 14.

(2) The quality of assets underlying sharia securities as referred to in paragraph (1) letter a point 2 stipulated based on the quality of each type of underlying asset.

(3) The quality of sharia securities in the form of mutual fund is stipulated based on :

a. the quality of productive assets in the form of sharia securities as referred to in Article 14 paragraph (2); or

b. the quality of assets underlying mutual fund and the quality of mutual fund issuer, if the mutual fund has no rating.

Article 19

(1) The quality of sharia securities issued by the bank or endorsed by the bank follows the following provisions:

a. the quality of sharia securities having rating and/or actively traded at the stock exchange in Indonesia is stipulated based on the lowest quality; and :

1. the result of assessment based on provisions on the quality of sharia securities as referred to in Article 14; or

2. the result of assessment based on provisions on the quality of placement in other bank or issuing bank or endorsing bank

b. the quality of sharia securities whose based on its characteristics is not traded in the stock exchange and/or does not have rating is stipulated as follows :

1. that issued or endorsed by the bank in Indonesia is based on the quality of placement in other bank;

2. that issued or endorsed by bank outside Indonesia:
   a) that having a period of up to 1 one) year is based on provisions on the quality of placement in other bank,
   b) that having a period of more than 1 (one) year is based on provisions on the quality of sharia securities as referred to in Article 14 paragraph (2).

(2) The quality of sharia securities issued by party other than bank in Indonesia which based on its characteristics is not traded in the stock exchange and has no rating is based on provisions on the quality of financing as referred to in Article 7.

(3) The quality of sharia securities issued by party other than bank outside Indonesia which based on its characteristics is not traded in the stock exchange is stipulated based on provisions on the quality of sharia securities as referred to in Article 14 paragraph (2).

(4) If sharia securities issued by other bank comes in the form of sharia securities related to or guaranteed by certain underlying asets, the bank shall continue to meet provisions as referred to in Article 17.

Article 20

The quality of foreclosed draft that is not endorsed by other bank is stipulated based on provisions on the quality of financing as referred to in Article 7.

Part Five

Capital Participation and

Temporary Capital Participation

Article 21

(1) The assessment of capital participation is done based on :
   a. cost method;
   b. equity method ;or
   c. fair value, by referring to provisions on the existing financial accounting standard.

(2) The quality of capital participation assessed based on cost method is rated as follows :
   a. liquid, if investee earns profit and does not suffer cumulative losses based on the audited financial statement in the past book year;
   b. less liquid, if investee suffers cumulative losses of up to 25% (twenty-five percent) of the investee's capital based on the audited financial statement in the past book year;

c. doubtful, if investee suffers cumulative losses of more than 25% (twenty-five percent) up to 50% (fifty percent) of the investee's capital based on the audited financial statement in the past book year;

d. bad, if investee suffers cumulative losses of more than 50% (fifty percent) of the investee's capital based on the audited financial statement in the past book year.

(3) The quality of capital particippation assessed based on equity method or fair value is rated liquid.

(4) In making capital participation, the bank shall comply with provisions on prudential principles in capital participation and sharia principles.

Article 22

(1) The quality of temporary capital participation is rated as follows:

a. liquid, if the period of temporary capital participation has not exceeded 1 (one) year;

b. less liquid, if the period of temporary capital participation has exceeeded 1 (one) year but has not exceeded 4 (four) years;

c. doubtfuil, if the period of temporary capital participation has exceeded 4 (four) years but has not exceeded 5 (five) years;

d. bad, if :

1. the period of temporary capital participation has exceeded 5 (five) years; or

2. investee has held cumulative profit but temporary capital participation has not been withdrawn.

(2) The Financial Service Authority has the authority to downgrade the qualitty of temporary capital participation as referred to in paragraph (1) if there is adequate evidence that:

a. the sale of temporary capital participation is expected to be done at the price lower than the book value; and/or

b. the sale of temporary capital participation within a period of 5 (five) consecutive years is difficult to reealize.

(3) In connection with temporay capital participation, the bank shall comply with the law and regulation on rules on pruidential principles and sharia principal. riciple, the bank shall comply with the provisions on prudential principles and sharia principles.

Part Six

Placement in Other Bank

Article 23

(1) The bank shall have written policy and procedure for productive assets in the form of placement in other bank.

(2) The policy as referred to in paragraph (1) shall be approved by the board of commissioners.

(3) The procedure as referred to in paragraph (1) shall be approved by the board of directors.

(4) The board of commissioners shall actively supervise the implementation of the policy as referred to in paragraph (1).

(5) The policy and procedure as referred to in paragraph (1) are an integral part of the bank's risk management policy as provided for in bank risk management policy as provided for in the existing rule.

Article 24

(1) The quality of productive assets in the form of placement in other bank is rated as follows:

a. liquid, if :

1. the bank receiving the placement has KPMM ratio at least the same as the KPMM ratio according to the rule in force;
2. there is no arrears of payment of principal and/or margin/profit sharing/ujrah/bonus.

b. less liquid, if :

1. the bank receiving placement has the KPMM ratio at least the same as the rule in force; and
2. there is arrears of payment of principal/and/or margin/profit sharing/ujrah/bonus until 5 (five) working days.

c. bad, if :

1. the bank receiving placement has KPMM ratio less than KPMM ratio according to the rule in force;
2. the bank receiving placement has been registered and announced as bank with status of under special surveillance whose certain business activities are frozen;
3. the bank receiving placement is named as bank whose business permit is revoked; and/or
4. there is arrears of payment of principal/and/or margin/profit sharing/ujrah/bonus more than 5 (five) working. days.

(2) The quality of productive assets in the form of placement in other bank in the form of financing to BPRS within the framework of linkage program with executing pattern is classified as follows:

a. Liquid, if :

1. BPRS receiving placement has the KPMM ratio at least the same as the KPMM ratio provided for oin the rule in force; and
2. there is no arrears of payment of principal and/or margin/profit sharing/ujrah .

b. Less liquid, if :

1. BPRS receiving placement has KPMM ratio at least the same as KPMM ratio according to the rule inforce; and
2. there is arrears of payment of principal/and/or margin/profit sharing/ujrah up to 30 (thirty) working dhays.

c. bad, if :

1. BPRS receiving placement has KPMM ratio less than the KPMM ratio according to the rule in force;
2. BPRS receiving placement has been registered and announced as BPRS with status of under special surveillance or BPRS has been subjected to sanction where all business activities are frozen;
3. BPRS receiving placement is named as BPRS whose business permit has been revoked; and/or
4. there is arrears of payment of principal/and/or margin/profit sharing/ujrah/bonus more than 30 (thirty) working days.

Part Seven

Acceptance Claims, Claims to Sharia Securities Bought under Reverse Repurchase Agreement, and Derivative Claims

Article 25

The quality of acceptance claims is set based on :

a. provisions on the quality of placement in other bank as referred to in Article 24 paragraph (1) if the party required to settle the claims is other bank; or
b. provisions on the quality of financing as referred to in Article 7 if the party required to settle the claims is a client.

Article 26

(1) The quality of claims to sharia securities bought under a reverse repurchase agreement is set based on :

a. provisions on the quality of placement in other bank as referred to in Article 24 paragraph (1) if the party selling sharia securities is other bank; or

b. provisions on the quality of financing as referred to in Article 7 if the party selling sharia securities is a non-bank party.

(2) Claims to sharia securities bought under a reverse repurchase agreement with the underlying assets in the form of sharia state treasury notes, fixed rate ijarah and/or other placement in Bank Indonesia and the government are declared as having liquid quality.

Article 27

The quality of derivative claims is set based on :

a. provisions on the quality of placement in other bank as referred to in Article 24 paragraph (1) if counter-party is other bank; or

b. provisions on the quality of financing as referred to in Article 7 if counterparty is a non-bank party.

Part Eight

Administrative Account Transaction (TRA)

Article 28

(1) The quality of TRA is stipulated based on :

a. provisions on the quality of placement in other bank as referred to in Article 24 paragraph (1) if TRA counterparty is a bank; or

b. provisions on the quality of financing as referred to in Article 7 if TRA counterparty is a client.

(2) The provisions as referred to in 24 paragraph (1) will not be applicable if there is an agreement between the bank and client containing a clause allowing the bank to cancel the provision of funds, either partly or wholly.

Part Nine

Productive Assets Guaranteed by Cash Collateral

Article 29

(1) Productive assets guaranteed by cash collateral are declared as having liquid quality as much as the amount guaranteed by cash collateral.

(2) The cash collateral as referred to in paragraph (1) is collateral in the form of :

a. giro, deposit, saving, marginal deposit, and/or precious metal;

b. SBIS, Sharia State Securities (SBSN), and/or other fund placement in Bank Indonesia and the Government of Indonesia;

d. standby letter of credit from a prime bank, issued according to the Uniform Customs and Practice for Documentary Credits (UCP) or International Standby Practices (ISP) in force.

(3) The cash collateral as referred to in paragraph (2) letters a and b shall meet the following conditions:

a. collateral is blocked and equipped with a power of attorney to disburse it from its owner for the benefit of the bank receiving the collateral, including partial disbursement to pay installment arrears and/or margin/profit sharing/ujrah/bonus;

b. the period of blocking as referred to in letter a must be at least the same as the period of productive assets;

c. having strong legal binding as collateral, free from any other kind of binding, free from disputes, not in a state of being guaranteed to other party, including clear guarantee appropriation; and

d. the cash collateral as referred to in paragraph (2) letter a must be kept in the bank providing funds.

(4) The cash collateral as referred to in paragraph (2) letters c and d shall meet the following conditions:

a. unconditional and irrevocable;

b. disbursable no later 7 (seven) working days after claims are filed, including partial disbursement to pay installment arrears and/or margin/profit sharing/ujrah;

c. having a period of time which is at least the same as the period of productive assets; and

d. not being used as counter guarantee by the bank providing funds or bank other than prime bank.

(5) The prime bank as referred to in paragraph (2) letter d shall meet the following conditions:

a. having investment grade related to the rating of the bank's long term outlook assigned by rating agencies at least :

1. AA- based on the rating by Standard & Poors;
2. Aa3 based on the rating by Moody's;
3. AA- based on the rating by Fitch; or
4. rating equal to grade 1, grade 2, and/or grade 3 based on the rating by other leading rating agency recognized by the Financial Service Authority; and

b. having total assets belonging to the world's top 200 banks based on information found in the Banker's Almanac.

(6) If the prime bank issuing standby letter of credit has more than one rating obtained from different rating agencies, the lowest rating will be used.

Article 30

(1) A client will be declared event of default if :

a. there are principal arrears and/or margin/profit sharing/ujrah and/or other claims for 90 (ninety) days although productive assets have not become due;

b. principal arrears and/or margin/profit sharing/ujrah and/or other claims are not received when productive assets become due; or

c. the client fails to meet other conditions than payments for principal arrears and/or margin/profit sharing/ujrah making the client unable to meet his/her obligation.

(2) The bank shall disburse or file a claim to disburse the cash collateral as referred to in Article 29 no later than 7 (seven) working days after the client has been declared event of default.

Part Ten

Financing and Fund Provision in Small Amount and Financing and Fund Provision in Certain Areas

Article 31

(1) The assessment of the quality of productive assets in the form of financing and other fund provision can only be based on the assessment factor of payment capability for :

   a. Financing and other fund provision given by each bank to 1 (one) client or 1 (one) project, with a maximum value of Rp1,000,000,000.00 (one billion rupiah);

   b. Financing and other fund provision given by each bank to UMKM client shall be :

      1. more than Rp1,000,000,000.00 (one billion rupiah) up to Rp20,000,000,000.00 (twenty billion rupiah), for bank fulfilling the following criteria:

         a) having Quality Risk Management (KPMR) adequacy rating for credit risks (strong);

         b) having a KPMM ratio at least the same as that provided for in the existing provisions; and

         c) having composite health rating of at least 3 (three).

      2. more than Rp1,000,000,000.00 (one billion rupiah) up to Rp10,000,000,000.00 (ten billion rupiah), for bank fulfilling the following criteria:

         a) having KPMR adequacy rating for credit risks (satisfactory);

         b) having a KPMM ratio at least the same as that provided for in the existing provisions; and

         c) having composite health rating of at least 3 (PK-3);

c. Financing and other fund provision for a client whose business activities are located in a certain area is less than or equal to Rp5,000,000,000.00 (five billion rupiah).

(2) The assessment of the quality of productive assets in the form of financing and other fund provision as referred to in paragraph (1) letter b for sharia business unit shall observe the following provisions:

a. the assessment of KPMR for credit risks refers to the assessment of KPMR adequacy rating for sharia business unit; and

b. composite health rating and KPMM ratio refers to the composite health rating and KPMM ratio of its parent bank.

(3) KPMR rating for credit risk, KPMM ratio, and composite health rating used to assess the quality of financing and other fund provision as referred to in paragraph (1) letter b are based on the assessment by the Financial Service Authority.

(4) The results of the assessment by the Financial Service Authority can be known by the bank through a prudential meeting between the bank and the Financial Service Authority.

(5) The use of the rating as referred to in paragraphs (3) and (4) is as follows:

a. the rating for the position in December in the previous year is used to assess the quality of financing and other fund provision for the February-July period; and

b. the rating for the position in June is used to assess the quality of financing and other fund provision for the August-January period.

(6) The provisions as referred to in paragraph (1) letter b do not apply to financing and other fund provision given to 1 (one) UMKM client with a value of more than Rp1,000,000,000.00 (one billion rupiah) which constitutes :

a. restructured financing; and/or

b. fund provision to the bank's top 50 (fifty) clients.

(7) The quality of restructured financing as referred to in paragraph (6) letter a is determined by observing provisions on determining the quality of restructured financing.

(8) In case of significant deviation from sound financing principles, the quality of productive assets in the form of financing and other fund provision given by the bank to the UMKM client as referred to in paragraph (1) letter b is assessed based on financing assessment factors as referred to in Article 7.

CHAPTER IV

NON-PRODUCTIVE ASSETS

Part One

Types

Article 32

The bank shall assess the quality of non-productive assets covering AYDA, abandoned property, inter-office account, and suspense account.

A Y D A

Article 33

(1) The bank shall have written policy and procedure of AYDA.

(2) The bank shall make an effort to settle its AYDA.

(3) The bank shall document the AYDA settlement effort as referred to in paragraph (2).

Article 34

(1) The bank can take over collateral to settle financing.

(2) The takeover of collateral as referred to in paragraph (1) can only be done to the financing client with bad quality.

Article 35

(1) The bank shall assess AYDA at the time of taking over collateral based on net realizable value.

(2) Maximum net realizable value as referred to in paragraph (1) is as much as the value of productive assets settled with AYDA.

(3) The net realizable value as referred to in paragraph (1) shall be set by an independent appraiser, for AYDA with a value of Rp5,000,000,000.00 (five billion rupiah) or more.

(4) The net realizable value as referred to in paragraph (1) can be set by the bank's internal appraiser, for AYDA with a value of less than Rp5,000,000,000.00 (five billion).

(5) The bank shall use the lowest value if there are several values from the independent appraiser as referred to in paragraph (3) or the internal appraiser as referred to in paragraph (4).

(6) The independent appraiser as referred to in paragraph (3) is a public appraisal service office which

a. is not an affiliate to the bank;

b. is not a group of borrowers with the bank's client;

c. carries out appraisal based on the profession's code of ethics and rules stipulated by the authorized institution;

d. uses an appraisal method based on the appraisal profession standard issued by the authorized institution;

e. holds a business permit issued by the authorized institution to operate as a public appraisal service office; and

f. is listed as a member of association recognized by the authorized institution.

(7) Arrears of margin/profit sharing/ujrah for financing settled with AYDA cannot be recognized as income until it is realized.

Article 36

(1) The bank that takes over the collateral as referred to in Article 34 shall disburse AYDA no later than 1 (one) year after the date of takeover.

(2) The bank shall document the AYDA disbursement effort as referred to in paragraph (1).

Article 37

The quality of non-productive assets in the form of AYDA is classified into :

a. liquid, if AYDA is owned for 1 (one) year; or

b. bad, if AYDA is owned for more than 1 (one) year.

Part Three

Abandoned Properties

Article 38

(1) The bank shall identify and classify its abandoned properties.

(2) The abandoned properties as referred to in paragraph (1) shall be approved by the board of directors and documented.

(3) Part of properties that are not used by the bank from properties used to carry out the majority of the bank's business activities is not classified as abandoned properties.

(4) If the bank does not use part of properties for the majority of its business activities, part of properties that is not used for its business activities shall be classified as abandoned properties proportionally.

Article 39

(1) The bank shall make efforts to settle its abandoned properties.

(2) The bank shall document the efforts to settle abandoned properties as referred to in paragraph (1).

Article 40

(1) The quality of non-productive assets in the form of abandoned properties is classified into :

a. liquid, if abandoned properties are owned for 1 (one) year;

b. less liquid, if abandoned properties are owned for more than 1 (one) year up to 3 (three) years;

c. doubtful, if abandoned properties are owned for more than 3 (three) up up to 5 (five) years; or

d. bad, if abandoned properties are owned for more than 5 (five) years.

(2) Abandoned properties that are not settled through the efforts as referred to in Article 39 are declared as having quality of one degree below the rating as referred to in paragraph (1).

Part Four

Inter-Office Account and Suspense Account

Article 41

(1) The bank shall make efforts to settle inter-office account and suspense account.

(2) The quality of productive assets in the form of inter-office account and suspense account is classified into :

a. liquid, if inter-office account and suspense account are recorded in the bank's bookkeeping for up to 180 (one hundred and eighty) days; or

b. bad, if inter-office account and suspense account are recorded in the bank's bookkeeping for more than 180 (one hundred and eighty) days.

CHAPTER V

ALLOWANCE FOR THE WRITING OFF OF ASSETS AND ALLOWANCE FOR IMPAIRMENT LOSSES

Part One

Allowance for the Writing off of Assets (PPA)

Service Authority as referred to in paragraph (1) in the report of KPMM ratio sent to the Financial Service Authority and/or a report of publication as provided for in the existing provisions no later than the next reporting period after receiving a notification from the Financial Service Authority.

Part Two

Allowance for Impairment Losses (CKPN)

Article 51

The bank shall calculate and form CKPN according to the existing financial accounting standard.

Part Three

The Impact of PPA Calculation on KPMM Ratio

Article 52

(1) In calculating KPMM ratio, the bank shall calculate PPA for productive assets as referred to in Article 42 paragraph (2) letter a and CKPN formed.

(2) If the result of the calculation of PPA that must be formed for productive assets is higher than CKPN already formed, the bank shall consider the difference between PPA and CKPN as a subtracting factor of capital in the calculation of KPMM ratio.

(3) If the result of the calculation of PPA that must be formed for productive assets is equal to or lower than CKPN already formed, the bank will not need to calculate a surplus of PPA in calculating KPMM ratio.

Article 53

The bank shall consider the result of the calculation of PPA for non-productive assets as referred to in Article 42 paragraph (2) letter b as subtracting factor in the calculation of KPMM ratio.

CHAPTER VI

RESTRUCTURING OF FINANCING

Part One

Types

Article 54

The restructuring of financing shall fulfill prudential principles and sharia principles.

a. ijarah financing according to the bank's policy on the depreciation or amortization of similar assets; and/or
b. ijarah muntahiya bittamlik financing according to the lease period.

(6) The use of collateral value as a reducing factor in the calculation of PPA as referred to in paragraph (3) is only done to productive assets.

Article 44

PPA for productive assets in the form of financing based on :

a. murabahah, istishna', qardh, mudharabah and musyarakah agreements is calculated based on the financing principal balance;
b. ijarah and ijarah muntahiya bittamlik agreements is calculated based on the arrears of portion of principal rent.

Paragraph 2

Collateral as the Reducing Factor of PPA

Article 45

Collateral that can be used as a reducing factor in the calculation of PPA is stipulated as follows:

a. sharia securities and shares that are actively traded at the stock exchange in Indonesia or have investment grade are bound on a pawn basis;
b. land, building and residence bound by mortgage;
c. machine which is an integral part of land bound by mortgage;
d. aircraft or ship measuring above 20 (twenty) cubic meters bound by mortgage;
e. motor vehicle and inventories bound on a fiduciary basis; and/or
f. warehouse receipt bound by guarantee right to warehouse receipt.

Article 46

(1) The collateral as referred to in Article 45 shall be :
   a. equipped with valid legal documents;
   b. bound according to the law and regulation in force so as to give preference right to the bank; and
   c. covered by insurance with banker's clause covering a period of at least being the same as that of binding the collateral as referred to in Article 45.

(2) The insurance company providing insurance coverage to the collateral as referred to in paragraph (1) letter c shall meet the following conditions:

a. fulfilling sharia principles;

b. fulfilling capital requirements according to the rule issued by the authorized institution; and

c. neither being an affiliate to the bank nor a group of borrowers with the bank's client, except if insured to an insurance company other than an affiliate to the bank or a group of borrowers with the bank's client.

Article 47

(1) Collateral that will be used as a reducing factor of PPA as referred to in Article 45, shall be assessed by at least :

a. independent appraiser as referred to in Article 35 paragraph (6), for productive assets originating from a client or group of borrowers with a value of more than Rp5,000,000,000.00 (five billion rupiah); or

b. the bank's internal appraiser, for productive assets originating from a client or a group of borrowers with a value of up to Rp5,000,000,000.00 (five billion rupiah).

(2) The bank shall assess the collateral as referred to in paragraph (1) since the start of providing productive assets.

Article 48

(1) Collateral that can be used as a reducing factor in the calculation of PPA covers :

a. sharia securities which are actively traded at the stock exchange in Indonesia or have investment grade, with a maximum value of 50% (fifty percent) of the value listed at the stock exchange at the end of month;

b. land and/or building used as residence, with a maximum value of :

1. 70% (seventy percent) of appraisal if :

a) appraisal by an independent appraiser is conducted in the past 18 (eighteen) months; or

b) appraisal by an internal appraiser is conducted in the past 12 (twelve) months;

2. 50% (fifty percent) of appraisal if :

a) appraisal by an independent appraiser has exceeded 18 (eighteen) months but has not exceeded the past 24 (twenty four) months; or

b) appraisal by an internal appraiser has exceeded 12 (twelve) months but has not exceeded the past 18 (eighteen) months;

3. 30% (thirty percent) of appraisal if :

a) appraisal by an independent appraiser has exceeded 24 (twenty four) months but has not exceeded the past 30 (thirty) months; or

b) appraisal by an internal appraiser has exceeded 18 (eighteen) months but has not exceeded the past 24 (twenty four) months;

4. 0% (zero percent) of appraisal if :

a) appraisal by an independent appraiser has exceeded the past 30 (thirty) months; or

b) appraisal by an internal appraiser has exceeded the past 24 (twenty four) months.

c. Land and/or building other than residence, machines considered an integral part of land, aircraft, ship, warehouse receipt, motor vehicles, and inventories, with a maximum value of :

1. 70% (seventy percent) of appraisal if the appraisal is conducted in the past 12 (twelve) months;

2. 50% (fifty percent) of appraisal if the appraisal has exceeded 12 (twelve) months but has not exceeded the past 18 (eighteen) months;

3. 30% (thirty percent) of appraisal if the appraisal has exceeded 18 (eighteen) months but has not exceeded the past 24 (twenty four) months; or

4. 0% (zero percent) of appraisal if the appraisal has exceeded the 24 (twenty four) months.

(2) The bank shall use the lowest value if there are several appraisals of collateral for the same position, conducted by either independent appraiser or internal appraiser.

(3) The Financial Service Authority can set the value of collateral that can be used as a subtracting factor of PPA lower than the value as referred to in paragraph (1) based on surveillance considerations.

Article 49

The value of collateral used as a reducing factor in the calculation of PPA shall not exceed collateral binding value.

Article 50

(1) The Financial Service Authority has the authority to recalculate the value of collateral that has been reduced in PPA if the bank does not meet the provisions as referred to in Articles 45, 46, 48, and/or 49.

(2) The bank shall adjust to the calculation of PPA according to the calculation conducted by the Financial

Service Authority as referred to in paragraph (1) in the report of KPMM ratio sent to the Financial Service Authority and/or a report of publication as provided for in the existing provisions no later than the next reporting period after receiving a notification from the Financial Service Authority.

Part Two

Allowance for Impairment Losses (CKPN)

Article 51

The bank shall calculate and form CKPN according to the existing financial accounting standard.

Part Three

The Impact of PPA Calculation on KPMM Ratio

Article 52

(1) In calculating KPMM ratio, the bank shall calculate PPA for productive assets as referred to in Article 42 paragraph (2) letter a and CKPN formed.

(2) If the result of the calculation of PPA that must be formed for productive assets is higher than CKPN already formed, the bank shall consider the difference between PPA and CKPN as a subtracting factor of capital in the calculation of KPMM ratio.

(3) If the result of the calculation of PPA that must be formed for productive assets is equal to or lower than CKPN already formed, the bank will not need to calculate a surplus of PPA in calculating KPMM ratio.

Article 53

The bank shall consider the result of the calculation of PPA for non-productive assets as referred to in Article 42 paragraph (2) letter b as subtracting factor in the calculation of KPMM ratio.

CHAPTER VI

RESTRUCTURING OF FINANCING

Part One

Types

Article 54

The restructuring of financing shall fulfill prudential principles and sharia principles.

Article 55

(1) The restructuring of financing can only be done to a client that meets the following criteria:

a. having a decline in payment capability; and

b. having good business prospect and being able to meet the obligation after being restructured.

(2) The restructuring of financing as referred to in paragraph (1) is done among others through:

a. rescheduling, namely changing the schedule or period of time for the payment of the client's obligation;

b. reconditioning, namely changing partly or entirely financing requirements without raising the remaining principal obligation of the client that must be paid to the bank, including :

1. a change in repayment schedule;
2. a change in the amount of installments;
3. a change in the period of time;
4. a change in nisbah in mudharabah financing or musyarakah financing;
5. a change in PBH in mudharabah financing or musyarakah financing; and/or
6. providing discounts;

c. restructuring, namely changing terms of payment including :

1. raising the bank's financing facility fund;
2. converting a financing agreement; and/or
3. converting financing into temporary capital participation in the client's company.

Article 56

The bank is banned from restructuring financing with the aim of :

a. improving the quality of financing; or

b. avoiding an increase in the formation of PPA, without taking into the criteria of the client as referred to in Article 55 paragraph (1).

Part Two

Accounting Treatment of the Restructuring of Financing

Article 57

Financing according to the existing financial accounting standard.

Part Three

Policy and Procedure of Restructuring Financing

Article 58

(1) The bank shall have written policy and procedure of restructuring financing.

(2) The policy of restructuring financing as referred to in paragraph (1) shall be approved by the board of commissioners.

(3) The procedure of restructuring financing as referred to in paragraph (1) shall be approved by the board of directors.

(4) The board of commissioners shall actively supervise the policy of restructuring financing as referred to in paragraph (1).

(5) The policy and procedure as referred to in paragraph (1) are an integral part of the bank's risk management policy as provided for in the existing rules.

Article 59

(1) The decision on the restructuring of financing shall be realized by the party having the higher authority than the party deciding the provision of financing.

(2) If the decision on the provision of financing is realized by the party having the highest authority according to the bank's article of association, the decision on the restructuring of financing shall be realized by the party equal to the party deciding the provision of financing.

(3) To keep objectivity, the restructuring of financing shall be done by the official or personnel that is not involved in the provision of restructured financing.

(4) In the restructuring of financing, the setting up of special working unit shall be adjusted to the need of each bank by observing the existing rules..

Article 60

(1) The bank shall analyze financing that will be restructured based on the client's business prospect and repayment capability according to the projection of cash flow.

(2) Financing to the relevant party that will be restructured shall be analyzed by an independent financial consultant having a business permit and good reputation.

(3) Any phase of the restructuring of financing and the result of analysis done by the bank and independent financial consultant to restructured financing shall be documented completely and clearly.

(4) The provisions as referred to in paragraphs (1), (2) and (3) remain valid for repeat restructuring of financing.

Part Four

Quality of Restructured Financing

Article 61

(1) The quality of financing after being restructured is stipulated as follows:

a. maximally being the same as the quality of financing before being restructured, provided the client has not met the obligation to pay principal installments and/or margin/profit sharing/ujrah in 3 (three) consecutive periods according to the timeline agreed upon;

b. it may increase by a maximum of 1 (one) degree from the quality of financing before being restructured, after the client has met the obligation to pay principal installments and/or margin/profit sharing/ujrah in 3 (three) consecutive periods as referred to in letter a; and

c. based on the assessment factor as referred to in Article 7:

1. after the quality of financing has been stipulated as referred to in letter a; or

2. if the client does not meet payment conditions and/or obligation in the financing restructuring agreement, either during or after 3 (three) consecutive periods of payment obligation according to the timeline agreed upon.

(2) The quality of financing restructured up to Rp1,000,000,000.00 (one billion rupiah) is stipulated as follows:

a. maximally being less liquid for financing which, before being restructured, is categorized as doubtful and bad and remains the same for financing categorized as less liquid and under special surveillance, until 3 (three) consecutive periods of payment obligation;

b. it is further stipulated based on the assessing factor of punctual payment of principal and/or margin/ profit sharing/ujrah.

(3) The quality of restructured financing can be stipulated based on the assessing factor as referred to in Article 7, if the restructuring of financing is not supported by adequate analysis and document as referred to in Article 60.

(4) If the period of time to meet the obligation to pay principal installments and/or margin/profit sharing/ujrah is less than 1 (one) month, the quality as referred to in paragraph (1) letter b can be raised as early as 3 (three) months after the restructuring of financing.

(5) The provisions as referred to in paragraphs (1), (2), (3), and (4) remain applicable to repeat restructuring of financing.

(6) The quality of additional financing as part of payment restructuring package is the same as the quality of restructured financing..

Article 62

(1) Restructured financing given a grace period for the payment of principal installments or margin/profit sharing/ujrah only applies to :

a. financing based on murabahah, istishna', ijarah, ijarah muntahiya bittamlik, mudharabah, and musyarakah agreements; and

b. the type of use for working capital and investment.

(2) Restructured financing given a grace period for the payment of principal installments or margin/profit sharing/ujrah is stipulated to have the quality as follows

a. during a grace period, the quality follows the quality of financing before being restructured; and

b. after the grace period ends, the quality of financing follows provisions on quality as referred to in Article 61.

Article 63

Provisions on the quality of productive assets as referred to in Article 4 apply to restructured financing.

Part Five

Allowance for the Writing off of Restructured Financing Assets

Article 64

The bank shall calculate and form PPA for restructured financing according to provisions as referred to in Article 43.

Part Six

Restructuring of Financing

Through Temporary Capital Participation

Article 65

(1) The bank can restructure financing through temporary capital participation.

(2) The temporary capital participation as referred to in paragraph (1) can only be done to less liquid, doubtful and bad financing.

Article 66

(1) The bank shall withdraw temporary capital participation if :

a. it has exceeded a maximum period of 5 (five) years; or

b. the client's company where the participation is made has earned cumulative profit.

(2) The bank shall write off temporary capital participation from its balance sheet after the participation has exceeded a period of 5 (five) years.

Part Seven

Report of Restructured Financing

Article 67

The bank shall report all financing restructuring efforts which have been made according to provisions on the periodical report of sharia commercial bank to the Financial Service Authority.

Part Eight

Correction of Financing Restructuring

Article 68

The Financial Service Authority has the authority to correct the quality of financing if :

a. according to its assessment, the restructuring of financing is done with the aim as referred to in Article 56;

b. the restructuring of financing is not supported by complete documents and adequate analysis on the client's repayment capability and business prospects;

c. the client does not implement the financing restructuring agreement (default); and/or

d. the restructuring of financing is not done according to provisions.

CHAPTER VII

WRITE OFF AND HAIR CUT

Article 69

(1) The bank shall have written policy and procedure of write off and hair cut.

(2) The policy as referred to in paragraph (1) shall be approved by the board of commissioners.

(3) The procedure as referred to in paragraph (1) shall be approved by the board of directors.

(4) The board of commissioners shall actively supervise the implementation of the policy as referred to in paragraph (1).

(5) The policy and procedure as referred to in paragraph (1) are an integral part of the bank's risk management policy as provided for in the existing provisions.

Article 70

(1) Write off and hair cut can only be done to productive assets which have already been supported by CKPN calculation as much as 100% (a hundred percent) and whose quality has been declared bad.

(2) Write off cannot be partially done to productive assets (partial write off).

(3) Hair cut can be done to productive assets, either partially or entirely.

(4) The partial hair cut of productive assets as referred to in paragraph (3) can only be done within the framework of restructuring financing or settling financing.

Article 71

(1) The write off or hair cut as referred to in Article 70 can only be done after the bank has made every effort to recover productive assets provided.

(2) The bank shall administer documents about the efforts made as referred to in paragraph (1) and the basis for the realization of write off or hair cut.

(3) The bank shall administer data and information about productive assets in the form of financing to which write off or hair cut has been done.

CHAPTER VIII

to be continued

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