

# Business News

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## FACTS

## ANALYSIS

## INFORMATION

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# REDEFINITION OF COMPETITIVENESS

Competitiveness has become the absolute need in the free trade era. It must be understood given that the capability of surviving in the tighter and stiffer competition is fully determined by the competitiveness. In addition, if we talk about struggle for profit and influence in global arena, such as the trade of industrial products and service, in the extremely stiff competition, competitiveness becomes absoluteness which must be owned.

Talking about national competitiveness, most of the aspects have been involved in the unavoidable competition phenomenon. The industrial sector, for instance, constitutes a factor wherein the competitiveness highly determines the capability of Indonesia manufacturing products to penetrate global market. Doubt about the competitiveness has driven parties to ask the government to review the intention to join in Trans Pacific Partnership (TPP). ASEAN Economic Community (AEC) once triggered a question whether Indonesia has been really ready to embark on AEC in facing Singapore, Thailand, Malaysia and Vietnam, which are deemed to become the main competitors of Indonesia in AEC.

Redefinition of competitiveness becomes a must because of reasons. Firstly, we have not disposed "cheap labor" factor from the definition of the competitiveness of industrial products. Apparently, the cheap labor wage already practiced for decades has not been able to drive up the competitiveness of Indonesian products on the global market. Since the cheap labor factor is increasingly denied as an unavoidable choice to produce cheap industrial product as an important factor in competitiveness, and the decision to raise labor wage in a specified period would finally arrive at a point wherein the wage is not deemed cheap anymore. In addition, the cheap labor wage loses justification if it is linked to human rights

and others.

Secondly, if we are preoccupied continuously by the cheap labor practice because of economic and other reasons, it would affect the perseverance of the government and stakeholders to build a solid industrial structure as the best way to strengthen the competitiveness. The momentum actually exists when the price of primary commodities on the international market remains high. Unfortunately, we failed to utilize until the reverse trend, such as the decreasing price of primary commodities on the international market comes. Therefore, it is true if one says that it is wrong to rely cheap labor on competitiveness; and actually, there is something more decisive, namely the development of manufacturing industry by a right strategy.

Probably some are quite happy to hear statement of the government that ASEAN member countries also worry about the invasion of products from Indonesia in AEC, which would start to apply early 2016. So far, domestic parties worry that we would only be used as market of other AEC member countries, mainly the above mentioned main competitors. However, regardless of the reason, how high is our competitiveness would be answered slowly as from next year.

Building competitiveness needs a long process, right strategy and hard work no matter what is and how much is the cost. For the purpose, removing the cheap labor factor from the definition of competitiveness is the first step which must be taken. Now, the competitiveness is determined by the latest technology which is used, innovation and others, not cheap labor.

Jakarta, December 1, 2015

## MULTIPLICATION OF ENERGY OF ECONOMIC DIPLOMACY

The appointment of ministers to focus on co-operation with other countries reflects the serious effort of President Jokowi to promote economic diplomacy. Economic diplomacy covers not only the trade of goods but also investment and others. President Jokowi tries to apply it by appointing at least ten ministers and two heads of state agencies as overseas liaison officers. The assignment areas cover Middle East, Japan, China, Japan, the United States and America, ASEAN countries, Korea, Taiwan and Hong Kong.

From one side, the measure reflects the commitment of the government to strengthening the function of economic diplomacy through institutional approach by involving directly a number of ministers and state officials. Amid the national and global economic downturns, constructive, creative, active-aggressive and continuous efforts to seek sources of funding (investment) indeed must be taken to ensure that the domestic leading development programs could run in accordance with the expectations in the state of hardship. At the same time, the function of economic diplomacy in so globalizing system absolutely needs innovation for the strengthening and expansion of coverage of the diplomacy (multi-sectoral diplomacy) so that the diplomacy is not only a matter of politics and the like (traditional diplomacy).

On the other hand, the measure taken by President Jokowi also draws questions. What happens with the function of state diplomacy performed by the Ministry of Foreign Affairs so far? Could the measure of President Jokowi be read as evidence of the inability of the Ministry of Foreign Affairs to perform the function of economic diplomacy as expected originally by the president? Surely we still remember when president candidate Jokowi disclosed his expectation so that diplomats perform a function like marketing (sales) in countries where they are stationed.

The real thing is that the current challenge of economic diplomacy is not as simple as we imagine. Besides the heavy dependence on our efforts to prepare and dress up so as to be attractive to the others, the success of the function is also influenced by the birth of competitors which may be more serious than us in seeking international partners. Vietnam, for instance, is now coming as the main competitor so as to add competitors of Indonesia in South Asia. Here, we have not talked about other countries in other part of the world.

The involvement of cabinet members may be read as initial step to lay down foundation of state-based economic diplomacy. The involvement of the state officials is expected to provide supplement energy technically and operationally so that the outcome may be realized in a concrete action. In this context, the target is surely the rising volume of foreign investment and appropriate allocation as well as reflects our urgent need now. Labor intensive investment should be called as the best because it is in line with our urgent need. Moreover, economic diplomacy covers not only effort to attractive investment as much as possible into the country but also open space for domestic entities to expand the business coverage and area to other countries.

In addition, the World Bank warned that three global economic risks need to be pre-cautioned and responded next year. They are global economic downturn, decreasing prices of global communities and decreasing capital inflow into developing countries. These all become a reason that more energy is needed to ascertain that economic diplomacy could help the sustainability of development which becomes a priority of Jokowi-JK regime through foreign investment instrument.

Jakarta, December 1, 2015

# NOVEMBER 2015 INFLATION 0.21 PERCENT

Jakarta, *Business News*

The development of prices of various commodities in November 2015 in general showed an increase. Based on the monitoring results of Central Statistics Agency (BPS) in 82 cities in November 2015 inflation occurred at 0.21 percent, or an increase in Consumer Price Index (CPI) from 121.57 in October 2015 to 121.82 in November 2015. Inflation rate by calendar year (January-November 2015) is at 2.37 per cent and inflation rate year-on-year (November 2015 to November 2014) at 4.59 percent.

Inflation occurs because of price increases as indicated by the increase in indexes of most of expenditure groups, namely foodstuffs at 0.33 percent; food, beverages, cigarettes and tobacco 0.47 percent; housing, water, electricity, gas and fuel 0.15 percent; health group 0.44 percent; education, recreation and sports 0.05 percent; and transportation, communication and financial services 0.06 percent. While the groups which experienced decline of index are clothing group at 0.23 percent.

Some commodities which experienced price increases in November 2015 include: rice, purebred chicken meat, filtered clove cigarettes, purebred chicken eggs, French beans, string beans, tomatoes, tomato fruit, rice with side dishes, clove cigarettes, white cigarettes, house contract tariff, house rent tariff, wages of workers below supervisor, hospital tariffs, air freight tariff and toll road tariff. While, commodities whose prices decline include: gold jewelry, kale, cooking oil and gasoline.

In November 2015 all expenditure groups contributed to inflation, namely: foodstuffs 0.07 percent; food, beverages, cigarettes and tobacco 0.08 percent; housing, water, electricity, gas and fuel 0.03 percent; health group 0.02 percent; education, recreation and sports group 0.01 percent; and transportation, communication and financial services group 0.01 percent. While, the groups which contributed to deflation are clothing group at 0.01 percent.

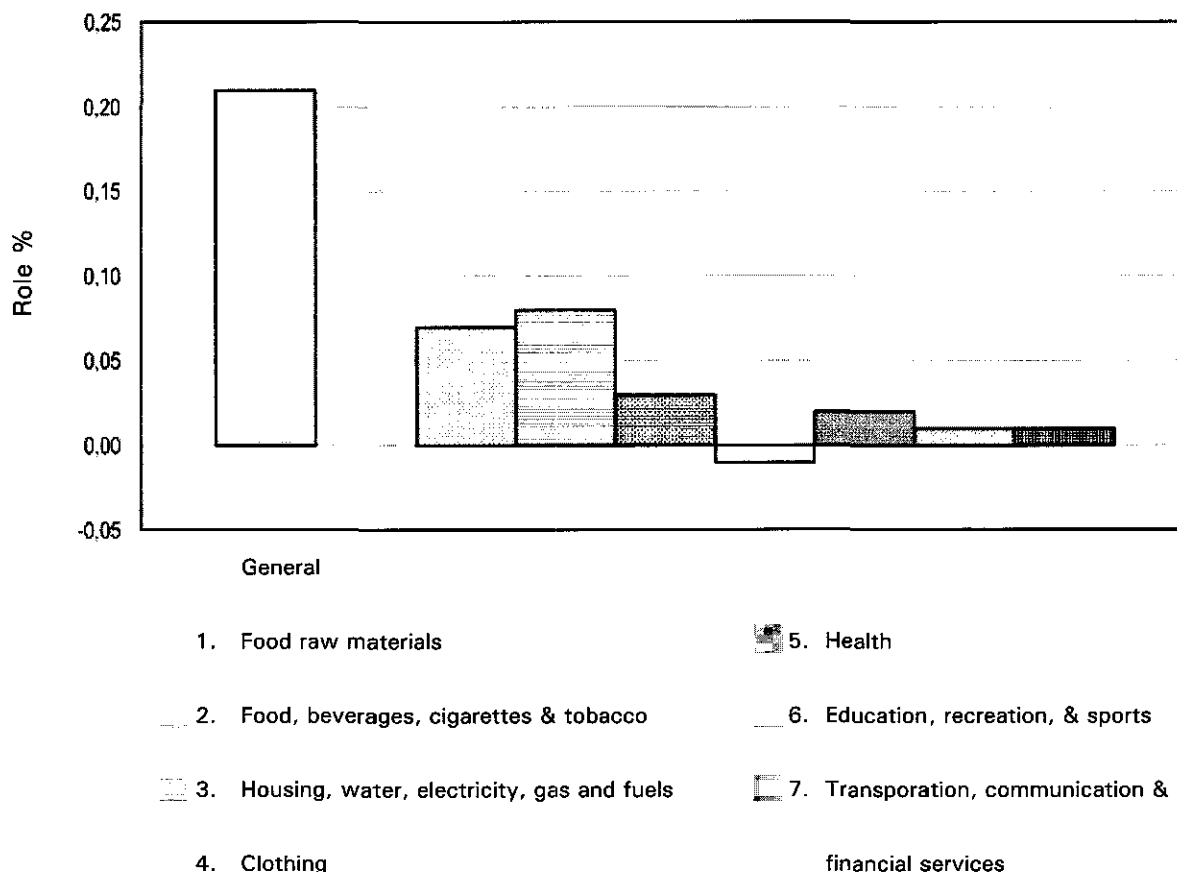
**Consumer Price Index and Combined Inflation Rate of 82 Cities in November 2015,  
Calendar Year 2015 and Year-on-Year by Expenditure Group (2012 = 100)**

Expenditure	IHK Nov 2014	IHK December 2015	IHK Nov 2015	Inflation Nov 2015 <sup>1)</sup>	Inflation Year Calendar 2015 <sup>2)</sup>	Inflation year to Year <sup>3)</sup>	Role Inflation Nov 2015
General (Headline)	116,14	119,00	121,82	0,21	2,37	4,89	0,21
1 Food	122,80	126,76	128,89	0,33	1,68	4,96	0,07
2 Instant Food, Drinks, Cigarettes, and Tobacco	116,55	118,84	125,84	0,47	5,89	7,97	0,08
3 Housing, Water, Electricity, Gas And fuel	113,90	115,55	118,94	0,15	2,93	4,42	0,03
4 Clothes	105,81	106,49	110,04	-0,23	3,33	4,00	-0,01
5 Health	110,19	111,00	116,62	0,44	5,06	5,84	0,02
6 Education, recreation and sports	109,97	110,37	114,68	0,05	3,91	4,28	0,01
7 Transportation, communication and financial services	120,58	127,27	124,76	0,06	-1,97	3,47	0,01

Remark:

- 1) Percentage of IHK Index November 2015 against IHK Index of previous month
- 2) Percentage of IHK Index November 2015 against IHK Index December 2014
- 3) Percentage of IHK Index November 2015 against IHK Index November 2014

**Contribution of Expenditure Group to National Inflation (2012 = 100)**  
**November 2015 (percent)**



Foodstuffs group in November 2015 experienced inflation at 0.33 percent or an increase of index from 128.46 in October 2015 to 128.89 in November 2015.

Of the 11 sub-groups in this group, 7 subgroups experienced inflation and 4 subgroups experienced deflation. The subgroups experiencing the highest inflation are vegetables subgroup at 2.02 percent, and the lowest is experienced by preserved fish subgroup at 0.18 percent. While, subgroups which experienced the highest deflation are fats and oils subgroup at 0.79 percent and the lowest is experienced by nuts subgroup at 0.10 percent.

This group in November 2015 contributed 0.07 percent to inflation. Dominant contributors of inflation include: rice and purebred chicken meat at 0.02 percent, respectively; purebred chicken eggs, French beans, and string beans; tomatoes and tomato fruits at 0.01 percent respectively. While the dominant contributors of deflation include fresh fish, kale and cooking oil at 0.01 percent respectively.

In November 2015 inflation occurred at 0.21 percent with Consumer Price Index (CPI) at 121.82. Of 82 cities of CPI, 69 cities experienced inflation and 13 cities experienced deflation. The highest inflation occurred in Merauke at 2.35 percent with CPI at 127.38 and the lowest occurred in Ternate at 0.02 percent with CPI at 125.90. Meanwhile, the highest deflation occurred in Pangkalpinang at 1.02 percent with CPI at 121.87 and the lowest occurred in Manado at 0.01 percent with CPI at 123.06. (E)

# MARKET WAIT IN SUSPENSE AS FFR INCREASE BY THE FED GET CLOSER

Jakarta, *Business News*

The market wait in suspense as FOMC planned to meet in mid-December 2015 when the Fed would increase Fed Fund Rate after being stationary at around 0% -0.25% since 2008.

Development in global and domestic market showed that marketplayers could tolerate FFR increase so the negative effect could be minimized. The market was even more inclined to observe China's plan to promote Yuan to become a world currency by IMF standard.

At home the Government was paying attention to betterment of macro economy after they released a series of Economy Policy Package. Chairman of OJK Board of Commissioner Muliawan D Hadad disclosed that the condition of Indonesia's fundamental economy was in fact strong enough compared to that of other countries. But the moneymarket and financial market had been governed by market sentiment, so nothing was more important than to build market confidence.

The financial sector, especially the banking sector, still had the capacity to sustain economic growth. Beside strong capital, bank liquidity was solid which means there was room for banks to make business expansion and high resistance of banks against risks. In 2016 the credit risk was still manageable.

OJK predicted that heightening NPL would cool down by Q V- 2015, the ratio by end of year would drop compared to September 2015 which was 2.6% gross. The lowered ratio was among others because expansion of credit was increasing toward year end. Some banks had formed AMU to take over non-performing loans.

OJK had permitted two banks to form Asset Management Unit (AMU) i.e. PT Bank J. Trust Indonesia Tbk and PT Bank CIMB Niaga Tbk. By this AMU formation, problematic assets of the two banks dropped significantly. AMU was a special unit set up by the holding company to take over NPL in banks.

So far the Government was still launching economic policy package which was pro-market. President Joko Widodo stated that the Economy Policy Package Phase VII released on the first week of December was being dissected at the Coordinating Minister of Economy.

Head of the Central Board of Statistics (BPS) Suryamin informed that BPS estimated inflation target set by the Government amounting to 4% + 1% in 2015 would be attained. The confidence was in accordance with price of goods and services through this year. Even in the period of September and October last there was inflation of 0.08% and 0.05%. In the period of January – October inflation level was only 2.16% (y t d).

In November 2015 inflation it was almost certain that inflation was lower than November 2014 when there was high inflation triggered by oil price increase. So even if there was inflation this December, it was still less than the previous year. The same was with December 2015, at that time inflation was not too high compared to inflation during Ramadhan. But the important thing was that people's purchasing power must increase.

## The Moneymarket

Rupiah exchange rate value on Thursday (26/11) inched down by 0.38% and transacted at Rp 13.742 per USD. Rupiah was losing steam amidst

strong pressures from the external. BI mid rate also noted Rupiah weakened by 0.44% to Rp 13,733 per USD.

It was hard for Rupiah to struggle against the USA as there was too little supportive catalyst at home while USD had support from positive economic data. Data of purchase order of durable goods in October increased by 3%, way above the projection of 1.6%. Furthermore unemployment claim of last week was less than the previous period.

The point was that the Fed's signal to increase FFR weakened Rupiah. The potential of FFR increase was greater because US economic growth in Q III-2015 of 2.1% had met target and was above market expectation.

During closing session 1st weekend (27/11) Rupiah was predicted to be in the range of Rp13,675 – Rp13,750 per USD. This week, Rupiah would stabilize at Rp13,575 – Rp13,650.- per USD with tendency to strengthen as market responded positively to Government Policy Package chapter 7.

During transaction on Wednesday (25/11) Rupiah strengthened by 90 points per USD to Rp 13,628 per USD against the previous position of Rp 13,718

per USD. Domestic marketplayers were quite zealous about Indonesia's fundamental economy which would still stabilize in the future.

The optimism was in line with budget absorption to build infrastructure projects which was in accordance with market expectation i.e. 93% as the Government was more decisive in problem solving.

The Fed's final decision to increase benchmark rate was positive signal to the market, where marketplayers were more ready to anticipate circumstances. It was presumable that positive sentiments from fundamental economy could compensate setbacks from increased FFR by the Fed.

Marketplayers were also paying attention to macro economic development in Europe when ECB warned about global risk which would be faster.

ECB increased risk evaluation level of instability of global financial market to the 'medium' level and also the same level of danger in the banking system because of low interest rate. A Frankfurt-based agency stated that Eased Monetary Policy was intended to spur on inflation and economic growth which increased asset valuation so they had to face stronger correction risk.





Now ECB was considering whether it was necessary to expand monetary stimulus in the Euro region to fight stagnated consumer's price. The choice included increase of Euro 1.1 trillion (USD 1.2 trillion) of bond buying program and axe fixed deposit interest further to below zero percent. The ECB examination Board would make decision of December 3, 2015.

Market equity turbulence and devaluation of Yuan in China, the second biggest economy of the world had worsened vulnerability of the developing countries while low liquidity of the moneymarket had made things worse. Borrowers of the emerging market were still sensitive to the Fed's high interest although the Fed had signaled that tight policy would be run gradually.

According to ECB, unlike the crisis of 1998 most of the developing countries were having imbalance in macro-financing, but stronger macro economic policy, more flexible currency exchange rate and bigger buffer but macro economic vulnerability was still there and credit of the private sector was still high mostly in foreign currency.

On the other hand the government of China was determined to have Special Drawing Rights (SDR) of IMF where IMF would decide at the meeting on

November 30 2015.

China insisted Yuan would be equal in value as USD Euro, Poundsterling and Yen . Even to make sure that Yuan would enter SDR China lobby the US Government for approval, turbulence in the global stockmarket at mid year kept China from doing so.

China's massive intervention at the stockmarket and deliberately devaluating Yuan was reason for IMF to postpone their decision to accept Yuan in SDR until next year. This Washington-based body would signal green light provided China reformed their financial system. It was noteworthy that China never seemed to gave up.

China enhanced their effort to enter SDR and forced IMF to hold a meeting on November 30 2015. Two persons involved at the meeting stated that IMF was considering to change Yuan's role in the SDR basket.

In July 2015 IMF staff estimated Yuan's weight between 14% and 16% in Special Drawing Rights (SDR), but the estimate was regarded as too high so IMF recommended weighing at 10%; this was nearly two digits but only minimum. Meanwhile according to HSBC Yuan weight in SDR group would be 14% lower than the present formula.





On the other hand, there were opinions that the status of Yuan as international currency would not automatically change investor's direction. They invested still on the basis of a nation's fundamental economy, not on the status of currency. Most global investors looked at China's economy as reference.

According to their calculations, Yuan's market share in SDR was quite low so capital flow to China was not big. They concluded that entry of Yuan to SDR was an important momentum. However, in the short run Yuan was no threat to USD.

How did Yuan's entry to IMF/SDR affect Rupiah? In this case BI kept observing the development. BI rated that People's Bank of China (PBOC) could again devalue Yuan. In the eyes of BI devaluation of Yuan had the potential to compete against Japan's Yen and Korea's Won.

The case of Yuan's emergence as world's currency had its impact on Indonesia who was one of China's most important partner. Yuan's entry to SDR would reflect China's economic condition and their trade relationship with the world. From Indonesia's viewpoint entry of Yuan into IMF's basket was advantageous because it would reduce Indonesia's dependency on USD.

The Governor of BI Agus Martowardojo stated that if Yuan became a world currency by IMF's standard it could mean broader opportunity for Indonesia to promote trade relationship with China because today the only foreign currency used by Indonesia for international trading was USD. Besides, Indonesia was ready to use Yuan as one of the currencies in forex reserves. Indonesia had also signed bilateral SWAP agreement (BSA) with China to the amount of USD billion.

As footnote, on August 9 last PDBC had suddenly devaluated Yuan up to 1.9% which was necessary to keep China's export from falling any lower. Noteworthy because last October China's export dropped by 6.3%. Most probably PoBC would also devalue Yuan which was predictable in China's weakening economic trend.

China's economic slowdown was getting more conspicuous, predictably slowing down by 0.5% : from 8,6% in 2015 to 6.3% in 2016. For every downturn of China 's economy of 1%, Indonesia's economic growth would be corrected by 0.4% - 0.6%, moreover commodity prices would predictably not improve next year.

Many analysts predicted Yuan stood a chance to strengthen when IMF announced Yuan as SDR



currency. At that time PBoC would increase the volume of Yuan to keep it from strengthening. In the long run, Yuan stood a chance to strengthen against USD. It would be wise for Indonesian businessplayers to start to collect Yuan before Yuan entered the SDR basket next year.

#### The Capital Market

IHSG index managed to stay at the green zone until closing session on Thursday (26/11). Act of buying by foreign investors had kept index to stay at the positive territory although toward closing session, IHSG strengthening was limited.

During closing session in the afternoon again IHSG strengthened by 11.51 points or 0.25% at 4,597.05. Apparently 122 shares strengthened, 133 shares weakened and 94 shares stagnated, Trade volume posted 4,43 billion lots worth Rp 4.79 trillion.

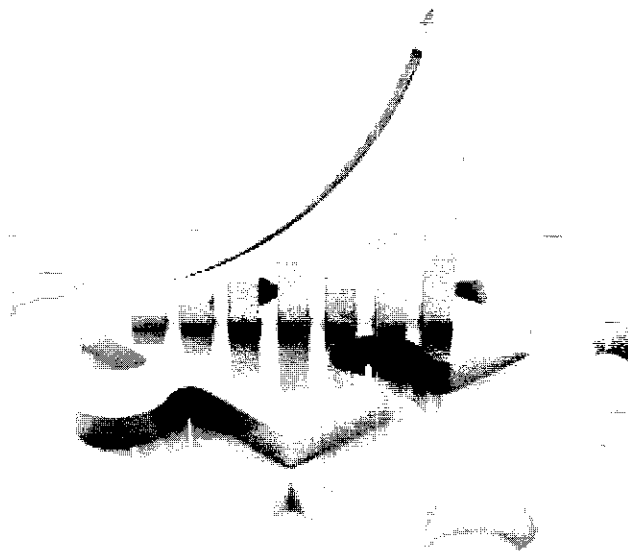
Of 10 sectoral index, 2 or 3 sectors weakened and 7 sectors strengthened. The weakening sectors were agro-business (-0.34%), consumers (-0.22%) and trading (-2.32%). The sectors which strengthened were mining (0.57%), basic industry (2.27%), mix industry (0.58%), property (0.51%), infra struc-

ture (0.66%), finance (0.54%) and manufacturing (0.41%).

In the region, stockmarket of the Asia Pacific region moved mixed. Index of Hang Seng inched down to 22,488.94; meanwhile Shanghai index also inched down by 0.34% at 3,635.55. On the other hand index of NIKKEI225 was closed to strengthen by 0.49% at 19,944.41; while Seoul stockmarket also strengthened by 1.06% at 2,030.68.

During closing session last week (27/11) IHSG was predicted to be in upgoing trend at around 4,600 – 4,625. Positive response by stockplayers would continue strengthening of IHSG this week at 4,625 – 4,650 as effect of released Economy package chapter 7. Accordingly stockplayers also responded positively to macro economy development which was notably stable.

Some sectoral shares was predicted to support increase of IHSG this week in line with Government's Economic Policy Package. The Minister of National Development Plan/Head of BAPENAS Sofyan Djalil stated that 1,600 infra structure projects under the Ministry of Public Works and People's Housing were ready for tender and physical execution could begin in early 2016.



Some Ministries which were in charge of infra-structure building like the Ministry of Agriculture and Ministry of Transportation were accelerating survey of strategic projects. The institutions in charge of building infra structure were armed with fund of Rp104,08 trillion in 2016 while Ministries were armed with fund of Rp31.5 trillion and the Ministry of Transportation Rp48 trillion.

The Government claimed the time taken for preparing projects in four technical ministries was much shorter than the process of last year. In terms of budget execution they were speeding up the process of data verification of Budget Execution Reporting (DIPA) of early Decembet 2015. As soon as DIPA was verified, project contract could be signed. Therefore the Government was optimistic infra structure expenditure and capital expenditure of APBN 2016 could be liquidated by early year.

In the Food & Beverages sector, Chairman of GAPMI Adhi Lukman stated that growth of F&B industry this year was posted at 6.5%, slowing down against last year at 8%. This was due to national economic slowdown, Rupiah depreciation and and the world's unstable economy.

Rupiah depreciation which went as low as Rp 14,000 per USD had caused production cost to swell, because the raw material for F&B industry were mostly still imported. Export of F&B was also hard to jack up. On the contrary export of F&B products was predicted to drop to USD 6 billion against last year at USD 6.3 billion.

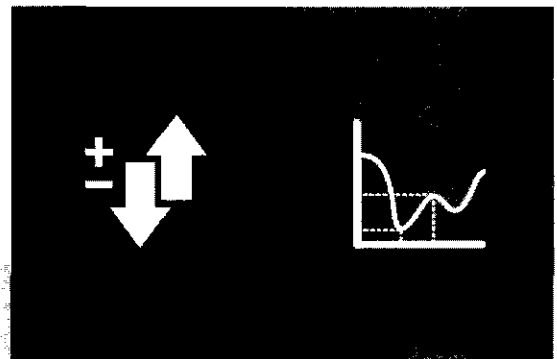
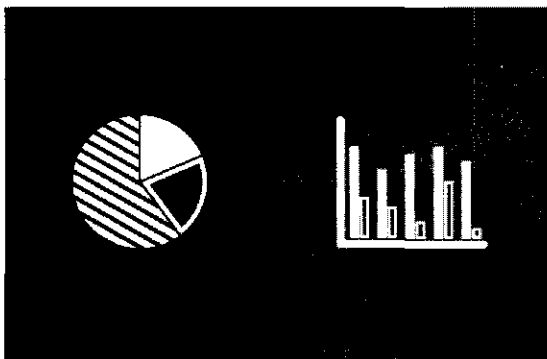
In 2016 domestic F&B industry stood a chance to grow, being propelled by bettered global economy and fiscal. Other factor was recovery of commodity prices which could jack up people's purchasing power. Government's Economic Policy would show the impact next year, expecially lowered electricity tariff for industry. If national economy recovered next year the tunrover of F&B industry could reach Rp 1,00 trillion and export growth would be 20%.

The national banking sector would have enough room to promote credit growth to 12% - 14% next year against 12% - 13% this year and it would be sustained by growth of Thid Party Fund (DPK) projected at around 13% - 25%.

By end of September 2015 last, growth of bank's credit in Indonesia was 11.1% (y o y). with outstanding credit pipelining amounting to Rp 3,956.48 trillion. Combined DPK grew by 11,72% (y o y) to become Rp4,464.08 trillion while net profit of January - Septembet 2015 was Rp78.20 trillion, down by 8.4% gainst same period of last year at Rp 85,37 trillion. Lessened net profit was due to increasef reserve expenses.

Net interest Margin (NIM) increased from 4.21% in September 2014 to become 5.32% last year last September, OJK data had it that capital of the banking sector was still strong with Capital Adequacy Ratio (CAR) around 20.62% in September 2015 above international limit of 8%.

Bank liquiity was also sufficient as indicated by ratio of liquid instrument to non core deposit (AL/



NDC) and ratio of liquid instrument to Third Party Fund, respectively around 76.02% and 15.61% in October 2015.

However investors must pay extra attention to national CPO industry development. There were four challenges to CPO industry by end of 2018. The first challenge was low commodity prices. By Q-1 of 2015 price of some oil-based commodities including CPO was notably low.

On April 2015, average price of CPO in the world market (CIF Rotterdam) was USD 660,000 or down by more than 26% compared to average CPO price in 2014. Price was low because the global economic condition was still weak, In respond to that matter, it was necessary for Indonesia to strengthen price chain by developing sustainable downstream industry.

Secondly, the challenges in policy making. Players of the palm sector were expecting Government's support through policies which allowed room for developing palm oil business such as the manda-

tory Biofuel policy.

Furthermore to review retribution collection by some Provincial Governments which burdened palm growers in the provinces. Also necessary was legal assurance on space planning, issues of Ulayat land ownership and rights of the traditional communities and regulations related to environmental management, instrument for green economy and sustainable palm business.

The third challenge was storming black campaign on Indonesia's palm industry by NGO abroad or local NGO collaborating with their partners overseas. If the black campaign was not retaliated by counter campaign by businessplayers and the Government it would weaken national competitiveness in the long run.

The fourth challenge was the so many obstacles in international trading, tariff or non tariff barriers. Nutella Tax and Food labeling in Europe was some form of non-tariff barriers faced by Indonesia. (SS)



## LOSS DUE TO ILLEGAL FISHING ENORMOUSLY HIGH

Jakarta, *Business News*

The question to what extent was the contribution of non-tax-income (PNPB) in the maritime sector was now answered. According to KPK analysis the Maritime sector contributed only 0,3% to PNPB. The figure was extremely high compared to the wealth of marine resources in Indonesia. Practices of illegal fishing was suspected to be the cause of low state's income from the maritime sector.

The Minister of Maritime and Fishery Susi Pudjiasatuti stated in Jakarta (26/11) that today the Ministry and KPK were collaborating to restore sea resources to enable it to contribute more in the years to come. This was implemented by way of National Movement for Saving Natural Resources of the Maritime Sector exercised nationwide.

Minister Susi admitted that loss due to illegal fishing was enormously high. This case was also focus of attention of the World Bank. Susi stated that Executive Director of the World Bank Sri Mulyani Indrawati had stated that Indonesia's loss due to illegal fishing came to USD 20 billion per year or equal to Rp3,600 trillion. Susi said that the amount was enough for keeping Indonesia from borrowing money abroad.

She stated that the amount of loss could have been correct because so far players of the fishery business never made proper report (LKU) of business activities. The report made never specify the income made from sales of fish so the loss potential was enormous. This was not to mention import of oil to fuel fishermen's boat which drained cash.

Taking loss of money into consideration, Susi underscored that sinking of stealers' boat would continue as an effort to stop fish stealing in Indonesian waters. About growth target, Susi said that growth target of the fishery sector was above 8%.

Data compiled since the time she took office had it that Minister Susi and the Indonesian Navy had sank 12 stealers' boats. In spite of being criticized, Susi would still burn and sink illegal fishers boats because it was in line with Law No 45/2009 on Fishery.

Meanwhile Telematics expert Onno W. Purbo rate that application of IT technology was no guarantee that fish stealing practices could be stopped. Onno stated that the most vital component in cracking down criminal crime was the Human factor. Without commitment and integrity of all parties especially Law Enforcers, illegal fishing would continue to happen.

Onno's statement was with reference to KKP collaboration with Global Fishing Watch (GFW). KKP opened access of data of Ship Monitoring System (VMS) to GFW which was a consortium of provider of visualization instrument of ships; movement consisting of Google Earth Out Recach, Sky Truth, and Oceana. By that collaboration movement of ships in Indonesian waters could be monitored by Google Maps.

So far GFW was only providing global visualization of ships activities based on Automatic Identification System (AIS). Indonesia was the first country revealing VMS to the third party. Susi believed that collaboration with GFW would be an effective step to eradicate Illegal, Unreported and Unregulated Fishing (IUU) in Indonesian waters and beyond.(SS)

## AMKRI RUN CSR BY EMPOWERING FIRE BRIGADE COMMUNITY

Jakarta, *Business News*

An indigenous son of the region of West Kalimantan who was also Chairman of the Indonesian Furniture and Handicrafts Association Rudi Halim implemented Corporate Social Responsibility the social way. He believed that company's operations was inseparable from the legal, social and environmental aspect. Under the circumstances felt it necessary to build an incubator for nation building. The end result would be unity and oneness in West Kalimantan. "The idea is mine. We feel there is some degradation of unity among certain society. The medium is fire-fighting club. In conflagration, the people tend to stick together. No one wish to be on fire. Man proposes God disposes. So any kind of disaster must be abticipated," Rudi told Business News (27/11).

In the middle of danger people tend to cast aside differences among themselves, all barriers disappeared. In the middle of disaster there was no barrier of rich and poor, majority and minority, or differences in race, ethic, or religion or background."

Rudi denied that the formation of this spiritual incubator for nationalism was to serve the company's or personal interest. He claimed that he had no ambition to be the chairman of the club. "I will not take any leader position, I am just a donator. There is no interest, not even political interest. This incubator is a pilot project. In the future it would benefit many people."

A unifying project like this was needed by the nation because inter-tribe friction was not impossible. Some years ago conflict broke out between the Dayak

tribe vs. the Madurese in West and Central Kalimantan.

Conflict which bursted out in in Sampit Central Kalimantan, spreading out to other regions. In a matter of days, tribes killed each other. Massacre took place in February 2001, another conflict bursted out in Central Kalimantan in 1996 -1997 and 1999 spreading further to West and East Kalimantan. " I wish frictions as such will never happen again in Indonesia."

The mental incubator in West Kalimantan was collective effort to fight fire or even forest fire. "No one expect fire, but we never know when or where it would come. So we set up people's fire brigade units in the spirit of togetherness. We run joint exercises and even contest to become firemen."

The fire brigade units were people's self help effort by accepting aid from donators, but the activity must not serve as a "lorry" for political parties to launch their campaign-in-disguise. The objective of the incubator was to foster unity and compactness. "We have made pilot projects of such incubators and foster integration among ethnic groups in Kalimantan. We run illumination, all on social ground, not profit making."

Rudi underscored that the project was not meant to be a stepping stone in the course of his career. He stated that his position as Chairman of AMKRI was not by his wish. He was elected because of insistence by all the Regional Committee of AMKRI on June 2015 last. "I believe that through unity the nation could progress. This fire fighting club was a sound example to foster national unity."(SS)

## IN FACING ASEAN ECONOMIC COMMUNITY, THE MINISTRY OF INDUSTRY GENERATES WELDING EXPERTS

Jakarta, *Business News*

To assist the industry in developing human resources in the field of technology transfer and improvement of knowledge and skills needed by industry players, Center for Technical Material and Goods (B4T) -BPPI of the Ministry of Industry has organized various training since 1976, including the International Welding (WI) and Welding Engineer (WE) Trainings. WI training this year has reached 86 batches and graduated 2,800 participants, while WE training is the 20th batch with number of graduates reaching 200 people.

The 86th WI Training is attended by 86 participants and WE training by 34 participants. Participants of both trainings came from a variety of representatives, i.e. from companies, universities, and individuals. The second training took place from August to November 2015 in Bandung.

In addition to both trainings, B4T has also generated graduates who are experts in the field of welding (welders) as many as 825 people, where welder training is regularly held on request of PT KAI and PT Pertamina. While, other trainings who are also implemented are Non Destructive Test (NDT) Training Level 1 with 2,275 participants, and level 2 NDT Training for 3,150 people. This was conveyed by Head B4T, Supomo, at the close of the training.

In his speech, Head of B4T conveyed that education and training in the field of welding in B4T have gained international accreditation from the International Institute of Welding (IIW) through Authorize

Notional Body Austria (SZA), followed by Authorize National Body of Indonesia (IWS ANB) as well as national accreditation from LSP Las (Welding Professional Certification Institution) in the scheme of the National Professional Certification Board (BNSP).

"The implementation of IWI and IWE trainings is to build and strengthen infrastructure for improvement of quality and competitiveness of human resources, especially in the field of welding. Besides, services trade between Indonesia and Europe, especially welding human resources, demands qualification and certification recognized by the international community.

### Competency Certification

Currently the Indonesian workers are considered more prepared to face competition in the globalization era if they have obtained certification of professional competence. Preparedness includes when the ASEAN Economic Community started to come into force in December this year.

Certificate is considered very important and strategic in a free competition. Workers are free to work in any country, as long as it can meet the standard of competency skill set. "Demand of the world of work has become more stringent. Workers who have passed professional certification have been equipped to compete in Indonesia, even to work abroad," said Minister of Industry Saleh Husin after witnessing the handover of license by the National Professional Certification Board (BNSP) to the Institute of Professional Certification - Electronics Indonesia (LSP-EI) at the Ministry of Industry, some time ago.



At this time, what we must be aware is the service industry, as it refers to the ASEAN Framework Agreement on Services (AFAS), Indonesia, from 1995 to 2015, has gradually been liberalizing the service industry by up to 70 percent in 120 sub-sectors with the government, in this case the Ministry of Industry, Ministry of Labor and the Indonesian Electronics Producers Federation (Federasi Gabel), particularly LSP-EI.

"Improving competencies is the work of all of us, including government, workers, and associations. Therefore, collaboration is necessary to be able to face various challenges," said Director General of Metal, Machinery, Transportation Equipment and Electronics Industry of the Ministry of Industry, I Gusti Putu Suryawirawan. Meanwhile, BNSP is an independent body which reports to the President and

has the authority as a personnel certification authority and shall carry out certification of professional competence for workers.

There are many other types of training, such as training of Sampling Officials (PPC), calibration technician training, concrete technology, cement testing and others, where the trainings are intended to help the industry in terms of improving the quality of its human resources.

Therefore, B4T consistently organizes internationally certified trainings, so that the availability of human resources whose qualifications are directly recognized internationally continues to grow and it is expected that human resources in the field of welding with qualification and certification referring to the scheme of IIW and BNSP to be recognized to work in countries outside Indonesia," said Head of BPPI. (E)



## SOYBEAN PRICE AT THE LEVEL OF TOFU AND TEMPEH PRODUCERS STABLE

Jakarta, *Business News*

Soybean prices at the level of tofu and tempeh producers were stable at around IDR 7,100 to 7,200 / kg. Stable soybean price is associated with an abundant supply of soybean to the international market. China as the largest soybean importer which reaches 60 million tons per year has reduced imports at around 5-7 million tons of soybean. As a result, the supply of soybeans to other countries is abundant, so the price is depressed. It is said by Chairman of the Regional Executive Board of Indonesian Tofu and Tempe Cooperatives (Kopti) Bogor, Suhaeri, when contacted on Friday (November 27).

Every year, Indonesia needs soybean imports about 2 million tons. With so many soybean supply to the international market, Indonesian soybean imports are relatively safe. Thus, the supply of soybean raw materials for tofu and tempeh producers is more secure.

Although domestic soybean production in 2015 is estimated to rise 2.93%, but tofu and tempeh producers are still 100% using imported soybean raw materials. Local soybean production rose, but the goods are hard to find. Even, local soybean prices are much more expensive than the price of imported soybean. For example, good quality local soybean produced in Grobogan, the price reached IDR 11,500 / kg. The high price of local soybean made tofu and tempeh producers choosing to use imported soybean which price is cheaper and the supply is guaranteed.

Based on Forecast Figures II of the Central Statistics Agency (BPS Aram II) soybean production

in 2015 is estimated at 982.97 thousand tons of dry beans or rose 27.97 thousand tons (2.93%) compared to 2014. The increase in soybean production is estimated to occur outside Java as much as 40.16 thousand tons, although in Java soybean production is estimated to decrease at 12.19 thousand tons. Increased soybean production is expected to occur due to the increase in harvested area at 9.16 thousand hectares (1.49%) and increase in productivity at 0.22 quintal / hectare (1.42%).

A relatively large increase in soybean production in 2015 is estimated to occur in West Nusa Tenggara, South Sulawesi, Central Java and South Sumatra. Meanwhile, a relatively large decline in soybean production in 2015 is estimated to occur in West Java province, Aceh, East Java and Central Sulawesi.

The increase in soybean production in 2015 at 27.97 thousand tons (2.93%) occurred in May to August subround and estimated subround of September to December at 42.33 thousand tons (13.38%), and 8.96 thousand tons (2.44%), respectively. While, in January-April subround, soybean production decreased by 23.32 thousand tons (8.61%) compared to production in the same subround in 2014 (year-on-year).

During the period of January-August, 2015 soybean harvest pattern in 2015 is relatively similar to the harvest pattern in 2014 compared to the one in 2013. In the period from January to August in 2014 and 2015, the peak of soybean harvest occurs in June, while in the same period in 2013 soybean harvest peak occurs in February.

**Development of Harvest Area, Productivity and Soybean Production  
By Region, 2013-2015**

Description	2013	2014	2015 (Aram II)	Development			
				2013-2014		2014-2015	
				Absolute	%	Absolute	%
<b>1. Size of harvest area (ha)</b>							
-Jawa	342.796	378.986	364.223	36.190	10,56	-14.763	-1,90
-Outside Jawa	207.997	236.699	260.625	28.702	13,80	23.926	10,11
-Indonesia	550.793	615.685	624.848	64.892	11,78	9.163	1,49
<b>2. Productivity (ku/ha)</b>							
-Jawa	15,23	16,42	16,75	1,19	7,81	0,33	2,01
-Outside Jawa	12,41	14,06	14,31	1,65	13,30	0,25	1,78
-Indonesia	14,16	15,51	15,73	1,35	9,53	0,22	1,42
<b>3. Production (ton)</b>							
-Jawa	521.954	622.155	609.970	100.201	19,20	-12.185	-1,96
-Outside Jawa	258.038	332.842	372.997	74.804	28,99	40.155	12,06
-Indonesia	779.992	954.997	982.967	175.005	22,44	27.970	2,93

Note : The quality of soybean production is dry beans

(E)

## CPO ABOLUTELY STRATEGIC COMMODITY

Jakarta, *Business News*

Palm was a strategic commodity with forex reserves compiled at Rp 250 trillion in 2015, therefore the Government would fight for palm whatever happened, Amran Sulaiman Minister of Agriculture made the statement at the Indonesia Palm Oil Outlook Conference in Nusa Dua Bali on Friday (27/11).

"If I have not paid much attention to palm it does not mean Palm is a step daughter. If I had 10 children and 3 of them were sick and treated at ICU, then the sick ones had to be attended to. The healthiest son like CPO is still attended to but not as intensive as rice" he said,

The support given by Minister Amran was persuasion to the Minister of Energy and Mineral Resources to keep the B20 program running. Today when the B-15 project was running the volume of CPO being processed into biodiesel was 1 million tons. Next year it would still be 7 million tons to be absorbed and B-20 was even more. "I keep guarding this B-20 to keep the project rolling. I am asking GAPKI to help guarding" he said.

Indonesia together with Malaysia must collaborate closely to become CPO price setters. "Each time we import wheat and the price is determined by the producer, and we as buyer just follow. But in case of palm we are the producers but price was determined by the buyer, that is not fair and we must overcome" he said.

The first step already done was forming a Palm Oil Council by Indonesia and Malaysia based on a joint collaboration agreement. This was some sort of OPEC in CPO industry and the MoU for it had been signed by President Joko Widodo and Malaysian

Prime Minister Najib.

The Minister of Agriculture was expecting business players to follow up the MoU to jointly launch a counter campaign against black campaign by producers of Sunflower based oil. The total palm plantation in Indonesia was 10 million ha, 4 million ha of which belonged to farmers. The approach of counter campaign was "toward better welfare of farmers."

"Palm must be approached from different angles, not just environment. We even help Orang Uutan, why shouldn't we help farmers?"

The Government's policy of today, according to Suhasil Nazara of the Fiscal Dept of the Ministry of Finance was downstreaming. In palm industry the Government changed priority from exporting raw material to end result. Therefore the BPDKS retribution charged on CPO was higher and less on the downstream products. This applied also on export tax. "The objective is to motivate producers to shift to downstream industry because the tax was less" Nazara said.

The Government also supported downstreaming process through tax incentives. Application of BPDKS at the early stage was to strengthen palm industry by subsidizing palm absorption for bio-diesel. With B 15 being stepped up to B 20, absorption of CPO would increase at home.

This policy would promote Indonesia's role in the global CPO industry. Once Indonesia escaped from economic crisis some years ago due to high commodity prices. "Now never expect such a windfall as in the past. That's why we change from commodity to finished product." Nazara said.

The Ministry of Industry, according to Panggah Susanto the Dir. Gen of Agro, would offer in-

centive for palm traders who had been active on the upstream so they would diversify business to downstream. Pursuant to it research on the downstream must be enhanced. Therefore Panggah welcomed grant research of the Palm Plantation Fund Management Board who is financing was more pipelined to the downstream industry.

Other things needed by the businessplayers to move to downstream was tax incentive. This project was not just the tak of the Ministry of Industry so he would lobby the Ministry of Finance to obtain tax incentive. In 2014 CPO production was 31.4 mil-

lion tons and CPKO 4.1 million tons. The capacity of palm by- products was refinery 5 million tons, oleo chemistry 2.3 million tons and bio diesel 6 million tons.

It was not necessary to increase capacity of refineries because demand for frying oil was today settled at 5 million tons. What was most pressing today was bio-diesel B-20 program, while Oleo chemistry must find market first before increasing capacity because the buyers were multinational companies of the world. (SS)

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# FOREIGN EXCHANGE RATES

Jakarta, *Business News*

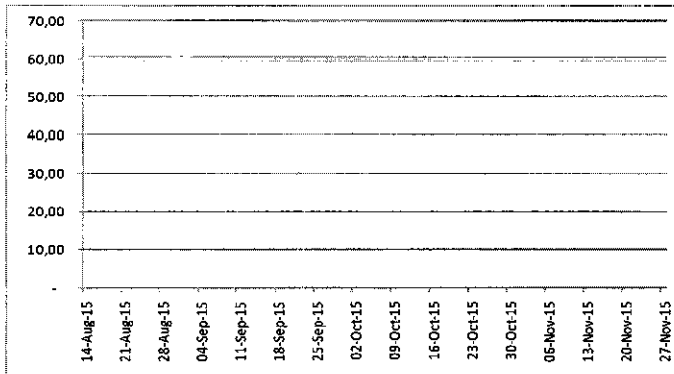
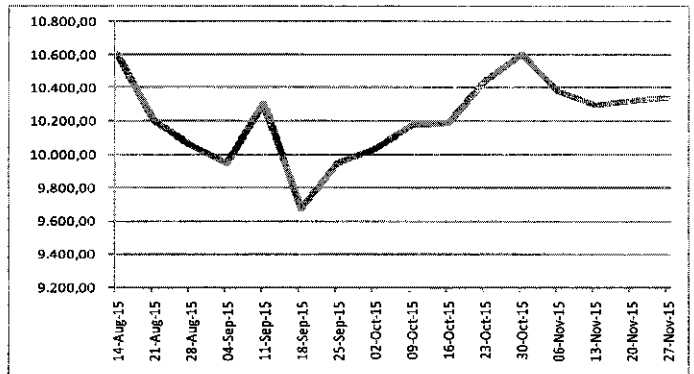
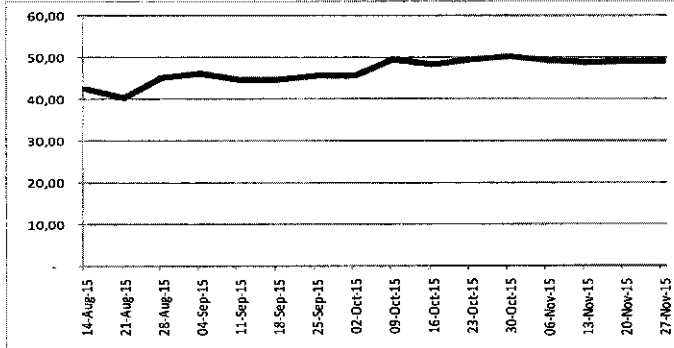
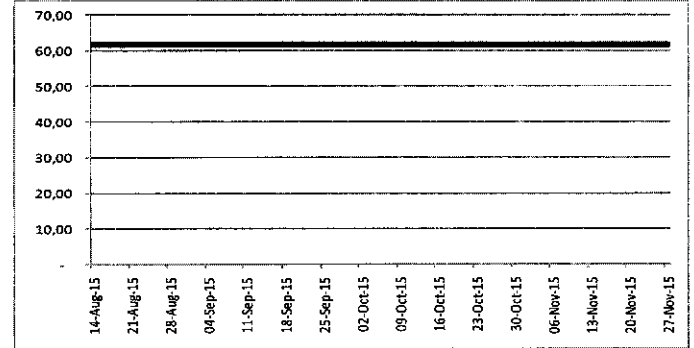
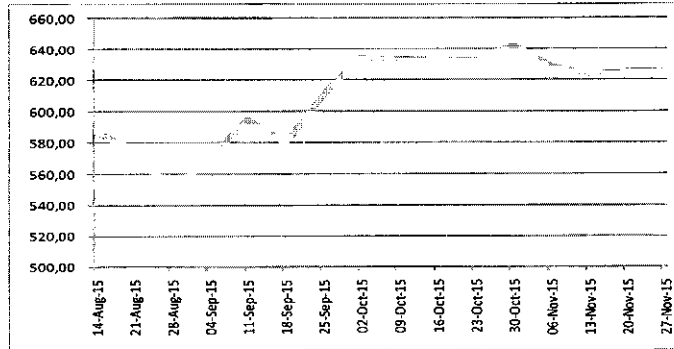
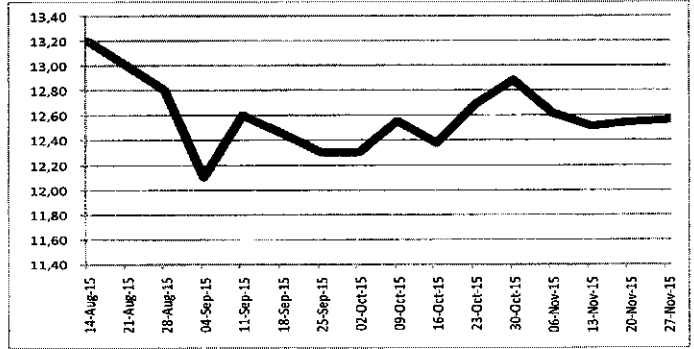
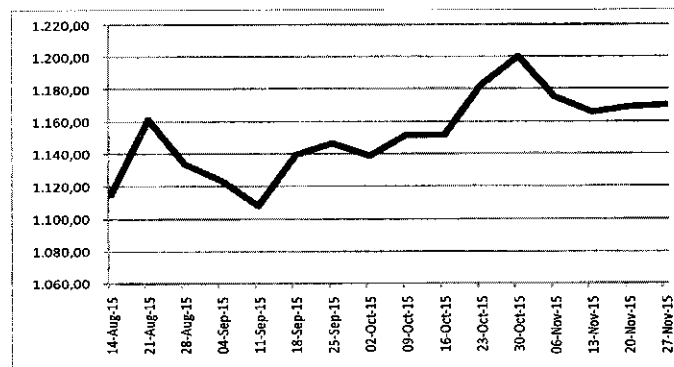
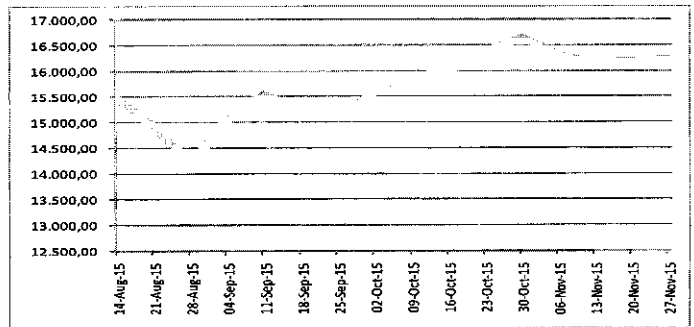
## EXCHANGE RATES ON TRANSACTION

CURRENCY	VALUE	DECEMBER 1, 2015			NOVEMBER 30, 2015			NOVEMBER 27, 2015		
		BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING	BUYING	MIDDLE RATE	SELLING
AUD (Australia)	1,-	9,991.00	10,041.87	10,092.74	9,886.20	9,939.22	9,992.23	9,876.88	9,930.16	9,983.44
BND (Brunei)	1,-	9,749.50	9,801.96	9,854.42	9,731.47	9,783.71	9,835.94	9,706.91	9,757.97	9,809.02
CAD (Canada)	1,-	10,303.73	10,357.82	10,411.91	10,290.69	10,342.64	10,394.59	10,284.21	10,337.66	10,391.10
CHF (Switzerland)	1,-	13,373.89	13,444.35	13,514.80	13,347.87	13,420.64	13,493.40	13,356.12	13,425.47	13,494.82
CNY (China Yuan)	1,-	2,147.62	2,158.41	2,169.20	2,153.00	2,163.79	2,174.57	2,140.03	2,150.83	2,161.62
DKK (Denmark)	1,-	1,949.73	1,959.64	1,969.54	1,952.28	1,962.25	1,972.21	1,945.08	1,955.16	1,965.24
GBP (United Kingdom)	1,-	20,736.27	20,843.19	20,950.11	20,684.04	20,791.85	20,899.66	20,649.68	20,756.61	20,863.54
HKD (Hong Kong)	1,-	1,772.36	1,781.32	1,790.28	1,776.79	1,785.75	1,794.71	1,764.79	1,773.73	1,782.66
JPY (Japan)	100,-	11,181.74	11,240.20	11,298.65	11,215.08	11,273.58	11,332.08	11,152.97	11,211.53	11,270.09
KRW (Korean )	1,-	11.87	11.93	11.99	11.89	11.95	12.01	11.89	11.95	12.01
KWD (Kuwaiti Dinar)	1,-	45,075.46	45,331.75	45,588.04	45,150.82	45,406.99	45,663.16	44,934.30	45,190.84	45,447.37
MYR (Malaysia)	1,-	3,234.23	3,252.78	3,271.33	3,221.29	3,239.72	3,258.14	3,227.47	3,246.45	3,265.42
NOK (Norway)	1,-	1,584.02	1,592.63	1,601.24	1,581.44	1,589.58	1,597.71	1,579.32	1,587.56	1,595.80
NZD (New Zealand)	1,-	9,114.45	9,163.00	9,211.55	8,982.82	9,030.61	9,078.40	8,982.34	9,029.73	9,077.11
PGK (Papua New Guinea)	1,-	4,536.62	4,662.10	4,787.57	4,574.73	4,700.58	4,826.42	4,513.74	4,640.13	4,766.52
PHP (The Philippines)	1,-	291.51	293.04	294.57	291.68	293.27	294.85	289.79	291.33	292.87
SAR (Saudi Arabian Riyal)	1,-	3,661.19	3,680.08	3,698.96	3,669.04	3,687.92	3,706.79	3,643.58	3,662.70	3,681.81
SEK (Sweden)	1,-	1,578.80	1,587.00	1,595.20	1,573.59	1,581.95	1,590.31	1,566.23	1,574.36	1,582.48
SGD (Singapore)	1,-	9,749.50	9,801.96	9,854.42	9,731.47	9,783.71	9,835.94	9,706.91	9,757.97	9,809.02
THB (Thailand)	1,-	383.45	385.49	387.52	383.70	385.73	387.76	382.17	384.16	386.14
USD (United States)	1,-	13,739.00	13,808.00	13,877.00	13,771.00	13,840.00	13,909.00	13,678.00	13,747.00	13,816.00
EUR (Europe)	1,-	14,544.11	14,619.93	14,695.74	14,565.59	14,639.96	14,714.33	14,512.36	14,586.95	14,661.54

NOTE : The middle rate is based on Business News calculation

## COMMODITY PRICES

### DATED AGUSTUS 14, 2015 - NOVEMBER 27, 2015

**EUCRBREN Index (USD)****LMNIDS03 Nickel (USD)****USCRWTIC Index (USD)****CLSPAUNE Index Coal (USD)****PALMROTT Index CPO****IDRUSR20 Index Rubber US/kg****GOLDS Cmdty (USD)****LMSNDS03 TIN (USD)**



# **COMPULSORILY PACKED COOKING-OIL**

## **(Regulation of the Minister of Trade Number 80/M-DAG/PER/10/2014, Dated October 17, 2014)**

BY GRACE OF GOD THE ALMIGHTY

THE MINISTER OF TRADE OF

THE REPUBLIC OF INDONESIA,

Considering:

- a. that the consumption of foodstuffs constituting basic need of communities has to meet standard, security, quality and nutrition of food;
- b. that in order to assure the quality and hygiene of palm oil-based and non palm oil-based cooking oil which is sold to consumers, it is necessary to regulate the sales of cooking oil in package;
- c. that having regards to letters a and b, it is necessary to stipulate a regulation of the Minister of Trade on Compulsorily Packed Cooking Oil;

In view of:

1. Law Number 8 Year 1999 on Consumer Protection (Statute Book of the Republic of Indonesia Year 1999 Number 42, Supplement to Statute Book of the Republic of Indonesia Number 3821);
2. Law Number 15 Year 2001 on Brand (Statute Book of the Republic of Indonesia Year 2001 Number 110, Supplement to Statute Book of the Republic of Indonesia Number 4131);
3. Law Number 39 Year 2008 on State Ministry (Statute Book of the Republic of Indonesia Year 2008 Number 166, Supplement to Statute Book of the Republic of Indonesia Number 4916);
4. Law Number 18 Year 2012 on Food (Statute Book of the Republic of Indonesia Year 2012 Number 227, Supplement to Statute Book of the Republic of Indonesia Number 5360);
5. Law Number 7 Year 2014 on Trade (Statute Book of the Republic of Indonesia Year 2014 Number 45, Supplement to Statute Book of the Republic of Indonesia Number 5512);
6. Government Regulation Number 69 Year 1999 on Food Label and Advertisement (Statute Book of the Republic of Indonesia Year 1999 Number 131, Supplement to Statute Book of the Republic of Indonesia Number 3867);
7. Government Regulation Number 28 Year 2004 on Security, Quality and Nutrition of Food (Statute Book of the Republic of Indonesia Year 2004 Number 207, Supplement to Statute Book of the Republic of Indonesia Number 4424);
8. Presidential Decree Number 84/P Year 2009 on the Establishment of the Second United Indonesia Cabinet as already amended several times and the

latest by Presidential Decree Number 8P Year 2014;

9. Presidential Regulation Number 47 Year 2009 on the Establishment and Organization of State Ministries as already amended several times and the latest by Presidential Regulation Number 13 Year 2014 (Statute Book of the Republic of Indonesia Year 2014 Number 24);
10. Presidential Regulation Number 24 Year 2010 on Status, Tasks and Functions of State Ministries as well as First-echelon Organizational Structures, Tasks and Functions of State Ministries as already amended several times and the latest by Presidential Regulation Number 14 Year 2014 (Statute Book of the Republic of Indonesia Year 2014 Number 25);
11. Regulation of the Minister of Trade Number 20/M-DAG/PER/5/2009 regarding Provision and Procedures for Supervising Goods and/or Service;
12. Regulation of the Minister of Trade Number 31/M-DAG/PER/7/2010 on Organization and Working Mechanism of the Ministry of Trade as already amended by Regulation of the Minister of Trade Number 57/M-DAG/PER/8/2012;
13. Regulation of the Minister of Trade Number 31/M-DAG/PER/10/2011 on Goods in Wrapped Condition;
14. Regulation of the Minister of Industry Number 87/M-IND/PER/12/2013 on Compulsory Application of Indonesia National Standard (SNI) of Cooking Oil;
15. Regulation of the Head of the Food and Drug Supervisory Board Number Hk 00.05.55.6497 on Materials of Food Package;

#### DECIDES :

To stipulate:

THE REGULATION OF THE MINISTER OF TRADE ON COMPULSORILY PACKED COOKING OIL.

#### Article 1

Referred to in this ministerial regulation as:

1. Cooking oil shall be cooking oil made of palm oil and/or other vegetable.
2. MINYAKITA shall be a trade mark of packed palm oil-based cooking oil, which is owned by the Directorate General of Domestic Trade, Ministry of Trade, already registered at the Directorate General of Intellectual Property Right, Ministry of Law and Human Rights.

## GOVERNMENT REGULATIONS

3. Cooking Oil Producer hereinafter called producer shall be individual person or business entity in the form of legal entity, which processes palm oil and/or other vegetable raw materials into cooking oil as well as packs directly or through packaging service.
4. Packaging Party of Cooking Oil hereinafter called Packaging Party shall be individual person or business entity in the form of legal entity which collects or purchase cooking oil to be packed or sold.
5. Business community shall be individual person of Indonesian citizen or business entity in the form of legal entity or non legal entity, which is established and domiciled in the jurisdiction of the Unitary State of the Republic of Indonesia that undertakes business activities in the trading sector.
6. Consumer shall be every user of goods and/or service available in the society, for personal interest, family interest or interest of other creature and not destined to trade.
7. Food Package hereinafter called package shall be material used to cover and/or wrap food, which is contact directly or indirectly to the food.
8. Minister shall be the minister in charge of trading affairs.

### Article 2

Producers, packaging parties and business communities trading cooking oil to consumers shall be obliged to use package.

### Article 3

- (1) The package as referred to in Article 2 shall be obliged to use food-grade material and shall not endanger human being as well as be accompanied by label in accordance with the provision of legislation.
- (2) The label as referred to in paragraph (1) shall contain at least:
  - a. name of goods;
  - b. trade mark;
  - c. production code;
  - d. net weight/content;
  - e. expiry date;
  - f. food grade logo and recycle code;
  - g. name and address of producer, importer and/or packaging party; and
  - h. other information about the use, which has to be mentioned according to the provision of legislation.

Article 4

- (1) The cooking oil as referred to in Article 2 may be packed in various models with the maximum size 25 (twenty five) liter.
- (2) Producers or packaging parties shall be responsible for the quality and hygiene of cooking oil and package.

Article 5

- (1) In trading cooking oil, producers and/or packaging parties of cooking oil made of palm oil may use brand MINYAKITA.
- (2) Producers and/or packaging parties using brand MINYAKITA shall register and submit application to the Director General of Domestic Trade by enclosing documents:
  - a. copy of deed of the establishment of company
  - b. copy of industrial business license/corporate registry number or other business license from technical institution;
  - c. copy of corporate registry number (TDP); and
  - d. copy of taxpayer code number (NPWP).
- (3) The use of brand MINYAKITA shall be effective for 4 (four) years and shall be extendable.
- (4) Producers and/or packaging parties using brand MINYAKITA shall be obliged to abide by the provision of legislation regarding package, brand and distribution of cooking oil.

Article 6

- (1) In the case of producers and/or packaging parties not abiding by the obligation as referred to in Article 5 paragraph (4), the Director General of Domestic Trade may revoke the approval of the use of brand MINYAKITA.
- (2) Further provision on the use of brand MINYAKITA shall be stipulated by the Director General of Domestic Trade.

Article 7

- (1) Producers and/or packaging parties not securing approval of the use of brand MINYAKITA, shall be prohibited from distributing cooking oil with brand MINYAKITA.
- (2) Producers and/or packaging parties violating the provision as referred to in paragraph (1), shall be liable to sanction in accordance with the provision of legislation regarding intellectual property right.

Article 8

- (1) The fostering and supervision over the distribution of cooking oil shall be done by the Minister and/or technical ministers/heads of related non-ministerial government institutions individually or collectively.
- (2) The minister may delegate the authority to foster and supervise as referred to in paragraph (1) to the Director General of Domestic Trade, Director General of Standardization and Consumer Protection and/or regional governments in accordance with their main tasks and functions.

Article 9

Producers, packaging parties, business entities violating the provision as referred to in Article 2, shall be subject to administrative sanction in the form of the revocation of business license by the authorized official.

Article 10

- (1) Producers, packaging parties or business entities selling cooking oil not matching the package provision as referred to in Article 3 shall be obliged to withdraw cooking oil from the circulation.
- (2) The order to withdraw cooking oil from circulation as referred to in paragraph (1) shall be issued by the Director General of Standardization and Consumer Protection on behalf of the minister.
- (3) Cooking oil already withdrawn from circulation may be traded again after matching the package provision as governed in this ministerial regulation.

Article 11

- (1) Producers, packaging parties or business entities not withdrawing the cooking oil from circulation as referred to in Article 10 paragraph (1) shall be subject to administrative sanction in the form of the revocation of business license by the authorized official.
- (2) The revocation of business license as referred to in paragraph (1) shall be done following the issuance of written warning 3 (three) times with the time interval 7 (seven) working days.
- (3) The administrative sanction shall be imposed on the producers as referred to in paragraph (1) by the authorized official on the basis of recommendation from the Director General of Standardization and Consumer Protection.

Article 12

- (1) Producers, packaging parties, business entities in trading cooking oil, which is:
  - a. made of palm oil, shall meet the provisions in this ministerial regulation as from March 27, 2015; and
  - b. made of other vegetable materials, shall meet the provision in this ministerial regulation as from January 1, 2016.
- (2) Small, medium-scale/home producers trading cooking oil made of other vegetable materials shall comply with the provisions in this ministerial regulation as from January 1, 2017.

Article 13

If necessary, the Director General of Domestic Trade or the Director General of Standardization and Consumer Protection by virtue of their main tasks and functions may stipulate technical directives for the implementation of this ministerial regulation.

Article 14

With the enforcement of this ministerial regulation, Regulation of the Minister of Trade Number 02/M-DAG/ PER/1/2009 on Simply Packed Cooking Oil shall be revoked and declared null and void.

Article 15

The ministerial regulation shall come into force on March 27, 2015.

For public cognizance, the ministerial regulation shall be promulgated by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On October 17, 2014

THE MINISTER OF TRADE OF THE REPUBLIC OF INDONESIA

sgd.

MUHAMMAD LUTFI

(R)

# **MANAGEMENT OF NATIONAL CONSTRUCTION SERVICE INSTITUTION REGISTRATION OF INTEGRATED CONSTRUCTION SERVICE** **(Regulation of National Construction Service Service Number 5 Year 2014, dated June 11, 2014)** **[Continued from Business News No. 8783 page 24-48]**

## Part Three

### Procedure for Exercising Initial Verification and Validation

#### Article 41

- (1) Review of authenticity of application for Registration of SBU by Companies Association may be exercised if all the required documents are complete.
- (2) The Companies Association referred to in paragraph (1) shall be Companies Association that is granted authority to exercise Initial Verification and Validation as governed in Article 18.
- (3) Guideline for review of authenticity of the application for Registration of SBU as referred to in paragraph (1) shall be provided by complying with the provisions as governed in Article 28 through Article 32.

## Article 42

- (1) Companies Association shall be obliged to download all data of the Business Entity as required by National SIKI-LPJK after conducting Initial Verification and Validation of the application for Registration of SBU.
- (2) Companies Association shall download, print and sign Business Entity's PDS of members of the Association as attached to the Minutes of Meeting on Initial Verification and Validation.
- (3) PDS Business Entity must be signed by Accessor or Appraiser of Companies Association and Database Officer.
- (4) The Companies Association referred to in paragraph (1), paragraph (2) and paragraph (3) is Companies Association that is granted authority to exercise Initial Verification and Validation as governed in Article 18.



## Part Six

Procedure for Assessment of  
Feasibility of Business Entity

## Article 43

- (1) The application for Registration of SBU that has been verified and validated as referred to in Article 42 must be delivered to the National LPJK.
- (2) The LPJK through National SIKI-LPJK shall download the chek-list on the authenticity of the Business Entity, fill-in the chek-list sheet on the completeness of the file, download the data resulting from the examination of file, and print receipt of the application of the SBU.
- (3) The receipt of application for Registration of SBU referred to in paragraph (2) shall be the status on the commencement of the Certification and Registration.
- (4) If the application for Registration comes from a new Business Entity, the receipt of application for Registration of SBU as referred to in paragraph (3) the status thereof is not considered yet as initial process of Certification and Registration.
- (5) Status of initial process of Certification and Registration as referred to in paragraph (4) shall commence as soon as the AKBUSBU downloaded the data of Business Entity to the National SIKI-LPJK.

- (6) LPJK and Companies Association shall be prohibited from issuing Statement Letter of temporary Classification and Qualification or Statement Letter in any form whatsoever pertaining to competence of the Business Entity.

## Article 44

- (1) The application for Registration of SBU will be used by AKBUSBU as object of trial test of the feasibility of Classification and Qualification of the application for SBU, covering:
  - a. application for Registration of SBU;
  - b. Minutes of Verification and Validation;
  - c. PDS File; and
  - d. Database of the Business Entity.
- (2) The database of the Business Entity as referred to in paragraph (1) letter d consists of data on administration, management, financial, manpower, and experience.
- (3) Examination of authenticity of application for Registration of SBU by AKBUSBU may be made only after all the required documents are complete.
- (4) Assessment of feasible Classification and Qualification by AKBUSBU may be made only after all the files pertaining to the application for Registration of SBU is complete and lawful as required in the criteria for verification and validation.

(5) Data on evaluation of feasible Classification and Qualification by AKBU shall be downloaded into the National SIKI-LPJK for justification with on the required assessment based on AKBU assessment.

(6) The report on recommended feasible Classification and Qualification shall be downloaded, printed and signed, covering:

- a. Chek List on the completeness of document;
- b. Chek list verification dan validation;
- c. Sheet of Evaluation by the Business Entity Management;
- d. Sheet of Evaluation of Experience of the Business Entity;
- e. Sheet of Evaluation of Financial position of the Business Entity;
- f. Sheet of Evaluation of Human Resource of Business Entity;
- g. Recommendation of Classification and Qualification.

(7) USBU shall be obliged to ensure the authenticity of evaluation of the Business Entity's capacity as drawn up in the Minutes of Meeting on Feasible Classification and Qualification of the application for Registration of SBU signed by the Operating Chairman of USBU for further submission to the Operating Body LPJK.

(8) If AKBU find out the application for Registration

of SBU is incomplete and/or the files are unlawful, all the documents referred to in paragraph (1) will be returned to the LPJK Operating Body by first making notes on the column available on the PDS and National SIKI-LPJK.

(9) If the application for Registration of SBU is returned back as referred to in paragraph (8), the status of the initial application for SBU will be erased by the National SIKI-LPJK.

(10) If the application for Registration of SBU is returned back as referred to in paragraph (8), no refund will be made on the cost for Certification that has been paid.

(11) During the course of evaluation process of feasible Classification dan Kualifikasi, AKBU shall be prohibited from making relationship with the Business Entity or Companies Association pertaining to Clarification process of files or additional file received.

## Part Five

### Procedure for Registration

#### Article 45

(1) The Operating Body of LPJK shall prepare list of plans for Registration of Business Entity by providing Minutes of Meeting on Feasible Classification and Qualification and report on the result of evaluation of feasibility of Classification and Qualification.

- (2) The Operating Body of LPJK shall plan schedule of management meetings of LPJK held to make decision on Registration of SBU.
- (3) Management meeting of LPJK as referred to in paragraph (2) has authority to accept or reject the result of evaluation of feasibility of Classification and Qualification of the application for Registration of SBU submitted by USBU.
- (4) In determining whether to accept or reject the result of evaluation of feasibility of Classification and Qualification, management meeting of LPJK may invite the Operating Chairman of USBU and AKBU for clarification.
- (5) If the management meeting of LPJK decides to accept the result of evaluation as referred to in paragraph (4), the result of the decision must be drawn up in Minutes of Meeting on Registration of the Business Entity.
- (6) If the management meeting of LPJK rejects the result of evaluation referred to in paragraph (4), other different AKBU the USBU shall be requested to conduct re-evaluation by different AKBU.
- (7) The nature of the result of re-evaluation referred to in paragraph (6) is final and shall be drawn up further in Minutes of Meeting on Registration of Business Entity.
- (8) Rejection to the result of evaluation as referred to in paragraph (6) based on the report concerning deviation from the procedure, abuse of power, and faking the document.

#### Article 46

- (1) The Operating Body of LPJK shall reject insertion of data of the Business Entity in the SBU Questionnaire form based on Minutes of Meeting on Registration of Business Entity.
- (2) The Operating Body of LPJK must sign the SBU.
- (3) The inserted data of SBU must be printed and signed within seven (7) working days effective as of the date of Minutes of Meeting on Registration of the Business Entity as stipulated by the Management of LPJK.
- (4) The Operating Body of LPJK shall deliver the SBU within seven (7) working days as of the date of the written data is printed on the SBU and submission thereof to the Companies Association.
- (5) The LPJK shall be obliged to make record of each SBU that is signed and keep it together with the application for Registration, Minutes of Meeting of feasible Classification and Qualification, Minutes of Meeting on the Initial Verification and Validation.

Article 47

- (1) If the Classification and Qualification specified in the SBU are not justified with the application for Registration of SBU, the Business Entity may file an appeal thereto.
- (2) The Business Entity may file appeal as referred to in paragraph (1) to the LPJK.
- (3) If the appeal referred to in paragraph (2) is accepted, the National LPJK shall further instruct the USBU to conduct re-assessment of feasibility of Classification and Qualification.
- (4) If the appeal referred to in paragraph (2) is rejected, the issued SBU shall continue to survive.
- (5) The decision of the Management of LPJK as referred to in paragraph (3) and paragraph (4) is final.

CHAPTER VIII

FROM, NRU, AND COST

Part One

Form of Certificate and Validity

Article 48

- (1) The Nasional. LPJK shall print the Form for SBU as specified in Attachment 14.
- (2) Provide printing security n the SBU Form and

TDUP Form in the form of LPJK logo and the printing serial as well as the serial number of Form.

Article 49

- (1) The Business Entity's data on the front page and the data of Classification and Qualification on the back page of the SBU Form shall be written by downloading the Business Entity's data from the National SIKI-LPJK.
- (2) Other than writing the Business Entity's data on the front page of the SBU Form as referred to in paragraph (1) on the front page of the SBU Form the QR code must also be printed.
- (3) Other than writing the data of Classification and Qualification on the back page of the SBU Form as referred to in paragraph (1) the logo of Association, name and signature of the General Chairman of Association and the number of Minutes of Meeting on Initial verification and validation must also be inserted.
- (4) Logo of Association, name and signature of the General Chairman of Association and Number of Minutes of Meeting on Initial verification and validation as referred to in paragraph (3) shall be Companies Association that has obtained authority to exercise Initial verification and validation nationwide.

- (5) If a new Business Entity submits application for Registration of SBU to LPJK, other than writing the data of Classification and Qualification on the back page of SBU Form as referred to in paragraph (1), the name and signature of the Operating Chairman of national USBU must be printed.

#### Article 50

- (1) The SBU must be declared lawful if the NRU has been recorded at the SBU and is signed by the Director of Registration and Legal Affair of Operating Body of National LPJK..
- (2) The SBU referred to in paragraph (1) shall be declared lawful if the data of Business Entity and data of Classification and Qualification at the SBU are displayed at the National LPJK site:(www.lpjk.net), and have been inserted in the BRBU in the current month.
- (3) If there is difference between the data set forth in the SBU and the data set forth in the National LPJK site: www.lpjk.net), the data shown at the National LPJK site: (www.lpjk.net) will be declared lawful.
- (4) The National LPJK has the right to declare that the SBU utilized by the Business Entity is unlawful if it is proven that the SBU has been changed and/or is different from the SBU record existing the LPJK.

#### Article 51

- (1) Validity of SBU for the Business Entity submitting application for Registration of SBU through Companies Association that is granted authority for verification and validation nationwide is three (3) years.
- (2) Validity of SBU for new Business Entity submitting application for Registration of SBU directly to LPJK is one (1) year.

#### Part Two

#### NRU, Certification and Registration Costs

#### Article 52

- (1) NRU shall be determined as follows:
- decision on NRU shall be governed in technical guideline to be stipulated by the National LPJK.
  - NRU of new Business Entity submitting application for Registration of SBU shall be determined through the National SIKI-LPJK by providing NPWP of the Business Entity to the National SIKI-LPJK;
  - NRU for Business Entity submitting application for Registration of SBU for extension of validity using the Registration Number as specified in the SBU issued previously; and

## GOVERNMENT REGULATIONS

d. NRU for Business Entity that moved to other association will only encounter a change in the code of its association.

(2) NRU issued to Business Entity, survives so long the Business Entity extends the SBU's validity.

(3) In the validity of the SBU is not extended, the NRU of the SBU concerned shall freeze and shall not be presented at the National SIKI-LPJK.

(4) The NRU being freezed as referred to in paragraph (3) may be re-activated if the SBU concerned has been extended.

### Article 53

(1) The cost for Certification exercised by USBU and cost for Registration exercised by Operating Body of LPJK for one (1) Sub-Classification requested for shall be charged to the Applicant Business Entity.

(2) The cost for Certification and cost for Registration as referred to in paragraph (1) is stipulated as follows:

a. B1 Sub-Qualification of Rp.1.900.000,- (one million, nine hundred thousand Rupiah) for each Sub-Classification plus cost for providing construction service of Rp.50.000,-(fifty thousand Rupiah) for each Classification.

b. B2 Sub-Qualification of Rp.4.800.000,- (four million, eight hundred thousand Rupiah) for each Sub-Classification plus cost for providing construction service of Rp.50.000,- (fifty thousand Rupiah) for each Classification.

(3) Cost for Re-registration for the second (2nd) year or the third (3rd) year exercised by LPJK for one (1) Sub-Classification of the Sub-Qualification requested for shall be charged to the Applicant Business Entity.

(4) Cost for Re-registration as referred to in paragraph (3) shall be determined as follows:

a. B1 Sub-Qualification of Rp.500.000,-(five hundred thousand Rupiah) for each Sub-Classification; or

b. B2 Sub-Classification of Rp.1.000.000,-(one million Rupiah) for each Sub-Classification.

- (5) Cost for Certification and Registration as referred to in paragraph (2) and paragraph (4) applies the same over all Indonesia.
- (6) Cost for Initial Verification and Validation exercised by the association that is granted authority to exercise Initial Verification and Validation shall be determined by the association by limiting the cost as specified in Attachment 4.

#### Article 54

- (1) Payment of all the costs for Certification and Registration shall be made through bank transaction as stipulated by the National LPJK.
- (2) Payment of cost for Certification and Registration referred to in the application for Registration of SBU must be made to the National LPJK through bank transaction at the bank duly appointed by the National LPJK.
- (3) Payment of cost for Certification must be made at submitting the application for Registration of SBU or to the Operating Body of LPJK.
- (4) Payment of cost for Registration must be made at receipt of Registration from the Operating Body of LPJK.

### CHAPTER IX

#### SUPPORTING PROVISION

##### Part One

##### Utilization of National SIKI-LPJK and Data of Registration of Business Entity

#### Article 55

- (1) The National SIKI-LPJK may utilize it to:
- a. issue Certificate of Authenticity of Registration;
  - b. issue Statement Letter stating that it is neither subject to penalty nor it is black listed at LPJK;
  - c. issue Statement Letter stating authenticity of data of the Business Entity;



## **GOVERNMENT REGULATIONS**

- d. issue Statement Letter stating that it has provided report on work acquisition;
- e. give information on the on-going project and project being worked out by the Business Entity; and
- f. present data of the Business Entity to select bid participants.

- (2) The Statement Letter referred to in paragraph (1) letter a, letter b and letter c shall be prepared in the form as specified in Attachment 14-1, Attachment 14-2 and Attachment 14-3 with validity of one (1) month as of the date of its issue.

### **Part Two**

#### **BRBU and Its Use**

##### **Article 56**

- (1) BRBU contains data of the Business Entity that possesses SBU issued by LPJK, and is inserted in the database of National SIKI-LPJK.
- (2) BRBU is compiled according to the Registration period, with sequence as follows:
- a. NRU;
  - b. Regency/Municipality Province where the Business Entity domiciled;
  - c. Classification of business covering Classification/Sub-Classification; and
  - d. Qualification of business.
- (3) The National LPJK shall issue BRBU in printed form for use nationwide.
- (4) The National LPJK shall be obliged to submit BRBU to the Team of Management of Construction Service in every period of SBU period.
- (5) BRBU is issued in the form as specified in Attachment 15.

### **Part Three**

#### **Report of Business Entity and List of Work Acquisition (DPP)**

##### **Article 57**

- (1) Business Entity shall be obliged to report work acquisition and delivery of work to the National LPJK.

- (2) The report on work acquisition by the Business Entity as referred to in paragraph (1) must be submitted to the National LPJK through the Association where the Business Entity is member thereof using the form of Report as specified in Attachment 16 within 30 (thirty) days as of the Contract is signed.
- (3) The report on work delivery by the Business Entity as referred to in paragraph (1) must be submitted to LPJK through the Association where the Business Entity is member thereof using the Form as specified in Attachment 16 within 60 (sixty) days at the latest as of the first hand-over of work is made.
- (4) The Association shall be obliged to download the data on work acquisition and work delivery as referred to in paragraph (2) and paragraph (3) to the National SIKI-LPJK within 30 (thirty) days as of receipt of the report from the Business Entity.
- (5) USBU shall conduct verification and validation of the report referred to in paragraph (2), and paragraph (3), constituting approval for presentation.
- (6) LPJK shall provide NKPK to Business Entity on the work to be acquired by it as referred to in paragraph (2) within seven (7) days as of the date the report is received by LPJK.
- (7) Business Entity shall be obliged to fill-in the list of acquisition of work that has been carried out as specified in Attachment 20.

#### Article 58

- (1) The obligation to report work acquisition as referred to in Article 57 paragraph (2) shall be as follows :
  - a. The first shall be within 30 (thirty) working days after work acquisition (SPK or Contract), using Form LP-01 as specified in Attachment 18.
  - b. The second shall be within 60 (sixty) days after the first hand-over of the work to the service user, using Form LP-02 and Form LP-03 as specified in Attachment 18.
  - c. For Business Entity constituting non-holder of Contract Sub-Contract at one time, that is, within 60 (sixty) days after the handover of the first work to the holder of the main contract using Form LP-04

as listed in Attachment 18.

- (2) Any work reported by the Business Entity as referred to in paragraph (1), after obtaining clarification from the Certification Unit must be provided with Code Number of Construction Work Code Number (NKPK) by the National SIKI-LPJK, which number thereof is as specified in Attachment 18.
- (3) If authenticity of the report referred to in paragraph (1) is dubious or questionable, USBU may ask the Business Entity concerned to present the original work contract or make clarification to the user of work service provider.
- (4) After the Business Entity submitted report to the Asosiasi as referred to in Article 57 paragraph (2), but the Association fails to input it into the LPJK site, and later the LPJK receives complaint from the Business Entity, the LPJK will impose penalty to the Association concerned.

## CHAPTER X

### PENALTY

#### Part One

#### The Party Imposing Penalty and THE Penalty Charged

##### Article 59

- (1) The Management of National LPJK shall impose penalty on the Business Entity committing violation to the provisions in this Regulation.
- (2) The penalty on violation referred to in paragraph (1) will be imposed on the Business Entity possessing SBU.

#### Part Two

#### Type of Category and Mechanism of Penalty

##### Article 60

- (1) Type of penalty shall be stipulated as follows:
  - a. Reminder Letter;
  - b. Revocation of SBU; and

c. Listed in LPJK Black List.

(2) The Management of National LPJK shall issue Reminder Letter as referred to in paragraph (1) letter a as follows:

- a. light violation is subject to three (3) times Reminder Letters;
- b. medium violation is subject to two (2) times Reminder Letters;
- c. serious violation is subject to one (1) Reminder Letter;
- d. term of each Reminder Letter referred to in letter a and b, the Business Entity shall be given 30 (thirty) days to comply with the reminder as specified in the previous Reminder Letter;
- e. Failure to comply with the limit term of three (3) Reminder Letters on minor violation, such violation will be categorized as first medium violation, and so on in the case of two (2) times limit;
- f. Reminder Letter on violation of medium degree in the form of failure to comply with the requirements will be categorized as serious violation; and
- g. The Reminder Letter referred to in letter c shall constitute the first and the last Reminder Letter.

(3) Any Reminder Letter must be copied to the association where the Business Entity is recorded as member in order to further obtain management.

(4) The Management of the National LPJK shall determine revocation of SBU as referred to in paragraph (1) letter b, after within 30 (thirty) days the reminder set forth in the content of the Reminder Letter for category serious violation is not complied with.

(5) Decision for revoking the SBU as referred to in paragraph (4) shall be made by the Management of National LPJK

- (6) Any letter revoking SBU issued by the Management of National LPJK to Business Entity must be copied to the association where the Business Entity is recorded as member to further obtain management, and as required, such association may charge organizational penalty.
- (7) Example of Reminder Letter shall be as specified in Attachment 19 and Example of SBU Revocation Letter shall as specified in Attachment 20.
- (8) Penalty on Business Entity is recorded in the database of Business Entity at the National SIKI-LPJK.

**Article 61**

- (1) Violations committed by the Business Entity possessing the SBU, shall be categorized as follows:
  - a. minor violation;
  - b. medium violation; and
  - c. serious violation.
- (2) The minor violation as referred to in paragraph (1) letter a will be charged in the event of the following:
  - a. Administration Data Business Entity identity in documents submitted to the National LPJK was not true; or
  - b. Business Entity hires foreign manpower possessing no certificate of expertism that is Registered by the National LPJK and/or his/her competence does not justify with his/her terms of office; or
  - c. The required PJB/PJT/PJK fails to work at the Business Entity based on the data available at the National SIKI-LPJK and/or is proven to work double function at other Business Entity with business of the same type on construction service; or
  - d. Business Entity fails to report work acquisition or complete his/her work to the National LPJK through the Association.
  - e. Business Entity carrying out technical work fails to provide manpower possessing SKA; or

- f. Business Entity fails to automatically replace the PJT/PJK leaving or to cease working at the Business Entity and/or fails to report his/her replacement to the National LPJK; or
- g. Business Entity to apply the provision on Occupational Safety and Health (K3) prevailing around the site of construction activities; or
- h. Business Entity fails to provide data and/or clarification that is required for examination process by the National LPJK at the complaint filed to the National LPJK within the stipulated time limit.

(3) Violation of medium degree as referred to in paragraph (1) letter b, shall be in the event that the Business Entity:

- a. received three (3) Reminder Letters on minor violations or Reminder Letter on medium violations or first Reminder Letter, but within 30 (thirty) days as of the issue of such Reminder Letters the Business Entity fails to comply with the provisions as set forth in the Reminder Letters; or
- b. conducted work that is not justified with the Classification and/or Qualification of business it possesses ; or
- c. it is proven to have employed civil servant, member of army of the Indonesia National Army and member of the Police Force of the Republic of Indonesia as PJBU, PJT, and PJK.

(4) Serious violation of what is referred to in paragraph (1) letter c is considered committed if the Business Entity:

- a. receives Second Reminder Letter of medium degree violation, but within 30 (thirty) days as of the date of issue of such Reminder Letter, the Business Entity fails to comply with the provisions as set forth in the Reminder Letter; or
- b. evidently faked the work experience and/or input of experience data and/or financial data and/or illegal personnel data that inflict harm to the stipulation of illegal Classification or Qualification of its business; or

- c. it is proven to have faked the Certificate of Authenticity of Registration, Statement Letter stating that it is not being subject to penalty, and Statement Letter on reporting of work acquisition, issued by the National SIKI-LPJK ; or
- d. it is proven to have obtained SBU by violating the law; or
- e. it is proven to have changed the Classification and/or Qualification of the business in the record of SBU or derivative thereof, or the SBU thereof, and it is not the same as the original SBU; or
- f. it is proven to have more than one SBU in the same Classification but different in Qualification.

#### Article 62

- (1) Business Entity being charged with penalty for minor violation as referred to in Article 61 paragraph (2) and having received three (3) Reminder Letters, but continues ignoring the reminder in the Reminder Letter, is subject to penalty in the form of limitation of business activity by forbidding it from participating in procurement process effective as of the date the Notification Letter of Penalty is issued.
- (2) Business Entity being charged with penalty for medium violation as referred to in Article 61 paragraph (3) and having received two (2) Reminder Letters but continues ignoring the reminder stated in the Reminder Letter, is subject to penalty in the form of limitation of business activity in the form of forbidding it to participate in procurement process for 60 (sixty) days effective as of the date the Notification Letter of of Penalty is issued and the penalty for violation is upgraded to penalty for violation thereof is elevated to serious violation.
- (3) Business Entity being charged serious violation as referred to in Article 61 paragraph (4) and having received Reminder Letter but continues ignoring the reminder stated in the Reminder Letter is subject to penalty in the form revocation of the SBU.
- (4) Business Entity charged with serious violation as referred to in Article 61 paragraph (4) either one in the provisions in letter b through letter f is subject to revocation of SBU.

## Article 63

- (1) Penalty on SBU in the form of revocation is automatically subject to and without going through the processing course as referred to in Article 62 shall be imposed on Business Entity that is:
- a. declared bankrupt by virtue of Judgment of Commercial Court; or
  - b. is declared guilty by Court Judgment having final legal power on the ground that it commits criminal act pertaining to its business activity; or
  - c. intentionally attend on-going procurement process in the course of undergoing the penalty in the form of limited business activity that prohibits it from participating at the bid; or
  - d. it is proven that the fault it created causes failure in the construction causing loss of lives or
  - e. is proven to have caused damage to the National SIKI-LPJK ; or
  - f. is proven to have faked the SBU.
- (2) Penalty in the form of automatic limited revocation of SBU charged on the Business Entity by the user of service in classification or sub-qualification of particular work in particular area in particular period.

## Part Three

## Re-review of Penalty Imposition

## Article 64

- (1) Business Entity that objects the penalty inflicted by the reminder charged by LPJK may request for re-review of such penalty to the Management of National LPJK by providing supporting proofs thereof, and LPJK may reject the filing of objection or accept the filing of objection by revoking such imposition of penalty.
- (2) Business Entity that objects to the decision to charge penalty in the form of revocation of SBU by the Management of National LPJK, may request for re-review of such decision by providing all proofs supporting it, and National LPJK may reject the filing of objection or accept the filing of objection by revoking such



penalty imposition.

**Part Four**

**Procedure for Examination of Complaint on SBU**

**Article 65**

- (1) The society or user of service may give input or complaint should there be incorrect data of the Business Entity as set forth in the National SIKI-LPJK or SBU to:
  - a. National LPJK;
  - b. Companies Association where the Business Entity is its member.
- (2) The incorrect data as referred to in paragraph (1) covers:
  - a. administration data;
  - b. personnel data of the Business Entity;
  - c. business classification and/or qualification;
  - d. experience data of the Business Entity; and
  - e. Information pertaining to work acquisition.
- (3) USBU will take follow-up action on input or complaint as referred to in paragraph (1) submitted to National LPJK or submitted to the Association, such as, identity of the party making clear input / complaint and the issue submitted is accountable, and LPJK shall keep the identity of the provider of input or complaint confidential, and
- (4) The society and use of service may give input or complaint should there be incorrect data of Business Entity set forth in the BRBU to:
  - a. National LPJK;
  - b. Association where the Business Entity is member thereof.
- (5) Response to the complaint shall be taken as follows:
  - a. processing phase:
    - 1) receive report, complaint and findings,

- 2) instruct to conduct examination,
- 3) examine the complaint,
- 4) draw-up Minutes of Meeting of Examination, and
- 5) determination of penalty.

**b. Procedure to Handling Complaint**

- 1) Receiver of report, complaint or findings
- 2) the society or user of service may report to National LPJK on incorrect data of Business Entity.
- 3) The complaint referred to in paragraph (3), must be in the form of official letter and its Attachment.
- 4) Any complaint filed to National LPJK as referred to in paragraph (3), will be handled by the Operating Body of National LPJK by recording the complaint, give sequent number of the complaint and after clarification, report it to the Management of National LPJK.
- 5) The complaint referred to in paragraph (1) filed to the Companies Association, must be forwarded to National LPJK after making clarification within 14 (fourteen) working days as of receipt of such complaint.

**c. Examination Assignment**

As soon as complaint is received by the National LPJK, the Management of LPJK shall immediately issue Assignment Letter for Examination to the Operating Body of National LPJK.

**d. Examination of Complaint**

- 1) The Management of National LPJK in conducting examination on the Business Entity being complained may include the USBU, Operating Body LPJK and Association where the Business Entity is member thereof.
- 2) For the purpose of examination, USBU may first request for clarification of the society or user of service filing such complaint.

3) As required, USBU may ask for additional information from other party pertaining to the issue being complained.

e. Drawing-up Minutes of Meeting on Examination

The result of examination referred to in letter d must be drawn-up in Minutes of Meeting on the Result of Examination by confirming it to USBU conducting Classification and Qualification of the business and further submit it to the Board of Managers of National LPJK.

f. Stipulation of Penalty

Penalty on the violation that is proven to have committed by the Business Entity, will be stipulated in accordance with Article 60, Article 61, Article 62, and Article 63.

g. If the result of examination indicates that such violation is committed is acknowledged by USBU, the Management of National LPJK shall charge penalty on the USBU according to the degree of violation it committed.

h. The entire handling process must be settled within 30 (thirty) days as of the letter of assignment for examination is issued.

Part Five

Black List by LPJK

Article 66

(1) Business Entity may be included in LPJK Black List if:

- a. it is proven as having violated the statutory regulation; or
- b. is subject to penalty for being black-listed by the service user and reported to LPJK .

(2) Procedure for black list is separately governed in Regulation LPJK.

Article 67

The Business Entity that is charged penalty by the National LPJK must be presented in the National SIKI-LPJK.

CHAPTER XI  
TRANSITIONAL PROVISION

Article 68

- (1) The Business Entity that possessed SBU and has complied with the requirements for Classification and Qualification as stipulated based on the provisions as governed in Decision Letter of LPJK Number 15/KPTS/LPJK-N/II/2012, shall submit application for Registration of SBU in complying with the conversion of Classification as specified in Attachment 21.
- (2) The application for Registration of SBU as referred to in paragraph (1) shall follow the mechanism for Registration of SBU on application for amendment and extension of validity as governed in Article 21, Article 22, Article 23, Article 25 and Article 26.
- (3) Conversion of Classification and Qualification as referred to in paragraph (1) shall be used as guideline by the Business Entity in determining Sub-classification and Sub-qualification as set forth in the application for Registration of SBU.
- (4) In Conversion one (1) of Classification sub-section now becoming several Sub-Classification, Business Entity may apply for each Sub-Classification according to work experience.
- (5) If Converted Qualification (gred) of each Classification of sub-section is changed to Sub-Qualification for each Sub-Classification fails to comply with the requirements for Sub-Qualification as governed in Article 11 of this Regulation.

Article 69

SBU issued in accordance with the provisions as governed in Decision Letter of LPJK Number 15/KPTS/LPJK-N/II/2012 and the validity thereof still survives when this Regulation of LPJK is issued may be replaced by a new SBU with the costs as follows:

- a. SBU with remaining validity of one (1) year, is subject to Certification and Registration costs of 2/3 (two-thirds) of Certification and Registration costs as governed in as governed in Article 51, paragraph (2).
- b. SBU with remaining validity exceeding one (1) Year, is subject to cost for Certification and Registration of

1/3 (one-third) of the cost of Certification and Registration as governed in Article 51 paragraph (2).

c. The SBU referred to in letter a has conducted Registration for Second (2-nd) Year..

## CHAPTER XII

### CLOSING PROVISION

#### Article 70

(1) This Regulation of LPJK takes effect on the date it is stipulated.

(2) Decision Letter of LPJK Number 15/KPTS/LPJK-N/II/2012, concerning Procedure for Re-registration, Extension of Validity, and Application for New Certificate on Integrated Construction Service Business Entity is declared revoked effective as of May 31, 2014.

Stipulated in Jakarta

Dated June 11, 2014

MANAGEMENT OF NATIONAL CONSTRUCTION SERVICE DEVELOPMENT INSTITUTION

CHAIRMAN

Ir. TRI WIDJAJANTO J, MT

Note from Editor:

Due to technical reason no Attachment is provided herein.

( MA )