

# Business News

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## INFORMATION

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## BE SMART IN FACING FREEPORT ISSUE

In line with the ongoing hearing in the Honorary Council of the House of Representatives (MKD) to inquire the possibility of violation of code of conduct committed by House's Speaker Setya Novanto, PT Freeport issue becomes a hotter topical subject of talks in the country. If we observe, many parties expect contract of the US-based company to be terminated. Actually the consideration is not numerous but the most dominant is economic consideration that the amount of royalty received by the state from the US mining company is too small. Up to this point, the economic calculation seems dominant. Apparently, economic entity such as PT Freeport is still associated closely with economic calculation.

The economic calculation or consideration also comes so strong from a discussion held in Jakarta recently. In a polemic discussion organized by Radio Sindo Trijaya Network with the title "Dramaturgy of Freeport", the government was demanded so as to become majority shareholder by controlling 51% of the total share. The opinion is the best. Controlling majority share and terminating contract are surely two different things even though the government could do both. In addition, the two models of solution have their respective consequences, which still need a number of measures so as to be able to arrive at the tip. Article 33 paragraph (3) of the Constitution of 1945 becomes the main reason underlying the demand to control the share. By referring to the argument, the state is encouraged to function as not only regulator but also operator (through state owned company) in the management of the whole natural resources of Indonesia, not only PT Freeport.

Apart from that, it is also important to observe opinion of President Director of PT Freeport Indonesia Maroef Sjamsoedin. Upon testifying at the recent hearing with MKD, he said that conflicts would come in Papua unless PT Freeport extends the con-

tract, which would expire in 2012. He later submitted a kind of defense by saying the extension of contract of PT Freeport is more important from the social side than mining business consideration. (kompas.com, Dec 12).

Combining the two opinions, supporting the extension of contract and rejecting the extension, becomes important. It is not intended to say that the existing contract needs not revision but the two opinion need to be placed on the same level of field as a way to observe Freeport issue in a comprehensive perspective. Like our previous opinion in this media, strategic consideration is increasingly important now so that decision in economic issue also needs to take into account strategic consideration.

Becoming majority shareholder of PT Freeport should be recorded as the best achievement. Therefore, revision of regulation and negotiation become important. It also involves nationalism, smartness in negotiation and others. The choice opens numerous possibilities with Freeport, instead of terminating contract, even though the last choice would open other possibility with other party and other country. Here, strategic affairs may come.

First of all, Papua with the whole political issues grappling it must become a consideration. Therefore, like or dislike, the opinion of Maroef Sjamsoedin cannot be ignored in such way. We should understand that Papua is a part of the Unitary State of the Republic of Indonesia, which saves extremely conflict potentials. Surely we do not want to pawn sovereignty for an economic interest. However, any mistake in strategy is potential to force us to encounter a more serious issue in the future because Papua may be used as gateway to destroy the totality of the Unitary State of the Republic of Indonesia.

Jakarta, December 10, 2015

## CEREMONIAL CORRUPTION ERADICATION

When the public at home still guess the end of hearing discussing the violation of code of conduct addressed to Speaker of the House of Representatives Setya Novanto currently taking place in the Legislative Honorary Council (MKD), National Anti-Corruption Conference (KNPK) is also held at the same, opened by Vice President Jusuf Kalla (replacing President Jokowi) and decorated by speech delivered by Acting Chairman of the Anti-Corruption Commission (KPK) Taufiqurahman Ruki.

Frankly there is no something special in the speeches delivered by the vice president and the acting chairman of KPK. There is the same perception that corruption is increasingly rampant in Indonesia. According to Jusuf Kalla, corruption likes iceberg phenomenon, the invisible cases overrun the visible ones. The vice president also commented about the hearing of MKD and the absence of Setya Novanto from the event. Indeed, it is sad to hear the speech of the vice president, which is broadcasted lively by state-run television station TVRI. Once again, the speech related to corruption is not something extraordinary anymore in the country. Probably it is attributable to the reality that corruption phenomenon has become our daily consumption. An official may commit corruption in a room sometime but later moves to other room to discuss the importance of anti-corruption movement on the same day. Outside it, management of Go-Jek suspended over 7,000 drivers throughout the country because they are involved in fictitious order, not taking order concretely but still receiving income up to millions of rupiah per month. Even though the incident takes place in a private company and involve grassroots, it is should be observed as the concrete manifestation of mental decadency in citizens of this nation.

Actually, we do not oppose whatever effort

taken to overcome corruption. However, it would become a joke if historical moments which should be used as the starting point of effort to combat corruption only moves as only ceremony. Every year, we and other nations in the world celebrate the anti-corruption day but nobody could assure that corruption does not occur at all on the day. The decision of KPK to use the Parliament Building as the venue of KNPK should be interpreted as a symbol of opposition to corruption, which is in fact committed by politicians.

Related to the alleged violation of code of conduct by Setya Novanto, the public are being presented by a show related the enforcement of code of conduct against the abuse of position. We do not know exactly whether "the political tribunal" would result in again political clowning to rescue a cadre of political party or lead to legal process in the judicial court. In the same place, the public witnessed the opening of the anti-corruption conference, an event trying to look into corruption as a legal issue, which must be eradicated. Unfortunately, a kind of new phenomenon showing that corruption committed by official constitutes an effort to test the effectiveness of law enforcement institution to execute anti-corruption task also comes to surface at the same time. Therefore, if law enforcers commit corruption, it could be read as an effort to test the commitment of their colleagues to enforcing the law.

It is true that corruption eradication needs the sense of togetherness as asserted by Vice President Jusuf Kalla. All parties must move collectively to combat corruption concretely, not merely executing ceremony. Joint and concrete movement must be done given than corruption has involved all parties.

Jakarta, December 4, 2015

## MINISTRY OF VILLAGES, DEVELOPMENT OF DISADVANTAGED REGIONS AND TRANSMIGRATION ADMITS THAT THE DISTRIBUTION OF VILLAGE FUNDS STILL FACING A NUMBER OF OBSTACLES

Jakarta, (*Business News*)

The village communities should be happy. The reason is, according to the Ministry of Villages, Development of Disadvantaged Regions and Transmigration (Kemendes PDTT), next year, the allocation of Village Fund for each village will be increased following a double increase in Village Fund be to IDR47.6 trillion, or on the average each village received an allocation of IDR 643.6 million. In the next one year, it will be increase again nearly double to IDR81.1 trillion, where each village will receive IDR1.09 billion.

Marwan Jafar, Minister of Villages, Development of Disadvantaged Regions and Transmigration (Mendes PDTT), in Jakarta, on Monday (December 7), believed that Village Fund could be a blessing and a challenge for rural communities to utilize it maximally. Marwan stated that Village Fund is mandated by the law, and all stakeholders should endeavor to promote rural areas. According to him, the challenge of building rural areas today, he said, is very large because of the 74,093 villages throughout Indonesia, as many as 20,175 villages (27.23%) remained backward. Most of it, 51,014 (68.85%) are developing villages, while the relatively advanced are only 2,904 villages (3.91%).

In addition to the above challenges, Marwan also mentions that a number of problems were faced by the government in distributing the Village Fund. He acknowledged that the slow disbursement of Village Fund is because of bureaucracy. In addition, disbursement of Village Fund, which is divided into three phases, is also considered ineffective. He explained

that the current disbursement process should be completed in three phases, i.e. 40%, 40% and 20%. In the future it is expected that the disbursement of Village Fund can be done only in one stage.

The Minister explained that the search for Village Fund in 2015 has many obstacles, especially bureaucracy problem. According to him, there should be a better coordination with the Ministry of Finance to facilitate distribution. It is confirmed that the slow disbursement of Village Fund is due to complicated bureaucracy. Marwan considers that the disbursement process which is through three stages would complicate the village heads. So a more efficient step should be taken. Not to mention the slow distribution of Village Fund to village accounts, which led to slow development in the villages.

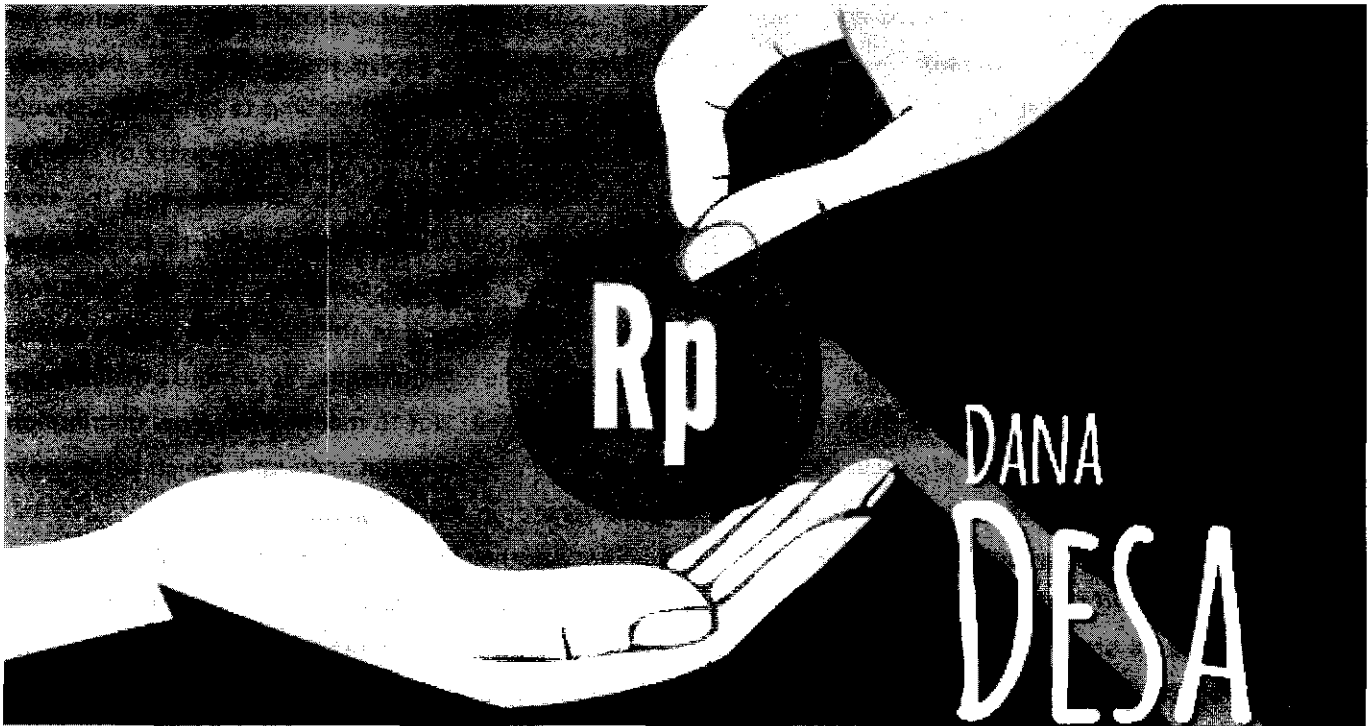
Another problem, Marwan revealed, that the formation of a new village has also become one of the challenges in the implementation of the Village Act. He said that the indicators of whether the law has been applied properly can be seen from the extent to which the village program for its independence. It can be seen from the alleviation of poverty, the solution of environmental problems, reduction of urbanization and other social issues.

He said that one of the challenges faced is that the Village Act is not yet fully understood, as to understand it was limited to Village Fund. In addition, it is also a matter of local politics. Another issue is the relationship between villages with districts as well as regencies. Marwan said that it should be implemented simultaneously in order to prevent future problems. Therefore, he requested all stakeholders to perform

synergy, among others, the role of civil society organizations and academics from the campuses. This was done so that independent villages (desa mandiri) can be realized and the mandate of the Village Act can be implemented optimally.

Meanwhile, related to the use of village funds, Marwan said that there are three priority programs of the government that must be funded, i.e. road construction, building of village irrigation, and strengthening of the rural economy. The use of village funds

in addition to the three priority programs is prohibited. Marwan explains that economic empowerment program is intended, among other things, for animal farming, micro small and medium enterprises (SMEs) and handicraft in accordance with the potential in each country that could be improved. According to Marwan, the public need not worry over the possibility of multiple interpretations in understanding the village strengthening program. This is because there have been detailed rules for the program. (E)





# ABOUT TAXATION TARGET

Jakarta, *Business News*

Last week the public was shocked by an occasion very rare in Indonesia. A high ranking official resigned due to legal problem was commonplace. But to resign because target was not met, that was something extraordinary. That was done by the Director General of Tax Sigit Priadi when he felt that taxation target of 2015 amounting to Rp1,294 trillion was not met.

By rough estimate it was impossible to meet target 100%, but 85% could be accepted as tolerance level. Unfortunately based on prognosis till end of year target of income could barely exceed 82%. That was the reason why Sigit Priadi decided to resign and his resignation had been approved by the Minister of Finance Bambang Brojonegoro.

His gentleman attitude was exemplary because what usually happened was persistence to hold office by all means, rationally or irrationally. His action should be seen as an act of honour because he admitted failure, an act which was rare in Indonesia.

Data of the Directorate General of Taxation showed that taxation income was Rp774.48 trillion by 2015. The attainment was only 59.84% of target which was way below target. Taxation performance of oil-gas and non oil-gas through January 4 November 2015 of Rp774.48 trillion inched down by 0.22% against Rp776.2 trillion in 2014.

From the very start projections of tax income was still too high, i.e. targeted to increase by 30.8% against last year. This was unsuccessful planning because of being hindered too much by unsustainable global economic condition.

Even in a healthy economic condition, maximum feasible taxation income was only 15%; but it's

no use to cry over spilled milk.

The Ministry of Finance had done the right thing in solving problem, Firstly, to immediately replace Sigit Priadi with an expert staff of the Dir. Gen. of Taxation Dwi Djugia Setiadi as Dir. Gen. of Taxation. Secondly. To evaluate the cause why tax target was not met.

The process of evaluation served as reference in evaluating why target was not met due to internal or external cause. Probably the target set was over ambitious. By potential, in fact the target of Rp 1,294 trillion was reasonable. But to be realistic it must also be considered that domestic economy was still weak.

The so many tax potential untapped was one of the causes why target was not met. The trouble was when APBN 2015 State budget was revised into APBN-P the tax income target was not changed. It showed that the Government was optimistic about meeting target.

One thing was sure that failure to meet target was caused by low taxpaying capacity of companies and individuals due to economic slowdown.

One thing to be born in mind was failure to meet tax target was not only of this year. For 12 consecutive years tax target was never 100% realized. What can be done in this pressing time?

It was still possible for the Government to tighten waistbelt and be thrifty, but austerity might cause economic machine to stop and joblessness would prevail.

To illustrate, the Government's regulation to prohibit Government officials to conduct meeting in hotels had reduced income of the hotel sector. So the solution to keep deficit to swell more than 2.7% was by borrowing,

For example, the Government on December 1

last issued foreign currency bond as part of prefunding fund of 2016. Seri R 10126 worth Rp 2.25 billion of 10 years tenure with 4.75%. Meanwhile Seri 10146 worth Rp 1,15 billion of 30 years tenure with coupon 5.95%.

The Ministry of Finance made sure that financing strategy to cover up deficit from widening due to missed tax target was run

Hence deficit of State's Budget this year was believed not to touch 3%, the maximum limit regulated by the Law so the deficit could be held kept at 2.7%. The targeted deficit for APBN-P 2015 was 2.23 %.

Beside covering up financing by credit other actions was to recalculate Government's ceiling expenditure by year end.

For example, the profit sharing figure from natural resources must be recalculated because they were initially set on macro-economy basis so change could be expected by year end.

Supposedly swelling deficit in a developing country like Indonesia was very likely because the fund was needed for development especially when income from taxation was low.

One thing was sure the Government would still not use carry over balance (SAL) which was posted at Rp50 trillion to cover up deficit because cash-flow was still normal in spite of anxiety over deficit swelling.

If that was the condition, the thinkable way-out was the Government would save ministerial ex-

penses which had no significant impact on economy. Accordingly the Dir. Gen. of Taxation must update taxpayers' data to pursue target.

As known there were more corporate taxpayers than individual taxpayers in Indonesia. Around 90% tax income came from corporates. In other countries the majority taxpayers were individuals. It was this proportion that caused income from tax be hindered in time of economic turbulence.

It became imperative to reform taxation system fundamentally and overall so tax collecting could be intensified and increase of tax tariff would not be hindered as the years before.

One of the main task of the Tax Dept. was to make a breakthrough in tax collecting; one of the measures taken would be to implement tax amnesty.

In a critical moment as today it would be right indeed for the Ministry of Finance to sign MoU with the State Bureau of Intelligence (BIN) to secure tax collecting process. Tax collecting had not been maximized as some tax avoiders were always trying to find loopholes to avoid taxes.

In accordance with Law No 17/2011 in State's Intelligence BIN had the authority to tap phone conversations and to inspect taxpayer's fund flow.

It was mandatory for BI and other banks to give information asked by BIN and networking in 34 provinces nationwide to prevent fraudulence.

The Ministry of Finance instructed all tax collectors in the provinces to coordinate with BIN to safeguard financial security.(SS)

# MARKETPLAYERS WAITING FOR THE FED'S ACTION TO INCREASE FFR

Jakarta, *Business News*

Today marketplayer's attention was focused on definite FFR increase by the Fed which was most likely to be executed during the FOMC meeting on December 25 - 16 2015.

The Governor of the Fed Janet Yellen signaled she was ready to increase FFR although she was aware of some frictions in her team.

Beside some executives of region, two Governors of the Fed based in Washington DC had expressed their doubts about increasing FFR although the consensus seemed to be against them. The Fed who played an important role on December 15 - 16 meeting stated they would increase FFR to near zero percent after seeing improvement in employment data and was certain inflation would rise toward 2%.

Yellen stated that economic background signaled messages toward increasing FFR, she also reminded that to postpone FFR increase might suppress economy.

Since economic data was received last October, the Fed had been consistent about high expectations in improved employment data.

The US Department of Labor reported per hour compensation adjusted to inflation for workers in the non-agriculture sector to increase by 3% in Q3 against Q3 last year, the biggest second leap since Q3 - 2009. It happened after per-hour compensation grew by 3.3% in Q2 against Q2 - 2014.

Wages level had also shown increase. Average per hour income if the private sector was 2.5% higher in October against previous year, the biggest annual increase since July 2009, but inflation had

been below target for the past 42 months.

As footnote the Fed had lowered short term interest rate to near zero percent in December 2008 during financial crisis till now.

Other external developments was IMF's action to accept Yuan as global currency on Monday November 30 2015; Yuan had entered SDR basket together with USD, Poundsterling, Euro and Yen.

Yuan's entry into SDR was important milestone to China. To enter SDR. China had run reformations over the past few months such as better access for foreigners to enter China's currency system.

Managing Director of IMF Christine Lagarde expected China's action to reform their currency system did not end there progress further.

Meanwhile the People's Bank of China (P.o.C) explained that their actions had support from the USA and Britain, which showed that The world wished China to play greater role in global economy.

At home in Indonesia, marketplayers attention was focused on the Government's plan to launch Chapter 7 of Economic Policy Plan.

## The Moneymarket

The USD - Rupiah exchange rate (4/12) during morning session was still in favor of Rupiah. USD persisted Rp13,800. USD was open to weaken at Rp13,826 against the position on Thursday (3/12) afternoon at Rp13.840. Somehow Greenback managed to reach its highest level at Rp13.896.

Toward afternoon session (4/12) USD was at the position of Rp13,833. The Fed's plan to increase FFR was still the supporting factor to USD.

Previously USD strengthened against most



currencies of the world especially after Janet Yellen signaled her readiness to increase FFR in line with sound employment data. ADP Report showed there had been increase of 217 thousand workers last month while productivity outside the agro sector was showing increase.

Strengthening of USD had lowered world's commodity prices. The situation could influence performance of domestic corporations to slow down national economic growth. Thankfully corrections on Rupiah was still moderate as Indonesia's fundamental economy solidified.

One thing was sure USD was getting stronger toward announcement of FFR increase on 15 -16 December next. Again speculations grew as Yellen stressed her confidence on US economy strength. Besides to overstay at the zero percent zone might disturb the financial sector and expansions already made.

Speculation of FFR increase by the Fed had buoyed USD especially against currencies of the emerging markets. Some economists were more convinced The Fed would increase FFR soonest. Around 92% respondents surveyed by the Wall Street Journal expected increase of FFR at FOMC Meeting on December 15-16 2015.

Only around 5% of respondents believed that the Fed would maintain interest until March next year and only 3% predicted the Fed would maintain interest close to 0%. However there was new belief that "an extraordinary market turbulence was needed to make the Fed cancel their plan"

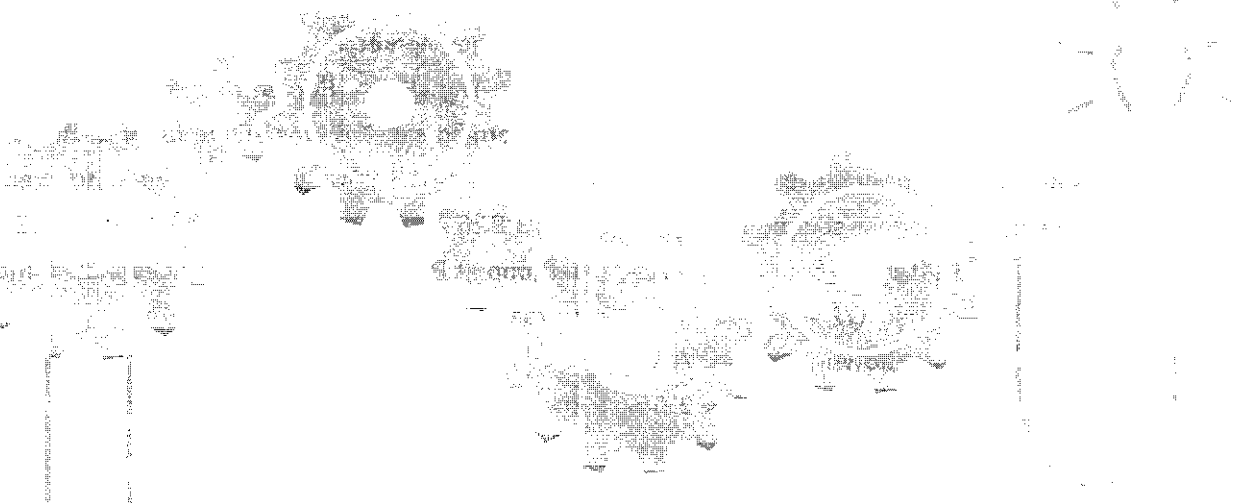
Last October around 64% economists predicted increase of FFR this December. Only two third of them predicted the Fed would maintain interest close to zero percent until January 2016 or later.

In the survey run in November last 71% of 63 respondents believed FFR would be increased in December 2015. The confidence figure increase against that of last month at 48%. This time their expectation was in line with investor's expectation which showed 68% probability of FFR increase in December.

In their Policy statement on October 28 last, the Fed explicitly stated that it was always possible to increase FFR in December. Yellen's testimony in December before the Congress mentioned that it was "most likely" to increase FFR in December.

At that time 65% respondents stated the Fed's credibility would drop if they did not increase FFR in December but 35% respondents believed the Fed's image would remain high.

Even if the Fed increased FFR at the FOMC



meeting on December 15 – 16 next the effect on Rupiah would not be significant because the currency value of the emerging economies including Rupiah were already priced-in with FFR increase. Moreover the marketplayers attention was now focused on Yuan becoming a global currency as per October 2016 next by IMF approval.

Indonesia and some other countries could do bilateral trading with China using Yuan as medium of payment, which would minimize dependency on USD and it means that pressures on Rupiah by the FFR factor would not be as hard as feared. USD became world

currency by IMF's Special Drawing Right system and entered the IMF currency "basket" together with USD, Poundsterling, Euro and Yen.

IMF's evaluation concluded that Yuan had met the criteria to be used in international transaction. Besides, Yuan was already widely used in international transactions. The IMF executives representing 188 countries including France and Britain supported the recommendation to support Yuan as world currency

China had pocketed IMF's approval to make Yuan enter the SDR basket by October 2016. China had nearly one year to prepare themselves. Under

such circumstances Rupiah was above Rp13,700 - Rp13,00.- per USD and this week Rupiah would strengthen to around Rp13,600 – Rp13,700 per USD.

#### The Capital Market

In the morning session last week (4/12) IHSG index at BEI was axed by 23 points due to negative sentiment from the global market. Together investors released their shares.

In the pre opening session IHSG was axed by 23, 816 points (0.52%) to 4,513,566 while index of LQ 45 was corrected by 6.579 points to the level of 777.259. Shares of the mining sector could still strengthen while 9 other sectors were corrected. Selling spree had been high since opening session.

Meanwhile Wall street sank quite deeply in the post ECB policy. Many investors expected there would be extra stimulus from ECB who planned to lower benchmark rate from minus 0.2% to minus 0,3% to stimulate economy.

One thing was sure Asia's regional stock-market were compact to weaken. Marketplayers were anxious about negative sentiments in the market. Index of Nikkei 225 dropped by 332.59 points



(1.67%) to 19,607.31. Index of Hang Seng dropped by 253.27 points (1.33%) to 22,163.74. Index of Composite Shanghai rose by 23.64 points (0.66%) to 3,561.18. Index of Straits Times strengthened by 15.40 points. (0.53%) to 2,868.49.

Index of Nikkei Japan dropped by 0.3% while index of MSCI of Asia Pacific Shares outside Japan also dropped by 0.6% after falling oil price and Yellen's statement.

Downturn was also happening to Australia stockmarket which was negative 0.6% and index of Kospi South Korea dropped by 1%. Shanghai index was against trend with strengthening 0.1%. Meanwhile Yellen believed that FFR increase indicated recovery of US economy.

Emitent's performance at BEI which was already priced in by investors would support increase of IHSG till end of year. Some emitents would take advantage in December because of year end festivities. Traditionally Christmas was what stockplayers look forward to.

Demand for certain commodities would increase which would lift up corporate income. In the sections of public consumption, retail, telecommunication and transportation would show better performance toward year end as demand increased.

Good news came that CPO price was turning better. Disturbances in production and the potential of increasing bio diesel price lifted up CPO price until next year.

To quote Bloomberg (27/11), price of CPO for February delivery 2016 in Malaysia Derivative Exchange (MDE) rose by 0.89% against the previous day to become RM 2,362 per metric ton. Over the week CPO price increased by 3.14%

Price of CPO had the potential to strengthen in 2016. El Nino natural disaster which hindered oil production was predicted to continue till January or March 2016. Even today Malaysia's CPO production through November 1 – 20 dropped around 10%.

In a Conference in Palm Oil production run in Bali last week it was unveiled that Indonesia's CPO production was predicted to stagnate or down by 3% to become 32.3 million tons in 2016. The Government of RI underscored their commitment to jack up CPO consumption through bio diesel program.

Meanwhile mandatory 15% bio diesel mix on oil fuel could increase demand for palm to 7.1 million kilometer of 1.3 million KL this year. Price of CO could soar up to above RM 2,500 per metric ton in Q-1 2016.

Threat of El Nino and chances of increased



biodiesel consumption was supportive to CPO price increase. El Nino also caused Malaysia's CPO output to drop. Besides China was injecting large scale stimulus to promote domestic economy which would increase demand for CPO.

If demand for CPO continued to increase, marketplayers were optimistic that next year price of CPO could reach Rp2,650 – Rp2,800 per metric ton. Meanwhile for this year it was still hard for CPO price to go up higher than RM 2,500 per metric ton. Price of CPO over the next week would be around

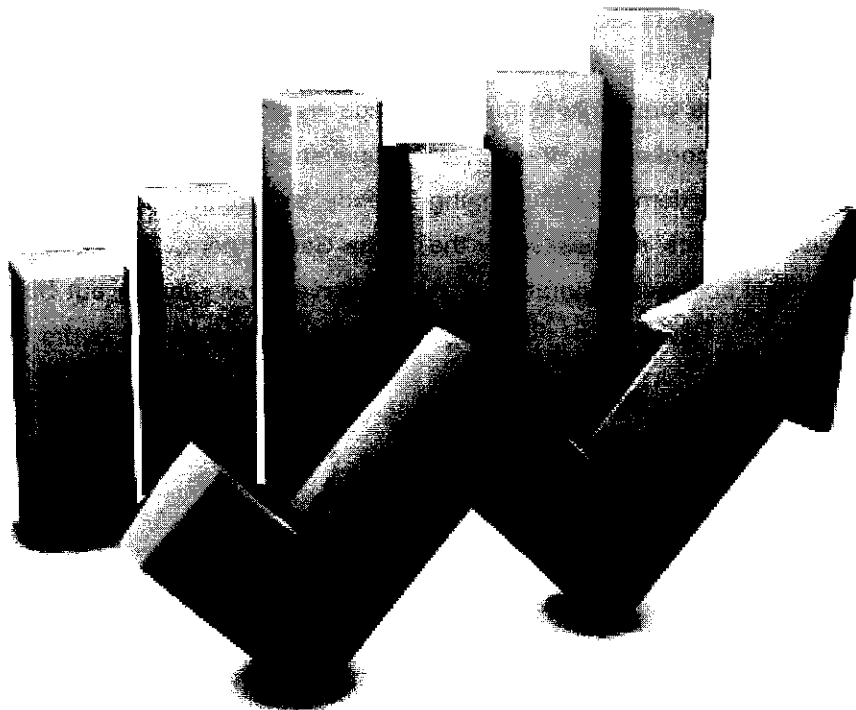
Commodity prices of plantation, mining, and crude oil would not improve at least till early next year. Falling commodity prices over the year was due to low market demand and long drought which made benchmark price in Malaysia low.

Demand for palm and cacao was not even high in spite of efforts made. The Government had

included all transactions to Indonesia's commodity market and even transacted at Jakarta stockmarket.

Meanwhile falling world's gold price was due to the Fed's statement to increase FFR. The result was that world's demand for gold dropped with impact on price. The result was that world's demand for gold dropped with effect on price. The cause was most central banks released their gold reserves, Yuan entering the SDR basket and investors turning to USD as safe haven.

One thing was sure products which were directly or indirectly related to Government's Economic Policy Package would be positively affected in the long run. The sectors were: finance, banking, construction, property, transportation, hotels and general trading. Last week (4/12) IHSG was at 4,515 – 5,545 while this week it would continue to 4,450 – 4,600. (SS)



## INDONESIA IN THE NUCLEAR POWER DILEMMA

Jakarta, *Business News*

Commission VII of House saw the case of Nuclear Powerhouse proportionally, the consideration between national energy resilience and Asean Inter Connection Power Grid (APG), Nuclear energy had been regarded as threat, the cause of radio active tragedy as in Fukushima Nuclear Powerhouse in Japan in March 2011. Energy development in Indonesia could be left behind other countries. "I am personally not pro or anti nuclear, but the spirit of neighborhood must not be ignored." Satya Widya Yudha told *Business News* (3/12).

Electricity was one of the pillars of development of any developing nation. APG was an important program mandated by Asean Vision 2020. Thailand, Vietnam and Laos were in Asia mainland and interconnected. Vietnam was advancing in collaboration with Russia, while Indonesia declared the Independent Energy principle but still we must keep abreast with advancements.

In the event that some power systems of different principles were interconnected, the power distribution should be on supply-demand basis among countries. The transmission points not passed by the mainstream must use diesel powered generators.

Electrification was by inter-connection with neighboring countries. Now power transmission was getting borderless. Germany depended on transmission from France, France depended in Italy etc. In Southeast Asia, Vietnam was developing nuclear powered generator system and it might connect with Thailand, Laos, Cambodia which were also on the Asia mainland. In case of nuclear accident, what's the rule of the game?

Commission VII did not deny that the Nuclear Power System was expensive and there was possibility of having to import uranium from abroad. Satya Widya Yudha quoted statement of Rinaldy Daimy, member of the National Energy Council that Nuclear was not economical. "If Uranium must be imported, why build Nuclear based Generating System? It's better to develop solar based, hydro based or geo thermal based system. We have the resources"

Commission saw that now the focus of attention had drifted to the possibility of nuclear accident in Fukushima Japan. And anxiety over nuclear waste trading. Satya Widya Yudhi quoted Rinaldy's opinion, that the DEN Council was not an operational body, so Commission VII of House offered option to the Government, for example the condition that coal reserves was running out but that was not the case with geo thermal and hydro.(SS)

# GOVERNMENT STRUGGLING TO INCREASE TOBACCO PRODUCTION TO REDUCE IMPORT

Jakarta, *Business News*

Indonesia's tobacco production had been fluctuative year after year. The cause was not only a matter of cultivation technique because they were very expert in it. The main factor was price. "If price is high in one year, production will increase the next year, if this year price is low, production would drop te next year," Nurnowo Parijo of the Director General of Plantatiion stated on Friday (4/12).

Indonesia was once a tobacco exporter but now had turned into importer because of growing cigarette industry while tobacco production was fluctuative. Beside growing cigarette industry, there was machine-made kretek clover cigarettes using Virginia and Burley tobacco while growers were still planting mashed tobacco and other local varities. This type of local tobacco was needed for making hand made Kretek which were declining.

Some tobacco plantation centers such as the

province of NTB were accustomed to planting Virginia tobacco but output was not enough to supply raw materials for kretek cigarettes. Djember and Temang-gung could produce Burley Tobacco but the amount was still low.

Other problem encountered was land refunc-tioning. Farmers were tired of planting tobacco be-cause they always lose so they changed to other plants. In the past they tend to return to tobacco but now not anymore. Besides some tobacco plantations like Deli kept shrinking due to urban development.

"Deli tobacco was a certain typical tobacco planted around Medan and Deli Serdang produced by PTPN II. This tobacco was used for premium cigar produced in Europe. In development of Medan toward becoming a metropolitan city, new modern real es-tates mushroomed around Medan. Deli tobacco could not be planted in other place because under such cir-cumstance the Deli flavor would be lost." Nurnowo said.





The Ministry of Agriculture could not allow expansion of tobacco plantations because it would mean support to increasing production of tobacco. In spite of high taxes being imposed and 'no smoking' advertisements, the cigarette industry remained to grow.

Therefore the program at the R & D center was to create low nicotine varieties, Virginia and Burley tobacco for clover cigarettes. The R & D Dept invented new varieties while the Government would publicise and distribute them to production centers. Hopefully the development of local Virginia and Burley tobacco would minimize dependency on imported tobacco.

Other programs was use of tobacco for bio-pesticides industry. Development of organic agriculture would increase demand for bio pesticides in the future. Today demand for vegetable-based pesticides was still low because it took longer for pest to die

by bio-pesticides than by chemical pesticides, besides tobacco could also be used as raw material for pharmaceuticals.

In fact the Provincial Government had more room for guiding tobacco farmers so the need for Virginia and Burley tobacco could be fulfilled. The fund from taxation-sharing could be allocated for tobacco producing regions for developing tobacco plantations. Unfortunately as there was no technical guidelines on use of income-from-tax, much fund were spent on other posts like hospital building, buying office vehicles etc.

According to Gamal Nasir, the Director of Plantation, good teamwork among Government institutions was needed. A clear blueprint was necessary, not to increase the number of smokers but to fulfill demand for tobacco. It also contribute to increasing export. "We stand on the grower's side," (SS)



## GOVERNMENT ENHANCE GROWTH OF PEOPLE'S CATTLE FARMS IN PURSUIT OF SELF RELIANCE IN MEAT

Jakarta, *Business News*

The Directorate General of Animal Farming and Animal Health (PKH) Ministry of Agriculture would execute the People's Livestock Center (SPR) whereby it would increase cow's population in Indonesia. Mulado, Dir. Gen of PKH stated in Jakarta on Friday (4/12) he would enhance SPR to develop high standard of cattle as in big scale cattle breeding centers.

He said that building of cattle farming center (SPR) would be done gradually. In By 2016 he set target to build 500 SPR in all of Indonesia. Of that number 50 were premium SPR. BY 2017 the Government sets target to have at least 1,000 SPR located in the regions to attain self reliance in meat.

Furthermore in the future small companies could synergize. For that matter he expected SDR which was the result of people's effort could be managed more professionally by competent people. Hence the cow bred would be comparable to big breeding centers. "This is the Governments effort to realize self reliance in meat." Mulado said.

Furthermore Mulado said the Government was ready to develop 210 centers, while the already existing centers were 10 units: 3 centers in Bojonegoro, 1 in Banyuasin, 1 in Musi Banyuasin, 2 in Sapudi, 1 in Sumbawa and 1 in Kalimantan. In that SPR program the Government would assign experts in those centers. The farmers would be given special

trainings from preparing animal feed to breeding by insemination.

He admitted that today there were many people's animal farm not mastering breeding techniques. By that program soon every region would have one SPR unit, at least there were 500 cattle farmers owning sufficient number of cows. The SPR program was designed to make it easy for the Government to collect data, extend aid, educate and protect farmers from Cattle Mafia.

Muladno explained that the underlying Law for SPR was PP No. 6/2014 on Farmers Empowerment, Decision of the Ministry of Agriculture No. 43/2015 on Location Development, and Regulation of the Ministry of Agriculture No. 50/1012 on Development of Agricultural Centers.

Meanwhile Softan Syah, expert staff of the Ministry of Agriculture admitted people's cattle farming was the base of local cow but The development was not at maximum. He mentioned that Indonesia had 4.6 million of people's animal farms but each farm possessed less than 5 cows.

Besides, SPR could show data of cows's population afield. SPR could verify the status of mother-cow, calves, or slaughter cows. SPR would also be the medium for unifying cattle farms which had been spread out. Sofyan was looking forward to the establishment of People's Cattle Breeding School. "Farmers are called out to build a center in each location" Sofyan said.(SS)

## BI AND OJK FOSTER COLLABORATION IN DEVELOPING DEBITOR'S INFORMATION CENTER

Jakarta, *Business News*

BI and OJK had their commitment to foster collaboration and coordination in managing Debtors' Information System which was Complete, Accurate, Up to date and Solid. (LAKU).

A perfect System was needed to enhance role and authority of OJK. The commitment was implemented in signing of Joint Decree between the Governor of BI Agus Martowardojo and Chairman of OJK Board of Commissioner Muliawan D Hadad in Jakarta (3/12).

Signing of the Joint Decree was based on the message in Law NO 21 year 2011 on the authority of OJK which stated that function, duty and authority for managing, regulating and developing inter-bank information system could be expanded by including other institutions in finance transferred from BI to OJK since December 31, 2013. However considering that it takes time to develop the System, there would be transition time since December 31 2013 until December 2017.

In time of transition BI remained to manage the System including fine-tuning and releasing stipulations, approval of reporters, inspection of reporters of

data quality, sanctioning, providing information, handling of debtors' grievances, rendering of helpdesks to reporters and administration and management of users to reporters in the System and Credit Information Management Institution, maintenance, and lastly collaboration with external bodies, domestic or international.

BI and OJK would jointly fine tune and develop regulations related to the System. Meanwhile OJK would have access to the application of the System. After implementation of the Financial Information System (SLIK) OJK, BI would still have full access, continuity and seamless against application and data/information of SLIK.

Today OJK was building Financial Information System (SLIK) to replace SID whereby to meet industrial need which was getting more complex and to support execution of task, OJK or BI and other related institutions.

SLIK was built to accommodate industrial need, OJK need and need of other bodies mandated by the Law. To improve quality of information OJK would widen scope of data by expanding coverage of reporters as data source, gradually by involving other financial institutions. The process of SLIK building as debtor's information would be completed in 2017. (SS)

## FALL IN DEMAND BASED ON PURCHASING POWER CONTRIBUTES TO SUPPRESSING THE DECLINE IN ORDERS TO SMALL & MEDIUM INDUSTRIES

Jakarta, *Business News*

The fall in demand based on consumer purchasing power as the impact of weakening global economic conditions contributed to suppressing the decline in demand for motor vehicle industry components. Domestically, demand has decreased by about 15 percent because in general the decline is about 30 percent. For sole agent (ATPM) companies, decline in purchasing power is converted to export sales.

The decline also caused a decline in our orders, from the core business consisting of five areas based on the raw materials, i.e. metal-based raw materials; non-metal-based; plastic-based; and rubber-based raw materials; and printing division. This statement was made by President Director of PT Rekadaya Multi Adiprima, Rosalina Faried, on the sidelines of the implementation of "Intellectual Property Rights Socialization for Business and Industry," in Jakarta, on Friday (December 4).

Rosalina who is also Chairman of the Indonesian Automotive Component Small - Medium Industries Association (PIKKO), argues that actually her company has developed a system of plasma and it can develop optimally if the production lines are running according to plan. "Because our component production is supplied to OEM (Original Equipment Manufacturer) of two-wheeled and four-wheeled motor vehicles and four brand holders such as Honda Mobil, Hino and Toyota, our products must pass the international certification. We are a supplier firm which fills components in the 2nd layer (tier 2) and 3rd layer.

There are some obstacles encountered in run-

ning the production system of components, associated with imported raw materials. For example, the use of steel raw materials for the production of components. State-owned companies, such as Krakatau Steel in terms of provision of supplies, lacked alignments to domestic entrepreneurs, particularly small and medium-scale entrepreneurs. "We, SMEs, usually require supply of raw materials in limited quantities. Our capital constraints caused us to only be able to supply raw materials limitedly and continuously.

Currently, members of the association reached around 100 companies, around seven SMEs in component industry this year were forced to close down their businesses because they cannot withstand the difficulty of obtaining raw materials, such as steel. He repeated his statement that state-owned company, PT (Persero) Krakatau Steel, requires a minimum purchase of the products. Meanwhile, steel industry is the raw material of stamping (printing plates) industry. That is why from the seven companies, the number of employees which reached 500 people are no longer working, because the company is not able to compete, mainly due to exchange rate difference between US dollar and the rupiah.

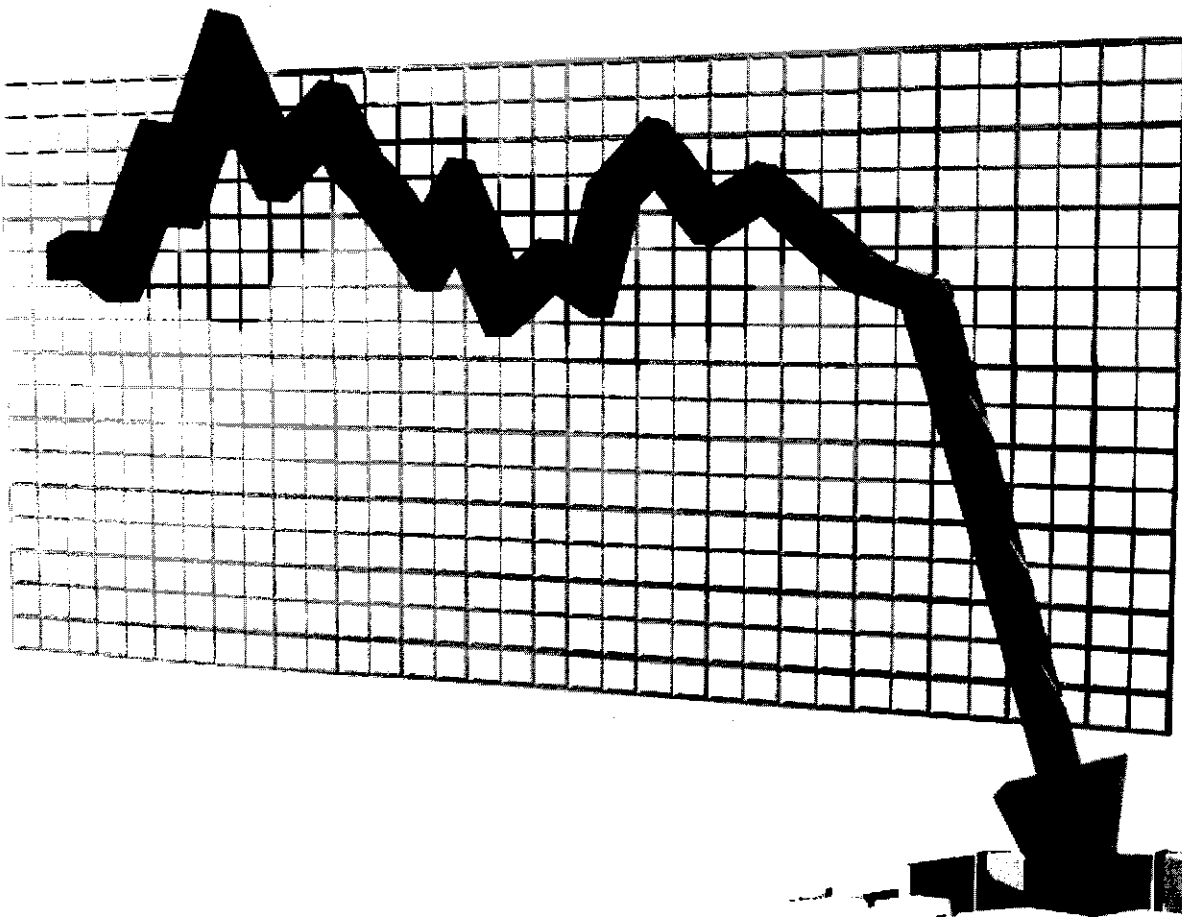
Moreover, SMEs who are members of PIKKO, mostly receive orders from sole agents, so it must meet company specifications such as accuracy (precision), various standards such as the Indonesian National Standard (SNI), Level of Domestic Component (DCL) and other international standards.

Meanwhile, Polytechnic Director of Industrial Management College (STMI), Achmad Zawawi, at the opening of the ceremony, stated that economic

growth is driven, in part by the influx of investment. While, Intellectual Property Rights (IPR), which now becomes Intellectual Property (KI), is the exclusive right of a person's copyrighted works. KI is in the form of copyright, patents, trademarks, and design of integrated circuit layout. With the recognition of KI, it indicates that the product is more valuable economically, thus showing a greater added value.

On one hand, the Directorate General of Small and Medium Industry (SMI) of the Ministry of Industry is currently applying a pattern for research and

technology-based SMEs for component after sales market. This is applied to a number of components in the field of transport equipment industry, such as ship components, motor vehicles, and trains. In addition to efforts to improve the competitiveness of SMEs in the field of technology, the Ministry of Industry through the Directorate General of SMI also provides assistance in the form of price cuts for the purchase of machinery, which is around 30 percent of the sale value of the machinery. (E)



# MINISTRY OF INDUSTRY CHALLENGED HISENSE TO MAKE INDONESIA A PRODUCTION BASE OF 4G LTE

Jakarta, *Business News*

4G LTE-based mobile network has now started operating in Indonesia. In addition to the company being run by telecom operators, smartphone manufacturers helped enliven the business in this network or frequency. As a country with a very large area, large population and number of mobile phone users reaching 80 million, 4G LTE smartphone manufacturers must be able to produce quality products, which are strong and reliable.

This was stated by the Minister of Industry, Saleh Husin, when visiting headquarters of electronics and mobile telecommunications manufacturer Hisense, in Qingdao, China, on Thursday (December 3). Hisense is a top-class electronics giant in China that produces smart TVs, home appliances, and smartphones. In Indonesia, Hisense produces Andromax mobile phones, which is a mobile brand owned by PT Smartfren Telecom, Tbk.

According to the Minister of Industry, Indonesia is an attractive market for manufacturers. Besides enjoying this market, it is time for manufacturers to be challenged to prove that their products were tough. "This also includes strengthening of 4G LTE network. They are also encouraged to build factories in Indonesia, so there is a flow of investment into Indonesia," he said.

His party also hoped that there will be an increasing number of manufacturers who will develop their accompanying industry, i.e. mobile phone components and application developers. Executive Vice President of Hisense Co. Ltd., Lin Lan, said that his party recognizes Indonesia as a big country that has great potential. "We are open to partnering with Indonesian companies, not only in mobile phones, but also other products, such as TVs and other household equipment," he said.

Director General of Metal, Machinery, Transportation Equipment and Electronics, I Gusti Putu





Suryawirawan, emphasized that the Ministry of Industry hopes that the presence of smartphone manufacturers, such as Hisense, can grow and partner with 10-20 supporting components industries. The Minister of Industry has a close look at the results of research and superior products in the telecommunications sector.

Currently, Hisense has reached 130 countries with 17 production facilities spreading across China, South Africa, Algeria, and Egypt and has 7 R & D (research and development) centers. Hisense has produced 15 million units of mobile phones per year with a production capacity of 3,500 units per day. Indonesia is the largest market of Hisense mobile phone products in addition to China. They are strengthening the US market share through marketing and acquisitions.

"We hope that in the future, Hisense investment in Indonesia is not in assembly, but also as the basis of their production for export markets and is

able to increase local components from Indonesia," said Saleh.

Saleh expects that in this working visit, his party will attract more investors from China and they will realize their investment. "It's an effort to further strengthen their investment plans to be realized soon, as well as ensuring that the prospective investors are really serious, and they also feel that we are serious about responding to their interests," he explained.

On a visit to Hisense Tower, the Minister of Industry visited showrooms and had dialogue with the President of Hisense Co. Ltd., Liu Hongxin. Accompanying him was Inspector General of the Ministry of Industry, Soerjono. Earlier, the Minister of Industry was welcomed by the Mayor of Qingdao, Zhang Xingi, who recognizes that the position of Indonesia is very important for China, both in terms of trade and investment. "Central and local governments in China continue to encourage the improvement and expansion of cooperation between manufacturing industry of both countries," he said. (E)

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# FOREIGN EXCHANGE RATES

Jakarta, *Business News*

## EXCHANGE RATES ON TRANSACTION

| CURRENCY                  | VALUE | DECEMBER 10, 2015 |             |           | DECEMBER 8, 2015 |             |           |
|---------------------------|-------|-------------------|-------------|-----------|------------------|-------------|-----------|
|                           |       | BUYING            | MIDDLE RATE | SELLING   | BUYING           | MIDDLE RATE | SELLING   |
| AUD (Australia)           | 1,-   | 10,126.99         | 10,181.56   | 10,236.12 | 10,003.05        | 10,056.61   | 10,110.16 |
| BND (Brunei)              | 1,-   | 9,898.76          | 9,950.10    | 10,001.43 | 9,801.61         | 9,853.85    | 9,906.08  |
| CAD (Canada)              | 1,-   | 10,234.41         | 10,288.30   | 10,342.18 | 10,201.30        | 10,253.90   | 10,306.49 |
| CHF (Switzerland)         | 1,-   | 14,105.46         | 14,178.75   | 14,252.03 | 13,792.28        | 13,863.41   | 13,934.54 |
| CNY (China Yuan)          | 1,-   | 2,161.40          | 2,172.30    | 2,183.20  | 2,151.13         | 2,161.90    | 2,172.66  |
| DKK (Denmark)             | 1,-   | 2,048.85          | 2,059.47    | 2,070.09  | 2,004.92         | 2,015.10    | 2,025.28  |
| GBP (United Kingdom)      | 1,-   | 21,064.80         | 21,174.51   | 21,284.22 | 20,744.92        | 20,852.25   | 20,959.57 |
| HKD (Hong Kong)           | 1,-   | 1,791.30          | 1,800.39    | 1,809.48  | 1,778.42         | 1,787.36    | 1,796.29  |
| JPY (Japan)               | 100,- | 11,423.40         | 11,483.37   | 11,543.34 | 11,189.22        | 11,247.53   | 11,305.83 |
| KRW (Korean )             | 1,-   | 11.81             | 11.87       | 11.93     | 11.73            | 11.79       | 11.85     |
| KWD (Kuwaiti Dinar)       | 1,-   | 45,731.23         | 45,992.27   | 46,253.30 | 45,178.63        | 45,570.50   | 45,962.36 |
| MYR (Malaysia)            | 1,-   | 3,262.98          | 3,281.37    | 3,299.76  | 3,237.20         | 3,255.33    | 3,273.45  |
| NOK (Norway)              | 1,-   | 1,600.94          | 1,609.22    | 1,617.49  | 1,592.73         | 1,600.92    | 1,609.11  |
| NZD (New Zealand)         | 1,-   | 9,345.32          | 9,394.54    | 9,443.76  | 9,155.33         | 9,202.56    | 9,249.78  |
| PGK (Papua New Guinea)    | 1,-   | 4,547.01          | 4,675.12    | 4,803.22  | 4,514.26         | 4,641.28    | 4,768.29  |
| PHP (The Philippines)     | 1,-   | 294.31            | 295.81      | 297.31    | 292.22           | 293.72      | 295.21    |
| SAR (Saudi Arabian Riyal) | 1,-   | 3,700.13          | 3,719.54    | 3,738.94  | 3,673.77         | 3,692.66    | 3,711.54  |
| SEK (Sweden)              | 1,-   | 1,648.52          | 1,657.13    | 1,665.74  | 1,614.73         | 1,623.10    | 1,631.47  |
| SGD (Singapore)           | 1,-   | 9,898.76          | 9,950.10    | 10,001.43 | 9,801.61         | 9,853.85    | 9,906.08  |
| THB (Thailand)            | 1,-   | 385.99            | 388.05      | 390.10    | 384.06           | 386.09      | 388.12    |
| USD (United States)       | 1,-   | 13,884.00         | 13,954.00   | 14,024.00 | 13,784.00        | 13,853.00   | 13,922.00 |
| EUR (Europe)              | 1,-   | 15,286.28         | 15,366.16   | 15,446.03 | 14,957.02        | 15,034.68   | 15,112.33 |

NOTE : The middle rate is based on Business News calculation

# FOREIGN EXCHANGE RATES

Jakarta, *Business News*

## EXCHANGE RATES ON TRANSACTION

| CURRENCY                  | VALUE | DECEMBER 7, 2015 |             |           | DECEMBER 4, 2015 |             |           |
|---------------------------|-------|------------------|-------------|-----------|------------------|-------------|-----------|
|                           |       | BUYING           | MIDDLE RATE | SELLING   | BUYING           | MIDDLE RATE | SELLING   |
| AUD (Australia)           | 1,-   | 10,085.06        | 10,138.39   | 10,191.71 | 10,086.26        | 10,137.52   | 10,188.78 |
| BND (Brunei)              | 1,-   | 9,826.56         | 9,879.36    | 9,932.15  | 9,849.72         | 9,901.59    | 9,953.46  |
| CAD (Canada)              | 1,-   | 10,280.76        | 10,332.68   | 10,384.59 | 10,310.88        | 10,364.13   | 10,417.38 |
| CHF (Switzerland)         | 1,-   | 13,777.64        | 13,853.66   | 13,929.68 | 13,837.34        | 13,913.74   | 13,990.14 |
| CNY (China Yuan)          | 1,-   | 2,151.75         | 2,162.54    | 2,173.32  | 2,155.64         | 2,166.45    | 2,177.26  |
| DKK (Denmark)             | 1,-   | 2,003.29         | 2,013.63    | 2,023.96  | 2,012.43         | 2,022.67    | 2,032.90  |
| GBP (United Kingdom)      | 1,-   | 20,782.80        | 20,889.74   | 20,996.67 | 20,812.54        | 20,920.36   | 21,028.17 |
| HKD (Hong Kong)           | 1,-   | 1,776.40         | 1,785.43    | 1,794.46  | 1,775.82         | 1,784.84    | 1,793.85  |
| JPY (Japan)               | 100,- | 11,165.36        | 11,223.60   | 11,281.84 | 11,222.18        | 11,278.90   | 11,335.62 |
| KRW (Korean )             | 1,-   | 11.79            | 11.86       | 11.92     | 11.89            | 11.95       | 12.01     |
| KWD (Kuwaiti Dinar)       | 1,-   | 45,185.43        | 45,577.84   | 45,970.25 | 45,157.48        | 45,413.83   | 45,670.17 |
| MYR (Malaysia)            | 1,-   | 3,267.20         | 3,286.32    | 3,305.44  | 3,259.29         | 3,278.76    | 3,298.22  |
| NOK (Norway)              | 1,-   | 1,611.52         | 1,619.82    | 1,628.11  | 1,616.90         | 1,625.23    | 1,633.55  |
| NZD (New Zealand)         | 1,-   | 9,225.94         | 9,272.87    | 9,319.80  | 9,192.98         | 9,239.76    | 9,286.54  |
| PGK (Papua New Guinea)    | 1,-   | 4,509.02         | 4,635.92    | 4,762.81  | 4,514.59         | 4,641.49    | 4,768.39  |
| PHP (The Philippines)     | 1,-   | 292.13           | 293.72      | 295.31    | 292.26           | 293.77      | 295.28    |
| SAR (Saudi Arabian Riyal) | 1,-   | 3,668.63         | 3,687.51    | 3,706.39  | 3,668.44         | 3,687.08    | 3,705.72  |
| SEK (Sweden)              | 1,-   | 1,620.03         | 1,628.65    | 1,637.27  | 1,617.98         | 1,626.38    | 1,634.78  |
| SGD (Singapore)           | 1,-   | 9,826.56         | 9,879.36    | 9,932.15  | 9,849.72         | 9,901.59    | 9,953.46  |
| THB (Thailand)            | 1,-   | 384.15           | 386.19      | 388.22    | 384.25           | 386.29      | 388.32    |
| USD (United States)       | 1,-   | 13,768.00        | 13,837.00   | 13,906.00 | 13,764.00        | 13,833.00   | 13,902.00 |
| EUR (Europe)              | 1,-   | 14,943.79        | 15,021.46   | 15,099.13 | 15,013.77        | 15,090.43   | 15,167.08 |

NOTE : The middle rate is based on Business News calculation

**EXCHANGE RATES BASIS FOR THE PAYMENT OF  
IMPORT DUTY, VALUE ADDED TAX ON GOODS  
AND SERVICES AND SALES TAX ON  
LUXURY GOODS, EXPORT TAX AND  
INCOME TAX FOR THE PERIOD OF  
DECEMBER 9, 2015 TO DECEMBER 15, 2015  
(Decree of the Minister of Finance KMK 58/KM.10/2015  
dated December 8, 2015)**

THE MINISTER OF FINANCE,

Considering :

- a. as payment of import duty, value added tax on goods and services and sales tax on luxury goods, export tax and income tax, on goods imports, tax debts connected with value added tax on goods and service and sales tax on luxury goods, export tax, and income received or earned in the form of foreign currencies, must first be valued in the rupiah;
- b. that it is therefore necessary to stipulate a decree concerning the exchange rates as the basis for the payment of import duty, value added tax on goods and services and sales tax on luxury goods, export tax and income tax for the period of December 9, 2015 To December 15, 2015.

In view of :

1. Law No. 7/1983 (BN No. 4009 pages 1A-3A and so on) on income tax (Statute Book of 1983 No. 50, Supplement to Statute Book No. 3263) as already amended the latest by the No. 10/1994 on the amendment of Law No. 17/2000 (BN No. 6513 pages 15A-18A and so on) (Statute Book of 2000 No. 127, Supplement to Statute Book No. 3985);
2. Law No. 8/1983 (BN No. 4013 pages 1A-3A and so on) on value added tax on goods and services and sales tax on luxury goods (Statute Book of 1983 No. 51, Supplement to Statute Book No. 3264) as already amended by Law No.42/2009 (Statute Book of 2009 No. 150);
3. Law No. 10/1995 (BN No. 5812 pages 19A-20A and so on) on customs affairs (Statute Book of 1995 No. 75, Supplement to statute Book No. 3612) as already amended by Law No.17/2006 (Statute Book of 2006 No. 93, Supplement to Statute Book No. 4661) ;
4. Law No. 11/1995 (BN No. 5813 pages 6A-10A and so on) on Excise (Statute Book of 1995 No. 76, Supplement to Statute Book No. 3613) as already amended by Law No. 39/2007 (Statute Book of 2007 No.105, Supplement to Statute Book No. 4755);
5. Presidential Decree No. No. 84/P Year 2009;
6. Decree of the Minister of Finance No.347/KMK.01/2008 on Delegation of Authority to First-Echelon Officials within the Ministry of Finance to Sign Letters andor Decrees of the Minister of Finance on behalf and for the Minister of Finance;

## D E C I D E S :

To stipulate:

THE DECREE OF THE MINISTER OF FINANCE CONCERNING EXCHANGE RATES AS THE BASIS FOR THE PAYMENT OF IMPORT DUTY, VALUE ADDED TAX ON GOODS AND SERVICES AND SALES TAX ON LUXURY GOODS, EXPORT TAX AND INCOME TAX FOR THE PERIOD OF DECEMBER 9,

|    |     |           |           |       |
|----|-----|-----------|-----------|-------|
| 1  | Rp. | 13.816,00 | per (USD) | 1,-   |
| 2  | Rp. | 10.124,88 | per (AUD) | 1,-   |
| 3  | Rp. | 10.339,33 | per (CAD) | 1,-   |
| 4  | Rp. | 1.997,32  | per (DKK) | 1,-   |
| 5  | Rp. | 1.782,46  | per (HKD) | 1,-   |
| 6  | Rp. | 3.270,88  | per (MYR) | 1,-   |
| 7  | Rp. | 9.247,62  | per (NZD) | 1,-   |
| 8  | Rp. | 1.613,51  | per (NOK) | 1,-   |
| 9  | Rp. | 20.831,11 | per (GBP) | 1,-   |
| 10 | Rp. | 9.855,05  | per (SGD) | 1,-   |
| 11 | Rp. | 1.613,41  | per (SEK) | 1,-   |
| 12 | Rp. | 13.727,89 | per (CHF) | 1,-   |
| 13 | Rp. | 11.230,96 | per (JPY) | 100,- |

## Article 2

In the case of the absence of other foreign currencies in Article 1, the exchange rates used as the basis of payment shall be the daily spot exchange rates of the foreign currencies concerned on the international market against the United States dollar effective on the previous day's closing and multiplied by the rupiah exchange rate against the United States dollar as stipulated in this decree of the Minister of Finance.

## Article 3

This decree shall come into force as from December 9, 2015 To December 15, 2015.

2015 TO DECEMBER 15, 2015.

## Article 1

The exchange rates as the basis for the payment of import duty, value added on goods and services and sales tax on luxury goods, export tax and income tax, from December 9, 2015 To December 15, 2015 shall be as listed :

|    |     |           |           |     |
|----|-----|-----------|-----------|-----|
| 14 | Rp. | 10,65     | per (MMK) | 1,- |
| 15 | Rp. | 207,40    | per (INR) | 1,- |
| 16 | Rp. | 45.393,59 | per (KWD) | 1,- |
| 17 | Rp. | 131,10    | per (PKR) | 1,- |
| 18 | Rp. | 293,20    | per (PHP) | 1,- |
| 19 | Rp. | 3.681,55  | per (SAR) | 1,- |
| 20 | Rp. | 96,45     | per (LKR) | 1,- |
| 21 | Rp. | 385,80    | per (THB) | 1,- |
| 22 | Rp. | 9.858,14  | per (BND) | 1,- |
| 23 | Rp. | 14.902,46 | per (EUR) | 1,- |
| 24 | Rp. | 2.158,72  | per (CNY) | 1,- |
| 25 | Rp. | 11,89     | per (KRW) | 1,- |

For public cognizance, this decree of the Minister of Finance shall be announced by publishing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On December 8, 2015

On Behalf Of THE MINISTER OF FINANCE

Caretaker Head Of Fiscal Policy

sgd.

SUAHASIL NAZARA

— = = ooOoo = = —

# THE IMPORT AND EXPORT OF ANIMAL-BASED FEED INGREDIENTS TO AND FROM THE TERRITORY OF THE REPUBLIC OF INDONESIA

(Regulation of the Minister of Agriculture of the Republic of  
Indonesia Number 23/Permentan/PK.130/4/2015,  
dated April 13, 2015)

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

Considering:

- a. that in order to fulfill the domestic need for feed, ingredients of feed originating from animal are needed;
- b. that having regards to letter a and in order to abide by the provisions of Article 23 Law Number 18 Year 2009 regarding Animal Husbandry and Veterinary as already amended by Law Number 41 Year 2014 on the Amendment to Law Number 18 Year 2009 regarding Animal Husbandry and Veterinary, Article 79 paragraph (7) and Article 80 paragraph (4) of Government Regulation Number 47 Year 2014 on Animal Disease Control and Mitigation as well as Article 7 paragraph (3) Government Regulation Number 82 Year 2000 on Animal Quarantine, it is necessary to stipulate a regulation of the Minister of Agriculture on the Import and Export of Animal-based Feed Ingredi-

ents to and from the Territory of the Republic of  
Indonesia;

In view of:

1. Law Number 16 Year 1992 on Animal, Fish and Plant Quarantine (Statute Book of the Republic of Indonesia Year 1992 Number 56, Supplement to Statute Book of the Republic of Indonesia Number 3482);
2. Law Number 7 Year 1994 on Ratification of Agreement Establishing the World Trade Organization (Statute Book of the Republic of Indonesia Year 1994 Number 57, Supplement to Statute Book of the Republic of Indonesia Number 3564);
3. Law Number 18 Year 2009 on Animal Husbandry and Veterinary (Statute Book of the Republic of Indonesia Year 2009 Number 84, Supplement to Statute Book of the Republic of Indonesia Number 5015) as already amended by Law Number 41 Year 2014 regarding the Amendment to Law Number 18 Year 2009 on Animal Husbandry and Veterinary (Statute Book of the Republic of



- Indonesia Year 2014 Number 338, Supplement to Statute Book of the Republic of Indonesia Number 5619);
4. Law Number 23 Year 2014 on Regional Administration (Statute Book of the Republic of Indonesia Year 2014 Number 244, Supplement to Statute Book of the Republic of Indonesia 5587);
  5. Government Regulation Number 78 Year 1992 on Animal Medicine (Statute Book of the Republic of Indonesia Year 1992 Number 129, Supplement to Statute Book of the Republic of Indonesia Number 3509);
  6. Government Regulation Number 82 Year 2000 on Animal Quarantine (Statute Book of the Republic of Indonesia Year 2000 Number 161, Supplement to Statute Book of the Republic of Indonesia Number 4002);
  7. Government Regulation Number 47 Year 2014 on Animal Disease Control and Mitigation (Statute Book of the Republic of Indonesia Year 2014 Number 130, Supplement to Statute Book of the Republic of Indonesia Number 5543);
  8. 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;
  9. Presidential Decree Number 121/P Year 2014 on the Establishment of Ministries and the Appointment of Ministers of Working Cabinet 2014-2019;
  10. Presidential Regulation Number 165 Year 2014 on the Arrangement of Tasks and Functions of Working Cabinet (Statute Book of the Republic of Indonesia Year 2014 Number 339);
  11. Presidential Regulation Number 7 Year 2015 on Organization of State Ministries (Statute Book of the Republic of Indonesia Year 2015 Number 8);
  12. Decree of the Minister of Agriculture Number 471/Kpts/ TN.530/ 7/2002 on Prohibition on the Use of Meat Flour, Bone Flour, Blood Flour, Meat and Bone Flour (TDT), and other ruminant-based ingredients as ruminant feed;
  13. Regulation of the Minister of Agriculture Number 65/Permentan/OT.140/9/2007 on Guidance for Supervising the Quality of Feed;
  14. Decree of the Minister of Agriculture Number 3238/Kpts/PD.630/ 9/2009 on Classification of Pests of Quarantine Animal Disease, Categorization and Classifications of Carrier Media (State Gazette Year 2009 Number 307);
  15. Regulation of the Minister of Agriculture Number 61/Permentan/OT.140/10/2010 on Organization and Working Mechanism of the Ministry of Agriculture;
  16. Regulation of the Minister of Agriculture Number 94/Permentan/OT.140/12/2011 on Place of the Import and Export of Carrier Media of Quarantine Media Disease and Organisms Disturbing Quarantine Plants

(State Gazette Year 2011

Number 7) as already amended by Regulation of the Minister of Agriculture Number 44/ Permentan/ OT.140/3/2014 regarding the Amendment to Regulation of the Minister of Agriculture Number 94/Permentan/ OT.140/12/2011 on Place of the Import and Export of Carrier Media of Quarantine Animal Disease and Organism Disturbing Quarantine Plant (State Gazette Year 2014 Number 428);

## DECIDES :

To stipulate:

THE REGULATION OF THE MINISTER OF AGRICULTURE ON THE IMPORT AND EXPORT OF ANIMAL-BASED FEED INGREDIENTS TO AND FROM THE TERRITORY OF THE REPUBLIC OF INDONESIA

### CHAPTER I

#### GENERAL PROVISION

##### Article 1

Referred to in this ministerial regulation as:

1. Feed Ingredients shall be materials resulting from agriculture, fishery, animal husbandry or other materials which are fit for the use as feed, whether processed or not yet processed.
2. Animal-based Feed Ingredients shall be materials resulting from ruminants, non-ruminants, fowl and/or fish, whether processed or not yet processed.
3. Feed shall be material of sole or mixed food, processed or not, which is granted to animals for the continuation of their life, reproduction and growth.
4. Import shall be an activity importing animal-based feed ingredients from other countries into the territory of the Republic of Indonesia.
5. Export shall be an activity exporting animal-based feed ingredients from the territory of the Republic of Indonesia to other countries.
6. Country of Origin shall be a country exporting animal-based feed ingredients to a place of import in the territory of the Republic of Indonesia.
7. Business Unit of Country of Origin shall be a business unit (rendering plant) in a country of origin that produces and/or processes animal-based feed ingredients regularly and continually for commercial purpose.
8. Animal Disease shall be medical failure in animal, which is attributable to among others, genetically intact,

degenerative process, metabolism failure, trauma, poisoning, parasite infestation, prion and pathogen micro-organism infection.

9. Contagious Animal Disease shall be disease infected between animals, animal and human, as well as animal and other carrier media of animal disease through direct or indirect contact with mechanic intermediate media, such as water, air, soil, feed, equipment, human or through biological intermediate media, such as virus, bacteria, amoeba or fungi.
10. Strategic Contagious Animal Disease shall be animal disease potential to cause economic loss, social unrest and/or high animal death.
11. Exotic Animal Disease shall be animal disease never existing or already freed in a region or the Republic of Indonesia.
12. Package shall be instrument used to pack or wrap feed ingredients, directly contact or not.
13. Seal shall be an official sign in the form of picture or writing issued by the government of country of origin, which certifies the originality of product.
14. Contamination shall be the entry of or chemical, biological, physical and/or pathogen micro-organism in feed ingredients, potential to affect the health of human, animal and/or environment directly or indirectly.
15. Business Communities shall be business entities in the form of legal entity or not, which operate in the field of animal husbandry and veterinary.
16. Appraisal Team of Country of Origin hereinafter called Team NAUP shall be a team assigned to evaluate country of origin and business unit of country of origin.
17. Plant Variety and Agriculture Licensing Center hereinafter abbreviated to PPVTPP shall be an organization unit in charge of licensing affairs in the Ministry of Agriculture.
18. Provincial Service shall be a working unit of provincial apparatus in charge of animal husbandry and/or veterinary affairs.

## Article 2

- (1) The ministerial regulation shall be intended to become legal basis in the import or export of animal-based feed ingredients to and from the territory of the Republic of Indonesia.
- (2) The ministerial regulation shall aim at:
  - a. preventing the entry, dissemination and export of agents of contagious and exotic animal diseases; and
  - b. assuring that animal-based feed ingredients imported or exported from the territory of the Republic of Indonesia match the requirements for the quality and security of feed.

## Article 3

The scope of this ministerial regulation shall cover:

- a. requirements for the import;
- b. requirements for the export;
- c. import and export procedures;
- d. quarantine action;
- e. reporting and supervision, and
- f. penal provision.

## CHAPTER II

## REQUIREMENTS FOR THE IMPORT

## Part One

## General

## Article 4

- (1) Business communities may import animal-based feed ingredients after securing import license from the minister.
- (2) The issuance of the import license as referred to in paragraph (1) by the minister shall be executed by the Director General of Animal Husbandry and Veterinary on behalf of the Minister in the form of a ministerial decree.
- (3) The Director General of Animal and Veterinary in issuing the import license as referred to in paragraph (2) shall observe suggestions and recommendations from national veterinary authorities.

## Article 5

- (1) Kinds of animal-based feed ingredients which may be imported shall be contained in Attachment I, which constitutes an integral part of this ministerial regulation.
- (2) The imported animal-based feed ingredients as referred to in paragraph (1) shall be only used for the production of feed.

## Article 6

In order to secure the import license as referred to in Article 4 paragraph (1), administrative and technical requirements shall be fulfilled.

**Part Two**

**Administrative Requirements**

**Article 7**

- (1) Business communities planning to import animal-based feed ingredients shall meet the administrative requirements as referred to in Article 6.
- (2) The administrative requirements as referred to in paragraph (1) shall be as follows:
- a. having Citizenship Identity Card (KTP) or identity of corporate executive;
  - b. having SIUP, APIU/APIIT, TDP, and NPWP of company;
  - c. having deed of establishment of company and the amendment;
  - d. securing recommendation from provincial service;
  - e. having the required animal quarantine installation;
  - f. having company profile;
  - g. having veterinarian responsible for veterinary affairs;
  - h. preparing plan for the import and plan for the distribution of animal-based feed ingredients for one year, according to Format-1;
  - i. preparing statement that the business community does not use/distribute ruminant-based feed ingredients for ruminant feed ingredients, according to Format-2;
  - j. preparing statement that the imported feed ingredients are only used for the production of feed, according to Format-3;
  - k. preparing statement that the business community is ready to provide a storage warehouse meeting the quality and security of feed ingredients, according to Format 4; and
  - l. preparing statement that the administrative requirements are true and legitimate.

**Part Three**

**Technical Requirements**

**Article 8**

The technical requirements as referred to in Article 6 shall cover:

- a. technical requirements for veterinary;
- b. requirement for quality and security of feed ingredient; and
- c. requirement for package and carrier.

## Paragraph 1

## Technical Requirement for Veterinary

## Article 9

The technical requirement for veterinary as referred to in Article 8 letter a shall cover:

- a. requirement for country of origin;
- b. requirement for business unit of country of origin; and
- c. requirement for animal-based feed ingredient.

## Article 10

- (1) The requirement for country of origin as referred to in Article 9 letter a shall be free from Foot and Mouth Disease (FMD), Bovine Spongiform Encephalopathy (negligible BSE risk), Scrapie, Chronic Wasting Disease (CWD), Transmissible Mink Encephalopathy (TME), and New Variant Creutzfeld-Jacob Disease (vCJD), in the case of animal-based feed ingredients resulting from ruminants.
- (2) The requirement for country of origin as referred to in Article 9 letter a shall be free from Foot and Mouth Disease (FMD), in the case of animal-based feed ingredients resulting from fowl.

## Article 11

The requirement for business unit of country of origin as referred to in Article 9 letter b shall be as follows:

- a. already accredited and registered by the authorized institution in the country of origin and supervised routinely by veterinary authorities of the country of origin;
- b. having production system integrated with slaughtering house (RPH) or using one production line per commodity or plashing process between the processing of ruminant-based feed ingredients and fowl-based feed ingredients;
- c. executing a proper recording system to facilitate traceability;
- d. applying feed quality and security assurance system in accordance with Good Manufacturing Practices (GMP) and Good Handling Practices (GHP);
- e. not processing animal-based feed ingredients resulting from other country; and
- f. not processing animal-based feed ingredients resulting from pork, corpses and wild animals.



## Article 12

- (1) The country of origin and business unit of country of origin may be approved by the minister after fulfilling the requirements as referred to in Article 10 and Article 11.
- (2) In order to secure the approval of the country of origin and business unit of country of origin from the minister as referred to in paragraph (1), the country of origin shall submit application in writing to the minister.
- (3) In approving the country of origin and business unit of country of origin as referred to in paragraph (2), the minister shall consider:
  - a. status of contagious animal disease in the country of origin; and
  - b. result of risk analysis of the plan for the import of animal-based feed ingredients.

## Article 13

- (1) The risk analysis as referred to in Article 12 paragraph (3) letter b shall be done through phases:
  - a. stipulation of the acceptable level of protection in accordance with kind of disease; and
  - b. desk review and on-site review of veterinary and security assurance management system of animal-based feed ingredients.
- (2) The desk review and on-site review as referred to in paragraph (1) letter b shall cover:
  - a. institutional affairs, authority and structure of veterinary authorities of country of origin;
  - b. surveillance of disease/observation of contagious animal diseases;
  - c. capability of diagnostic laboratory;
  - d. animal disease information system and reporting procedures;
  - e. animal and animal husbandry (farm) identification system;
  - f. status and situation of contagious animal disease and exotic animal disease;
  - g. animal disease controlling and mitigating system;
  - h. animal disease vaccination strategy;
  - i. status of animal disease in area sharing border;
  - j. animal protection and welfare rate;
  - k. physical and non-physical barriers with area sharing border;
  - l. supervision over the traffic of animals/animal products;
  - m. animal product and animal-base feed ingredient security system;
  - n. animal demography and marketing;
  - o. animal slaughtering procedures and process;

- p. application of veterinary, veterinary health and animal welfare system in slaughtering house (RPH) and processing unit of feed ingredients;
  - q. monitoring and surveillance system of contamination in feed ingredients (micro organism, hormon, antibiotic, heavy metal); and
  - r. quarantine system.
- (3) The addition to business unit of country of origin as supplier of animal-based feed ingredients shall be done the phase of risk analysis as referred to in paragraph (1).
- (4) The risk analysis as referred to in paragraph (1) shall be done by Team NAUP with the members consisting of representatives of the Directorate General of Animal Husbandry and Veterinary, Agriculture Quarantine Agency, Veterinarian Commission, Animal Quarantine Specialist Commission and Feed Specialist Commission resulting from the related science background.
- (5) The Team NAUP as referred to in paragraph (4) shall be stipulated by the minister in the form of a decree.

#### Article 14

- (1) In the case of result of the risk analysis of country of origin as referred to in Article 12 paragraph (3) letter b, being lower or the same as the level of acceptable protection, the minister shall stipulate the country as a country of origin the form of a decree.
- (2) In the case of result of the risk analysis of country of origin as referred to in Article 12 paragraph (3) letter b surpassing the level of acceptable protection, the minister shall reject the stipulation of the country of origin in the form of a letter of rejection.

#### Article 15

- (1) Result of the risk analysis as referred to in Article 14 shall be submitted to the Director General of Animal Husbandry and Veterinary by Team NAUP as a substance of consideration in stipulating country of origin and business unit of country of origin.
- (2) Team NAUP shall conduct on-site revise to business unit of country of origin already securing approval as supplier of animal-based feed ingredients every 2 (two) years.

#### Article 16

- (1) The approval of stipulation of country of origin as referred to in Article 12 shall be stipulated by the Minister in the form of a decree.

- (2) In the implementation, the approval of stipulation of business unit of country of origin as referred to in Article 12, shall be stipulated by the Director General of Animal Husbandry and Veterinary on behalf of the Minister in the form of a decree.

#### Article 17

The requirement for animal-based feed ingredients as referred to in Article 9 letter c, which result from ruminants, shall be as follows:

- a. resulting from healthy ruminant, which is born and breed in the country of origin as well as not given feed containing animal-based feed ingredients throughout its life;
- b. resulting from ruminant already passing ante mortem and post mortem examination;
- c. not resulting from cattle showing BSE phenomenon;
- d. resulting from RPH already accredited and registered by the authorized institution in the country of origin and routinely supervised by veterinary authorities of the country of origin;
- e. traceable from the moment when the animal is still alive until comes into RPH and processing unit of feed ingredients;
- f. not mixed with ingredients resulting from pork and non-domesticated ruminants; and
- g. free from bacteria clostridium sp, salmonella sp, and bacillus antracis.

#### Article 18

The requirement for animal-based feed ingredients as referred to in Article 9 letter c, which result from fowl, shall be as follows:

- a. healthy, reproduced and breed in the country of origin;
- b. not mixed with ingredients from pork;
- c. resulting from fowl slaughtering house (RPU) already accredited and registered by the authorized institution in the country of origin and supervised routinely by veterinary authorities in the country of origin;
- d. traceable properly as from the moment when the fowl is still alive until comes into RPH and processing unit of feed ingredient; and
- e. free from bacteria clostridium sp and salmonella sp.

#### Article 19

The technical requirement for veterinary as referred to in Article 9 shall be issued by the Director of

Veterinary in the form of Health Requirement (HR) contained in Attachment II and Attachment III, which constitute an integral part of this ministerial regulation.

#### Paragraph 2

#### Requirement for Quality and Security of Feed Ingredients

#### Article 20

- (1) The requirement for the quality of feed ingredients as referred to in Article 8 letter b shall be based on the main content of nutrition.
- (2) The main content of nutrition as referred to in paragraph (1) shall cover:
  - a. protein;
  - b. mineral (calcium, Phospor);
  - c. fat; and
  - d. raw fiber.
- (3) The main content of nutrition as referred to in paragraph (1) and paragraph (2) shall be contained in Attachment, which constitutes an integral part of this ministerial regulation.

#### Article 21

- (1) The requirement for security of feed ingredients as referred to in Article 8 letter b shall cover chemical, physical and biological contamination.
- (2) The chemical, physical and biological contamination as referred to in paragraph (1) shall meet the requirement for the maximum limit contained in Attachment V, which constitutes an integral part of this ministerial regulation.

#### Paragraph 3

#### Requirement for Package and Carrier

#### Article 22

- (1) The requirement for package as referred to in Article 8 letter c shall be purely from country of origin, according to the international standard and sealed.
- (2) The package as referred to in paragraph (1) shall be in the form of sack (bulk) and not in the form of direct bulk in container.

- (3) The package as referred to in paragraph (2) shall be sealed by the authorized official in the country of origin, have clear number, remain whole up to the place of import and shall be opened by animal quarantine officer in the place of import.

#### Article 23

The requirement for carrier as referred to in Article 8 letter c shall be able to protect the quality and security of animal-based feed ingredients.

#### Article 24

- (1) Besides fulfilling the administrative and technical requirements as referred to in Article 6, the import of animal-based feed shall be accompanied by certificate of animal-based feed ingredients.
- (2) The certificate of animal-based feed ingredients as referred to in paragraph (1) shall consist of at least:
- a. Health Certificate;
  - b. Bill of Lading;
  - c. Certificate of Origin;
  - d. Certificate of Analysis; and
  - e. Invoice.
- (3) The certificate of animal-based feed ingredients as referred to in paragraph (2) shall contain at least the following information:
- a. category of kind of feed;
  - b. corporate registration number (establishment number);
  - c. Number of container;
  - d. country of origin;
  - e. destination country;
  - f. net weight/net content;
  - g. name and address of the party producing feed ingredient in country of origin; and
  - h. name and address of the party importing the feed ingredient into the territory of the Republic of Indonesia.

**CHAPTER III**  
**REQUIREMENT FOR THE EXPORT**

**Article 25**

- (1) Business communities may export animal-based feed ingredients after securing export license from the minister.
- (2) The issuance of the export license as referred to in paragraph (1) by the minister shall be executed by the Director General of Animal Husbandry and Veterinary on behalf of the Minister in the form of a ministerial decree.
- (3) The Director General of Animal and Veterinary in issuing the export license as referred to in paragraph (2) shall observe suggestions and recommendations from national veterinary authorities.
- (4) Feed ingredients which may be exported shall be contained in Attachment VI, which constitutes an integral part of this ministerial regulation.

**Article 26**

The export of animal-based feed ingredients as referred to in Article 25 shall be done in accordance with result of analysis of national need, quantity and kind thereof.

**Article 27**

The exportable animal-based feed ingredients as referred to in Article 25 shall observe the national need on the basis of the availability of feed ingredients in the country.

**Article 28**

The export of the animal-based feed ingredients as referred to in Article 25 shall meet administrative and technical requirements.

**Article 29**

The administrative requirements as referred to in Article 28 shall cover:

- a. having Citizenship Identity Card (KTP) or identity of corporate executive;
- b. having SIUP, APIU/APIIT, TDP, and NPWP of company;
- c. having deed of establishment of company and the amendment;
- d. securing recommendation from provincial service;

- e. having the required animal quarantine installation;
- f. having company profile; and
- g. application for the plan for the export of feed ingredients.

#### Article 30

The technical requirement as referred to in Article 28 shall cover:

- a. having veterinary certificate issued by national veterinary authorities; and
- b. fulfilling quality standard if it is required by country of destination.

### CHAPTER IV

#### IMPORT AND EXPORT PROCEDURES

##### Part One

##### Import Procedure

#### Article 31

- (1) Business communities executing the import shall be obliged to secure the import license as referred to in Article 4.
- (2) In order to secure the import license as referred to in paragraph (1), business communities shall submit application online online and/or directly to the Director General of Animal Husbandry and Veterinary through the Head of PPVTPP, according to Format-5.
- (3) The application as referred to in paragraph (2) shall be accompanied by the administrative and technical requirements as referred to in Article 6.

#### Article 32

- (1) The Head of PVTTP, after receiving the application as referred to in Article 31 paragraph (2) shall examine the completeness of administrative requirements and answer to accept or reject in no later than 3 (three) working days.
- (2) The application as referred to in paragraph (1) shall be rejected in the case of the administrative requirements being incomplete and untrue.
- (3) The application as referred to in paragraph (1) shall be approved in the case of the administrative requirements being already fulfilled.

## Article 33

- (1) The rejected application as referred to in Article 32 paragraph (2) shall be submitted by the Head of PPVTPP secara online and/or directly to business communities, along with reason for the rejection, according to Format-6.
- (2) The approved application as referred to in Article 32 paragraph (3) shall be submitted by the Head of PPVTPP to the Director General of Animal Husbandry and Veterinary on line and/or directly, according to Format-7.

## Article 34

- (1) The Director General of Animal Husbandry and Veterinary after receiving the application as referred to in Article 33 paragraph (2) shall conduct technical review.
- (2) The technical review as referred to in paragraph (1) shall be applied to the fulfillment of the technical requirements as referred to in Article 8.
- (3) The Director General of Animal Husbandry and Veterinary shall answer to approve or reject in no later than 7 (seven) working days.

## Article 35

- (1) The application as referred to in Article 34 paragraph (3) shall be rejected in the case of the technical requirements being not fulfilled.
- (2) The rejected application as referred to in paragraph (1) shall be submitted to business communities through the Head of PPVTPP online and/or directly, along with reason for the rejection, according to Format-8.
- (3) The application as referred to in Article 34 paragraph (3) shall be approved in the case of the technical requirements being fulfilled.
- (4) Import license shall be issued to the approved application in the form of ministerial decree signed by the Director General of Animal Husbandry and Veterinary on behalf of the Minister, with a copy made available to the Minister of Agriculture, Head of the Agriculture Quarantine Board, Director General of Customs and Excise, Ministry of Finance, Head of Agriculture Quarantine UPT overseeing the place of import and Head of Provincial Service overseeing the place of import, according to Format-9.
- (5) The decree as referred to in paragraph (4) shall be submitted to business communities through the Head of PVTTP.



**Article 36**

- (1) Import license shall be issued for every moment of shipment.
- (2) The stipulation of plan for the import of animal-based feed ingredients for the next year by the Director General of Animal Husbandry and Veterinary shall be based on the calculation of the need for animal-based feed ingredients in the following year.

**Article 37**

- (1) In the case of country of origin or world veterinary organization declaring the outbreak of animal disease in country of origin, the Minister shall stipulate a decision to close the import of animal-based feed ingredients from the country of origin on the basis of recommendation from official of national veterinary authorities.
- (2) The minister may revoke the decision on the closure of the import of animal-based feed ingredients as referred to in paragraph (1) in the case of:
  - a. the country of origin submitting application for the re-opening of the import of animal-based feed ingredients along with document of animal disease control and eradication issued by veterinary authorities of the country of origin; and
  - b. world veterinary agency declaring that the country of origin has been free from the outbreak of animal disease.
- (3) The revocation of the decision on the closure of the import of animal-based feed ingredients as referred to in paragraph (2) shall be done by the minister on the basis of recommendation from official of national veterinary authorities.
- (4) The recommendation as referred to in paragraph (3) shall be formulated on the basis of result of risk analysis.

**Article 38**

- (1) In the case of the outbreak of animal disease as referred to in Article 37 paragraph (1), business communities may submit re-application to the Director General of Animal Husbandry and Veterinary to import animal-based feed ingredients from other countries stipulated by the Minister as countries of origin.
- (2) The quantity in the re-application for the import of animal-based feed ingredients as referred to in paragraph (1) shall be the same as the allocation already stipulated, by enclosing the import license already issued.

## Part Two

## Export Procedure

## Article 39

- (1) Business communities executing export shall be obliged to secure the export license as referred to in Article 25.
- (2) In order to secure the export license as referred to in paragraph (1), business communities shall submit application online and/or directly to the Director General of Animal Husbandry and Veterinary through the Head of PPVTPP, according to Format-10.
- (3) The application as referred to in paragraph (2) shall be accompanied by the administrative and technical requirements as referred to in Article 28.

## Article 40

- (1) The Head of PPVTPP, after receiving the application as referred to in Article 39 paragraph (2), shall examine the administrative requirements and answer to approve or reject in no later than 3 (three) working days.
- (2) The application as referred to in paragraph (1) shall be rejected in the case of the administrative requirements being not complete and true.
- (3) The application as referred to in paragraph (1) shall be approved in the case of the administrative requirements being fulfilled.

## Article 41

- (1) The rejected application as referred to in Article 40 paragraph (2) shall be submitted by the Head of PPVTPP online and/or directly to business communities, along with reason for the rejection, according to Format-11.
- (2) The approved application as referred to in Article 40 paragraph (3) shall be submitted by the Head of PPVTPP to the Director General of Animal Husbandry and Veterinary online and/or directly, according to Format-12.

## Article 42

- (1) The Director General of Animal Husbandry and Veterinary shall conduct technical review after receiving the application as referred to in Article 41 paragraph (2).

- (2) The technical review as referred to in paragraph (1) shall be applied to the fulfillment of the technical requirements as referred to in Article 30.
- (3) The Director General of Animal Husbandry and Veterinary shall have answered to approve or reject in no later than 7 (seven) working days.

#### Article 43

- (1) The application as referred to in Article 42 paragraph (3) shall be rejected in the case of the technical requirements being not fulfilled.
- (2) The rejected application as referred to in paragraph (1) shall be submitted to business communities through the Head of PPVTPP online and/or directly, along with reason for the rejection, according to Format-13.
- (3) The application as referred to in Article 42 paragraph (3) shall be approved in the case of the technical requirements being fulfilled.
- (4) Export license shall be issued to the approved application as referred to in paragraph (3) in the form of a ministerial decree signed by the Director General of Animal Husbandry and Veterinary on behalf of the Minister, with a copy made available to the Minister of Agriculture, Head of the Agriculture Quarantine Board, Director General of Customs and Excise, Ministry of Finance, and the Head of Agriculture Quarantine UPT overseeing the place of import, according to Format-14.
- (5) The ministerial decree as referred to in paragraph (4) shall be submitted to business communities through the Head of PPVTPP.

#### Article 44

Business communities may submit application for export license anytime.

### CHAPTER V

#### QUARANTINE ACTION

#### Article 45

- (1) Every plan for the import or export of animal-based feed ingredients shall be reported by their owners or proxies to quarantine officer in the place of import or export already stipulated in the import or export license.
- (2) The import or export report as referred to in paragraph (1) shall be submitted in no later than one working day before carrier arrives in the place of import or export.

- (3) In the case of the reporting, owners or their proxies are unable to complete the import or export license, application for quarantine examination shall be rejected until the owners or proxies complete the license.
- (4) Upon the arrival of carrier in the place of import or export, owners or their proxies shall be obliged to give animal-based feed ingredients along with the required documents to quarantine officer for the need of quarantine action.
- (5) The import document as referred to in paragraph (4) shall be in the form of sanitation certificate.
- (6) The export document as referred to in paragraph (4) shall be in the form of veterinary certificate issued by quarantine officer.

#### Article 46

- (1) In a bid to prevent the entry of contagious animal disease from outside the territory of the Republic of Indonesia through transit of carrier carrying feed ingredients, it may only be executed in accordance with the provision of quarantine legislation.
- (2) The transit as referred to in paragraph (1) shall meet requirements:
  - a. prohibited from opening package;
  - b. prohibiting from coming out of the quarantine area; and
  - c. completed by certificate of transit from veterinary authorities of the transit country.

#### Article 47

- (1) The quarantine action as referred to in Article 45 paragraph (4) shall be in the form of examination, treatment, detention, rejection, destruction and/or liberation.
- (2) The treatment as referred to in paragraph (1) shall be executed to liberate quarantine animal disease (HPHK) of Category II.

#### Article 48

- (1) The examination measure as referred to in Article 47 paragraph (1) shall cover the examination of documents of requirements and medical or sanitation examination by quarantine animal doctor before passing the place of import or export.
- (2) The examined documents of requirements as referred to in paragraph (1) shall be in the form of the completeness, legitimacy of documents and conformance between documents and package, label, quantity and kind.

- (3) The medical or sanitation examination as referred to in paragraph (1) may be in the form of the organoleptic totality examination and/or laboratory examination in accordance with examination technique and method.
- (4) In the case of quarantine officer being not yet able to ascertain the totality and/or detect HPHK and content of microbe danger by the organoleptic totality examination as referred to in paragraph (3), advanced examination shall be executed in quarantine installation already stipulated.

#### Article 49

- (1) The advanced examination as referred to in Article 48 paragraph (4) shall be in the form of the organoleptic totality examination and/or laboratory examination in accordance with examination technique and method.
- (2) The transport of feed ingredients from the place of import or export to quarantine installation shall be under supervision of quarantine officer.
- (3) Upon arriving at the quarantine installation:
  - a. seal shall be opened;
  - b. totality of package shall be examined;
  - c. conformance of kind and quantity shall be examined;
  - d. random organoleptic examination (random sampling) shall be executed; and
  - e. sample shall be taken for laboratory analysis, if necessary.

#### Article 50

- (1) The detention measure as referred to in Article 47 paragraph (1) shall be applied in the case of
  - a. feed ingredients resulting from country having import banned;
  - b. the examination finding indication of HPHK of Category I and risk of the infection of HPHK of Category II; and
  - c. owners or proxies assure that they are able to show medical/sanitation certificate in no later than 3 (three) working days and other required documents in no later than 7 (seven) working days.
- (2) The guarantee for the fulfillment of medical/sanitation certificate as referred to in paragraph (1) letter c shall be written down into duty stamped statement.
- (3) After owners or proxies are able to fulfill the completeness of the requirements as referred to in Article 45 paragraph (5) and paragraph (6), advanced examination may be done.

## Article 51

- (1) The rejection measure as referred to in Article 47 paragraph (1) shall be applied following:
  - a. the detention up to the period as referred to in Article 50 paragraph (1) letter c, owners or proxies are unable to complete the documents of requirements; or
  - b. the examination of infection of HPHK, resulting from countries having import banned, improper sanitation, change in nature, spoiled, odor, and endangering animal and/human health.
- (2) The rejected feed ingredients as referred to in paragraph (1) shall be taken out of the territory of the Republic of Indonesia in no later than 3 (three) working days, which is written down into account of rejection.
- (3) In the case of owners or proxies being unable to provide carrier in the period as referred to in paragraph (2), the period may be extended to maximally 7 (seven) working days by regarding the risk of the entry and dissemination of HPHK.
- (4) In the case of the rejection measure as referred to in paragraph (1) being applied, owners or proxies shall not have a right to demand compensation as well as shall be obliged to bear the whole cost of the rejection.

## Article 52

- (1) The destruction measure as referred to in Article 47 paragraph (1), shall be done if:
  - a. the rejected feed ingredients are not carried to outside the territory of the Republic of Indonesia by their owners or proxies in the period as referred to in Article 51 paragraph (2) and paragraph (3); or
  - b. the feed ingredients, following the unloading from carriers and the treatment as referred to in Article 47 paragraph (1), cannot be sterilized from HPHK of Category II.
- (2) The destruction measure as referred to in paragraph (1) shall be done by:
  - a. presenting witness from related institution in the place of import;
  - b. inviting owners or proxies of owners of the would-be destroyed feed ingredients;
  - c. preparing account of destruction;
  - d. preparing place and equipment of destruction by the stipulated destruction procedure and method;
  - e. the destruction is executed under supervision of animal quarantine doctor and witnessed by owners or their proxies, officer of the Indonesian Police, customs and excise officer, prosecutor and officer of other related institutions; and
  - f. account of destruction consists of triplicate at the maximum, the first sheet to owner, second sheet to official having interest in the destruction and the third to the said animal quarantine doctor.

- (3) In the case of the implementation of the destruction as referred to in paragraph (1), owners or proxies shall not have a right to demand compensation as well as shall be obliged to bear the whole costs of destruction.

#### Article 53

- (1) The liberation measure as referred to in Article 47 paragraph (1) shall be done if:
- following the detention, owners or their proxies are able to complete the require documents; and/or
  - the food ingredients is not infected by HPHK, do not come from country having import banned, have good sanitation, complete package, do not change in the nature, are not spoiled, not odor and do not endanger animal and/or human health.
- (2) The liberation measure as referred to in paragraph (1) shall be done after owners or proxies settle the obligation to remit quarantine fee in accordance with the provision of legislation.
- (3) Certificate of liberation shall be issued to the liberation measure as referred to in paragraph (1) for the import of feed ingredients.
- (4) The liberation certificate as referred to in paragraph (3) shall be addressed to the authorized animal quarantine doctor in the destination place.
- (5) Certificate of sanitation shall be issued to the liberation measure as referred to in paragraph (1) for the export of feed ingredients.

#### Article 54

Animal-based feed ingredients already subject to quarantine measures such as liberation measure shall be coordinated with feed quality supervisor.

### CHAPTER VI

#### REPORTING AND SUPERVISION

##### Part One

##### Reporting

#### Article 55

- (1) Business communities already securing import or export license shall be obliged to realize the import or export of animal-based feed ingredients in no later than 90 (ninety) calendar days as from the issuance of the import or export license.
- (2) The import or export of animal-based feed ingredients as referred to in paragraph (1) shall be realized in accordance with the import or export license.
- (3) Business communities already executing the import or export of animal-based feed ingredients as referred to in paragraph (1), shall be obliged to submit report on the realization of the import or export to the minister through the Director General of Animal Husbandry and Veterinary in writing or on line in no later than 5 (five) working days as from the execution of the quarantine action, according to Format-15 and Format-16.
- (4) Business communities shall report animal-based feed ingredients already subject to liberation measure to the Head of the Agriculture Quarantine

Board, besides report on the realization of the import or export as referred to in paragraph (3).

- (5) Format -1 up to Format -16 shall be contained in Attachment VII, which constitutes a part inseparable from this ministerial regulation.

## Part Two

### Supervision

#### Article 56

Supervision shall be executed by:

- a. veterinary authorities of the ministry, province and regency/city by virtue of their authority;
- b. the authorized animal doctor or civil servant investigator (PPNS) of the central, provincial or regency/municipal governments by virtue of their authority; and/or
- c. feed quality and security supervisor in accordance with the provision of legislation.

#### Article 57

- (1) The supervision as referred to in Article 56 shall be done after the liberation measure as referred to in Article 53 minimally every 6 (six) months or at anytime in the case of the alleged deviation from the fulfillment of technical requirements for veterinary being found.
- (2) The supervision as referred to in paragraph (1) shall be done in:
  - a. feed factory and/or company importing animal-based feed ingredients;
  - b. distributor;

- c. poultry shop; and/or
- d. farm.

#### Article 58

- (1) The feed quality and security supervisor as referred to in Article 56 letter c shall report result of supervision periodically or at anytime to the Director of Veterinary, Head of Provincial Service and Head of Regency/Municipal Service by virtue of their authority.
- (2) The Director of Veterinary, Head of Provincial or Regency/Municipal Service as referred to in paragraph (1) shall submit report on result of the supervision periodically or at anytime to the Minister through the Director General of Animal Husbandry and Veterinary, Governor or Regent/Mayor by virtue of their authority.

## CHAPTER VII

### PENAL PROVISION

#### Article 59

- (1) Business communities violating the provision of Article 55 shall be subject to administrative sanction.
- (2) The administrative sanction as referred to in paragraph (1) shall be in the form of:
  - a. written warning
  - b. not securing the next import or export license; or
  - c. revocation of business license.
- (3) The administrative sanction as referred to in



paragraph (2) letter a and letter b shall be imposed by the Director General of Animal Husbandry and Veterinary.

- (4) The administrative sanction as referred to in paragraph (2) letter c shall be imposed by the issuer of business license on the basis of recommendation from the Director General of Animal Husbandry and Veterinary.

## CHAPTER VIII TRANSITIONAL PROVISION

### Article 60

- (1) Countries of origin and business units of countries of origin already supplying animal-based feed ingredients before the enforcement of this ministerial regulation may be stipulated as countries of origin and business units of countries of origin.
- (2) The import or export license already issued before the enforcement of this ministerial regulation shall remain valid until expiring.
- (3) The import or export licence currently in the course of process shall follow the provision in this ministerial regulation.

## CHAPTER IX CONCLUSION

### Article 61

Following the enforcement of this ministerial regulation, Regulation of the Minister of Agriculture Number 482/Kpts/PD.620/8/2006 on the Import of Ruminants and Products Thereof from Countries or Zone of Countries Infected by Bovine Spongiform Encephalopathy (BSE) into the territory of the Republic

of Indonesia as long as they rule animal-based feed ingredients shall be revoked and declared null and void.

### Article 62

The ministerial regulation shall come into force as from the date of promulgation.

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

Stipulated in Jakarta

On April 13, 2015

THE MINISTER OF AGRICULTURE OF THE REPUBLIC OF INDONESIA

sgd

AMRAN SULAIMAN

Promulgated in Jakarta

On April 24, 2015

THE MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA

sgd.

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA  
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Editor's note:

Due to technical reason, the attachments are not published.

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