



ID/RL5/Rev.1

Date/Month/Year: 27/08/2012

COUNTRY: INDONESIA

Schedule of ACIA

Supplement 1

(This is authentic in English only)

This text replaces ACIA Reservation List No. 5 (All Sectors) of Indonesia

Indonesia has changed the regulation for coal and mineral mining which is applicable with respect to terminologies improvement, divestment of foreign equity shares, and transformation of licensing procedure.

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- Sector** : All Sectors
- Sub-Sector** : -
- Industry Classification** : -
- Level of Government** : Central
- Type of Obligation** : National Treatment
- Description of Measure** : 1. As may be required by the relevant regulatory authorities, a company in which foreign investors¹ own 100% shares, subject to prior notification before the grant of the license, after certain period since commencement of commercial production, the said foreign investors should sell a part of the company's share to domestic investors².
2. In the case of Mineral and Coal Mining subsector³, mining business license (Izin Usaha Pertambangan) for foreign investment⁴ shall be given by the Minister of Energy and Mineral Resources of The Republic of Indonesia.

Subject to prior notification before the grant of mining business license (Izin Usaha Pertambangan), 5 (five) years after the commencement of production, foreign shareholders⁵ of foreign investment should sell their shares gradually to Indonesian shareholders⁶ according to the following priorities :

- 1) central government,
- 2) provincial government,
- 3) regencies/municipalities,
- 4) state owned enterprises (Badan Usaha Milik Negara and Badan Usaha Milik Daerah),
- 5) national private business entity⁷.

¹ For the purpose of this reservation, the term "foreign investor" can be found in Law No. 25 of 2007.

² For the purpose of this reservation, the term "domestic investor" can be found in Law No. 25 of 2007.

³ For the purpose of this reservation, the scope of Mineral and Coal Mining subsector is defined in Law No. 4 of 2009 Concerning Mineral and Coal Mining and Government Regulation No. 23 of 2010 Concerning the Implementation of Mineral and Coal Mining Activities Jo. Government Regulation No. 24 of 2012 Concerning Amendment of Government Regulation No. 23 of 2010 on the Implementation of Mineral and Coal Mining Activities.

⁴ For the purpose of this reservation, the term "foreign investment" can be found in Law No. 25 of 2007.

⁵ For the purpose of this reservation, the term "foreign shareholders" can be found in Government Regulation No. 24 of 2012 Concerning Amendment of Government Regulation No. 23 of 2010 on the Implementation of Mineral and Coal Mining Activities.

⁶ For the purpose of this reservation, the term "Indonesian shareholders" can be found in Government Regulation No. 23 of 2010 Concerning the Implementation of Mineral and Coal Mining Activities Jo. Government Regulation No. 24 of 2012 Concerning Amendment of Government Regulation No. 23 of 2010 on the Implementation of Mineral and Coal Mining Activities.

⁷ For the purpose of this reservation, the term "national private business entity" can be found in Government Regulation No. 23 of 2010 Concerning the Implementation of Mineral and Coal Mining Activities.

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The shares of the said Indonesian shareholders shall be at least as the following :

- a. 20% of total shares in the 6th year ;
- b. 30% of total shares in the 7th year;
- c. 37% of total shares in the 8th year;
- d. 44% of total shares in the 9th year;
- e. 51% of total shares in the 10th year.

- Source of Measure** :
- Law No. 25 of 2007 Concerning Investment
 - Law No. 4 of 2009 Concerning Mineral and Coal Mining
 - Government Regulation No.20 of 1994 Concerning Share Ownership in Companies Set Up Under Foreign Capital Investments.
 - Government Regulation No. 23 of 2010 Concerning the Implementation of Mineral and Coal Mining Activities Jo. Government Regulation No. 24 of 2012 Concerning Amendment of Government Regulation No. 23 of 2010 on the Implementation of Mineral and Coal Mining Activities.

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