

REGULATION OF THE GOVERNMENT
OF THE REPUBLIC OF INDONESIA
NUMBER 41 OF 2015
ON
INDUSTRIAL RESOURCES DEVELOPMENT

BY THE BLESSINGS OF ALMIGHTY GOD

PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : that to implement the provisions of Article 25 section (8), Article 27 section (4), Article 28 section (3), Article 30 section (6), Article 32 section (2), Article 33 section (3), Article 39 section (5) and Article 40 section (2) of Law Number 3 of 2014 on Industrial Affairs, it is necessary to issue a Government Regulation on Industrial Resources Development;

Observing : 1. Article 5 section (2) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 3 of 2014 on Industrial Affairs (State Gazette of the Republic of Indonesia of 2014 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 5492);

HAS DECIDED:

To issue : GOVERNMENT REGULATION ON INDUSTRIAL RESOURCES DEVELOPMENT.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Government Regulation:

1. Industry means all forms of economic activities which process base materials and/or utilize industrial resources to produce goods of added value or of higher utility, including industrial services.
2. Industrial Company means any person which conducts Industrial business activities and is domiciled in Indonesia.
3. Industrial Estate Company means any company which undertakes the development and management of an Industrial estate.
4. Industrial Estate means an estate wherein Industrial activities are centralized, complete with supporting facilities and infrastructure which are developed and managed by an Industrial Estate Company.
5. Industrial Manpower means technical manpower and managerial manpower who work for Industrial Companies and/or Industrial Estate Companies.
6. Working Competency means the work capability of each individual that covers the aspects of working knowledge, skills and attitude which accord with stipulated standards.
7. Indonesian National Competency Standards (*Standar Kompetensi Kerja Nasional Indonesia*), hereinafter referred to as SKKNI, means a formulation of work capabilities that covers the aspects of working knowledge, skills and/or expertise as well as attitude which are relevant for the conducting of duties and requirements of any position, as set out in accordance with the legislation.
8. Competency Certification means a process of granting a competency certificate that is conducted in a systematic and objective manner by way of competency assessments which accord with SKKNI, international standards and/or specific standards.

9. Industrial Vocational Education means higher and secondary level vocational education that is directed towards the mastery of certain applied expertise in Industry.
10. Competency-Based Industrial Training means work training that emphasizes on the mastery of work capabilities, which covers the aspects of working knowledge, skills and attitude in accordance with competency standards in industry.
11. Industrial Apprenticeship means part of an integrated work training system, namely between being trained at a training institution while working directly under the guidance and supervision of an in-company trainer, for the purposes of mastering skills or expertise in Industry.
12. Foreign Industrial Manpower means a foreign national and holder of a work visa who is competent to work at an Industrial Company and/or an Industrial Estate Company which is located within Indonesian territory.
13. Professional Certification Institution (*Lembaga Sertifikasi Profesi*), hereinafter referred to as LSP, means an institution that conducts professional certification which has obtained a license from the National Professional Certification Board.
14. Competency Assessment Center (*Tempat Uji Kompetensi*), hereinafter referred to as TUK, means a workplace and/or institution which are capable of providing facilities for the conducting of competency assessment, as verified by LSP.
15. Base Material means any raw materials, semi-finished goods or finished goods which may be processed to become semi-finished goods or fully finished goods of higher economic value.
16. Natural Resource means a material deriving from nature, either biological or non-biological.
17. Natural Resources Utilization means the exploitation of Natural Resources in an efficient and environmentally friendly manner as a base material, an auxiliary material and a source of energy to enhance Industrial added value.

18. Natural Resources Supply means the fulfillment of Natural Resources, in sufficient quantity and based on certain types and specifications which are ready to be processed, that is either derived domestically or from abroad to enhance Industrial added value.
19. Natural Resources Distribution means the activity of delivering Natural Resources from a Natural Resources producer to an Industrial business actor.
20. Transfer of Technology means the transfer of capabilities relating to the utilization and mastery of science and technology among institutions, bodies or persons, either domestically or from abroad to the country.
21. Research and Development means activities which result in creation of a new invention that is beneficial to Industry, or development to enhance Industrial efficiency and productivity.
22. Industrial Technology means the results of development, improvement, invention and/or innovation in the form of process technology and product technology, including design and engineering, methods and/or systems which are applied in Industrial activities.
23. Industrial Technology Procurement by Turnkey Project is the procurement of technology by purchasing a complete technological project, starting from its assessment, design and engineering, implementation/operations and delivery in ready to use condition.
24. Underwriting of Risks on Industrial Technology Utilization means the underwriting to an Industrial Company that utilizes technology resulting from Research and Development of commercially untested domestic technology.
25. Technology User means a domestic Industrial Company which acts as a user of commercially untested domestic technology resulting from Research and Development.
26. Central Government means the President of the Republic of Indonesia who holds government powers in the Unitary State of the Republic of Indonesia and is assisted by a

Vice President and ministers, as referred to in the 1945 Constitution of the Republic of Indonesia.

27. Local Government means the head of a region as an administrating element of local government that leads in the execution of government affairs which form the authority of an autonomous region.
28. Minister means the minister administering government affairs in the field of industry.

Article 2

The regulatory scope of this Government Regulation covers:

- a. development of Industrial Manpower and utilization of Industrial consultant;
- b. utilization, ensuring of availability and distribution as well as prohibition of and restrictions on export of Natural Resources; and
- c. procurement and utilization of Industrial Technology.

CHAPTER II

DEVELOPMENT OF INDUSTRIAL MANPOWER AND UTILIZATION OF INDUSTRIAL CONSULTANT

Part One

Development of Industrial Manpower

Article 3

- (1) Development of the national Industry must be supported by Industrial Manpower.
- (2) The Industrial Manpower as referred to in section (1) consists of:
 - a. technical manpower; and
 - b. managerial manpower.

Article 4

- (1) The technical manpower as referred to in Article 3 section (2) point a undertakes technical work at Industrial Companies and/or Industrial Estate Companies.

- (2) The technical manpower as referred to in section (1) must at least have:
 - a. technical competency in accordance with SKKNI in Industry; and
 - b. managerial knowledge.
- (3) The development of technical manpower as referred to in section (1) may at least be conducted by the following activities:
 - a. competency-based Industrial Vocational Education;
 - b. Competency-Based Industrial Training; and/or
 - c. Industrial Apprenticeship.
- (4) Technical manpower who does not engage in the activities as referred to in section (3) is declared competent upon undergoing Competency Certification by LSP.

Article 5

- (1) The competency-based Industrial Vocational Education as referred to in Article 4 section (3) point a is designated for Industrial Manpower candidates and Industrial Manpower.
- (2) The competency-based Industrial Vocational Education as referred to in section (1) is undertaken with reference to SKKNI in Industry.
- (3) The competency-based Industrial Vocational Education as referred to in section (1) is conducted with due observance of the needs of Industrial Companies and/or Industrial Estate Companies for Industrial Manpower.
- (4) The competency-based Industrial Vocational Education as referred to in section (1) covers:
 - a. secondary level vocational education;
 - b. one-year diploma program;
 - c. two-year diploma program;
 - d. three-year diploma program;
 - e. four-year diploma program;
 - f. applied master's program; and
 - g. applied doctoral program.

- (5) The competency-based Industrial Vocational Education as referred to in section (4) is conducted in accordance with the legislation.

Article 6

- (1) The undertaking of competency-based Industrial Vocational Education as referred to in Article 5 must be completed with LSP, a teaching factory and TUK.
- (2) In the event that the undertaking of competency-based Industrial Vocational Education is not yet completed with LSP, its administrator must engage in cooperation with LSP of a similar field.
- (3) In the event that the the undertaking of competency-based Industrial Vocational Education is not yet completed with a teaching factory and/or TUK, its administrator must engage in cooperation with an Industrial Company and/or a Research and Development institution.
- (4) LSP as referred to in section (1) and section (2) conducts Competency Certification.
- (5) The Minister, related ministers, heads of non-ministerial government institutions, governors, regents/mayors, Industrial business actors and the public may undertake competency-based Industrial Vocational Education.

Article 7

- (1) Competency-Based Industrial Training as referred to in Article 4 section (3) point b is designated for Industrial Manpower candidates and Industrial Manpower.
- (2) Competency-Based Industrial Training is conducted with due observance of the needs of Industrial Companies and/or Industrial Estate Companies for Industrial Manpower.
- (3) Competency-Based Industrial Training is undertaken with reference to SKKNI in Industry.
- (4) The undertaking of Competency-Based Industrial Training must be completed with LSP, a teaching factory and TUK.

- (5) In the event that the undertaking of Competency-Based Industrial Training is not yet completed with LSP, its administrator must engage in cooperation with LSP of a similar field.
- (6) In the event that the undertaking of Competency-Based Industrial Training is not yet completed with a teaching factory and/or TUK, its administrator must engage in cooperation with an Industrial Company and/or a Research and Development institution.
- (7) The undertaking of Competency-Based Industrial Training as referred to in section (4) is concluded with Competency Certification.
- (8) The Competency Certification as referred to in section (7) is conducted by LSP.
- (9) The Minister, related ministers, heads of non-ministerial government institutions, governors, regents/mayors, Industrial business actors and the public may undertake Competency-Based Industrial Training.
- (10) The undertaking of Competency-Based Industrial Training as referred to in section (9) is conducted by Industrial Education and Training Centers, Working Practice Centers and other training institutions.
- (11) The administrators of Competency-Based Industrial Training as referred to in section (10) receive accreditation in accordance with the legislation.

Article 8

- (1) The administrators of competency-based Industrial Vocational Education as referred to in Article 6 section (5) and the administrators of Competency-Based Industrial Training as referred to in Article 7 section (9) may engage in cooperation with Industrial Companies and/or Industrial Estate Companies.
- (2) The cooperation as referred to in section (1) may be in the form of:
 - a. curriculum development;
 - b. internship; and/or
 - c. placement of graduates.

- (3) Chambers of commerce and industry, Industrial associations, Industrial Companies and/or Industrial Estate Companies facilitate the undertaking of competency-based Industrial Vocational Education and Competency-Based Industrial Training.

Article 9

- (1) Industrial Apprenticeship as referred to in Article 4 section (3) point c is designated for Industrial Manpower candidates and Industrial Manpower.
- (2) The Industrial Apprenticeship is conducted at Industrial Companies and/or Industrial Estate Companies.
- (3) Industrial Companies and/or Industrial Estate Companies provide facilities for Industrial Apprenticeship.
- (4) Industrial Apprenticeship is conducted on the basis of a written apprenticeship agreement between an apprentice and an Industrial Company and/or an Industrial Estate Company.
- (5) The apprenticeship agreement as referred to in section (4) at least consists of provisions on the rights and obligations of the apprentice, the rights and obligations of the Industrial Company and/or the Industrial Estate Company as well as the period of the apprenticeship.
- (6) Chambers of commerce and industry and Industrial associations facilitate the conducting of apprenticeship at Industrial Companies and/or Industrial Estate Companies for Industrial Manpower candidates and Industrial Manpower.
- (7) The Central Government and Local Governments may grant incentives to Industrial Companies and/or Industrial Estate Companies which engage in Industrial Apprenticeship in accordance with the legislation.
- (8) Industrial Manpower candidates and Industrial Manpower who have completed Industrial Apprenticeship are declared as having working competency upon passing Competency Certification by LSP.

Article 10

- (1) Managerial manpower as referred to in Article 3 section (2) point b undertakes managerial work at Industrial Companies and/or Industrial Estate Companies.
- (2) Managerial manpower as referred to in section (1) at least has:
 - a. managerial competency in accordance with SKKNI in Industry; and
 - b. technical knowledge.
- (3) The development of managerial manpower as referred to in section (2) is conducted in accordance with the legislation in the fields of education and manpower.

Part Two

Indonesian National Competency Standards
and Competency Certification

Paragraph 1

Indonesian National Competency Standards

Article 11

- (1) The Minister prepares SKKNI in Industry.
- (2) SKKNI as referred to in section (1) is prepared based on Industrial needs and at least consists of the aspects of working knowledge, skills and/or expertise as well as attitude.
- (3) In preparing SKKNI as referred to in section (1), the Minister may engage professional associations, Industrial associations and/or Industrial business actors.
- (4) The Minister proposes to a minister administering government affairs in the field of manpower to issue SKKNI as referred to in section (2).
- (5) The minister administering government affairs in the field of manpower issues SKKNI as referred to in section (4) not later than 1 (one) month upon the receipt of the proposal from the Minister.

- (6) If not issued within the period of 1 (one) month, SKKNI as referred to in section (4) is declared effective by the Minister up to its issuance by the minister administering government affairs in the field of manpower .
- (7) The application of SKKNI as referred to in section (5) is conducted based on national qualifications and/or competency clusters.
- (8) The application as referred to in section (7) is carried out at competency-based Industrial Vocational Education institutions, Competency-Based Industrial Training institutions, LSP, Industrial Companies and/or Industrial Estate Companies.

Article 12

- (1) For certain types of work in Industry, the Minister determines the mandatory imposition of SKKNI.
- (2) The certain types of work as referred to in section (1) include work which imposes high risk upon the security, safety, health and environment of Industrial Manpower and/or resulting products.
- (3) In the event the Minister determines the mandatory imposition of SKKNI as referred to in section (1), Industrial Companies and/or Industrial Estate Companies are obligated to utilize Industrial Manpower which complies with SKKNI.

Paragraph 2

Competency Certification

Article 13

- (1) The purpose of Competency Certification is to ensure that the quality of Industrial Manpower accords with working needs and requirements.
- (2) Competency Certification for Industrial Manpower is conducted to realize conformity between waging systems and work productivity to accord protection to and welfare for Industrial Manpower.

- (3) Competency Certification as referred to in section (1) is conducted by competency assessment by LSP which has already obtained a license from the National Professional Certification Board.
- (4) The establishment of LSP as referred to in section (3) is conducted by professional associations, Industrial associations, Industrial business actors, educational institutions and/or training institutions in accordance with the legislation.
- (5) The Minister, governors, regents/mayors, chambers of commerce and industry, and Industrial associations facilitate the conducting of Competency Certification for Industrial Manpower.

Part Three

Utilization of Industrial Manpower and Industrial Consultant

Article 14

Industrial Manpower who is utilized by Industrial Companies and/or Industrial Estate Companies covers:

- a. National Industrial Manpower; and/or
- b. Foreign Industrial Manpower.

Article 15

- (1) An Industrial Consultant is an expert, the roles of which are to assist, provide advice and settle issues encountered by Industrial Companies and/or Industrial Estate Companies.
- (2) The Industrial Consultant as referred to in section (1) consists of:
 - a. national Industrial consultant; and
 - b. foreign Industrial consultant.
- (3) The Industrial consultant as referred to in section (2) must at least:
 - a. have technical, administrative and managerial skills in accordance with SKKNI in Industry; and

- b. own a competency certificate in accordance with SKKNI in consultancy.

Article 16

- (1) An Industrial Company and/or an Industrial Estate Company prioritize on the utilization of national Industrial Manpower and/or national Industrial consultants.
- (2) Under certain conditions, an Industrial Company and/or an Industrial Estate Company may utilize Foreign Industrial Manpower and/or foreign Industrial consultants.
- (3) The certain conditions as referred to in section (2) cover:
 - a. the non-availability of competent national Industrial Manpower and/or national Industrial consultants; and/or
 - b. the insufficient number of competent national Industrial Manpower and/or national Industrial consultants.
- (4) In the event of unavailability and/or insufficient number of competent national Industrial Manpower and/or national Industrial consultants as referred to in section (3), the Central Government develops national Industrial Manpower and national Industrial consultants.
- (5) For an Industrial Company and/or an Industrial Estate Company that utilize Foreign Industrial Manpower and/or foreign Industrial consultants, the positions which are allowed to be filled by them must be in accordance with the legislation.

Article 17

- (1) The Industrial Company and/or the Industrial Estate Company as referred to in Article 16 section (2) are obligated to own permits to utilize Foreign Industrial Manpower and/or foreign Industrial consultants from a minister administering government affairs in the field of manpower based on a recommendation of the Minister.

- (2) The period of the permits to utilize Foreign Industrial Manpower and/or foreign Industrial consultants are not later than 1 (one) year and may be extended in accordance with the legislation.

Article 18

- (1) An Industrial Company and/or an Industrial Estate Company that utilize Foreign Industrial Manpower and/or foreign Industrial consultants must conduct the transfer of technology and skills to national Industrial Manpower and/or national Industrial consultants.
- (2) The transfer of knowledge and skills as referred to in section (1) is conducted by:
 - a. appointing national Industrial Manpower and/or national Industrial consultants to act as assistants to the Foreign Industrial Manpower and/or the foreign Industrial consultants;
 - b. educating and/or training national Industrial Manpower and/or national Industrial consultants, both domestically and abroad.
- (3) An Industrial Company and/or an Industrial Estate Company that utilize Foreign Industrial Manpower and/or foreign Industrial consultants as referred to in section (1) but have failed to transfer technology and skills as referred to in section (2) are imposed with sanctions in accordance with the legislation.

CHAPTER III

UTILIZATION, ENSURING OF AVAILABILITY AND DISTRIBUTION, AND PROHIBITION OF AND RESTRICTIONS ON EXPORT OF NATURAL RESOURCES

Part One

Natural Resources Utilization

Article 19

- (1) An Industrial Company and an Industrial Estate Company are obligated to utilize Natural Resources in an

efficient, environmentally friendly and sustainable manner.

- (2) The utilization of Natural Resources by an Industrial Company as referred to in section (1) is conducted at the stages of product planning, production process planning, production, optimization of discarded products and waste management.
- (3) The utilization of Natural Resources by an Industrial Estate Company as referred to in section (1) is conducted at the stages of planning, construction and management of Industrial Estates, including waste management.

Article 20

- (1) The utilization of Natural Resources by an Industrial Company as referred to in Article 19 section (2) is conducted towards Natural Resources that are directly processed and used as Base Materials, auxiliary materials, energy and/or non-distilled water for Industry.
- (2) The utilization of Natural Resources by an Industrial Company as referred to in Article 19 section (3) is conducted towards Natural Resources that are used as supporting facilities in the management of Industrial Estates.

Article 21

- (1) The utilization of Natural Resources in an efficient manner as referred to in Article 19 is at least conducted by:
 - a. efficient exploitation;
 - b. using environmentally friendly technology; and
 - c. optimizing performance in production process.
- (2) The utilization of Natural Resources in an environmentally friendly and sustainable manner as referred to in Article 19 is conducted by:
 - a. waste reduction;
 - b. re-use ;
 - c. recycling; and/or
 - d. restoration.

Article 22

- (1) An Industrial Company and an Industrial Estate Company that utilize Natural Resources are obligated to prepare a Natural Resources Utilization plan.
- (2) The Natural Resources as referred to in section (1) are those which demand forecast is stipulated in the National Industrial Policy.
- (3) The Natural Resources Utilization plan as referred to in section (1) at least consists of:
 - a. scope of utilization;
 - b. principles of utilization;
 - c. methodologies of utilization; and
 - d. technologies from utilization.
- (4) The Natural Resources Utilization plan as referred to in section (1) is submitted to the Minister.
- (5) Further provisions regarding procedures for the preparation of the Natural Resources Utilization plan as referred to in section (3) and the submission of the Natural Resources Utilization plan as referred to in section (4) are regulated in a Ministerial Regulation.

Part Two

Ensuring of Availability
and Distribution of Natural Resources

Article 23

- (1) The Central Government and Local Governments ensure the availability and Distribution of Natural Resources for the domestic Industry;
- (2) In ensuring the availability and Distribution of Natural Resources as referred to in section (1), the following is conducted by:
 - a. preparation of plan on Natural Resources Supply and Distribution;
 - b. Natural Resources Supply efforts; and
 - c. Natural Resources Distribution efforts.

Article 24

- (1) The preparation of the Natural Resources Supply and Distribution plan as referred to in Article 23 section (2) point a is conducted by the Minister based on the Natural Resources Utilization plan as referred to in Article 22.
- (2) The preparation of the Natural Resources Supply and Distribution plan as referred to in section (1) is conducted in coordination with related ministers/heads of non-ministerial government institutions.
- (3) In preparing the Natural Resources Supply and Distribution plan as referred to in section (1), the Minister may receive feedback from the business sector and the public.
- (4) In the event that the Minister requires information on potential Natural Resources in a region in preparing the Natural Resources Supply and Distribution plan as referred to in section (1), the relevant governor and/or regent/mayor are obligated to provide such requested information.
- (5) The Minister proposes the Natural Resources Supply and Distribution plan as referred to in section (1) to the President.
- (6) The President determines the Natural Resources Supply and Distribution plan as referred to in section (5) for a period of 5 (five) years and may review such plan with reference to the National Industrial Policy.

Article 25

Natural Resources Supply efforts as referred to in Article 23 section (2) point b are conducted by:

- a. promoting Research and Development on domestic Natural Resources potential;
- b. granting facilities in efforts to cultivate and develop the use of renewable Natural Resources;
- c. prioritizing the use of renewable Natural Resources by Industry;
- d. developing investments for the exploitation of Natural Resources both domestically and abroad;

- e. accessing facilitation for cooperation with other countries on the procurement of Natural Resources;
- f. determining import policies for certain Natural Resources for the purposes of Natural Resources Supply to Industrial Companies and Industrial Estate Companies; and/or
- g. facilitating the meeting of demands for interregional Natural Resources Supply.

Article 26

- (1) The Central Government and Local Governments facilitate the availability of renewable Natural Resources and non-renewable Natural Resources.
- (2) Facilitation on the availability of renewable Natural Resources as referred to in section (1) is conducted by:
 - a. mapping and designating areas for renewable Natural Resources Supply;
 - b. conserving renewable Natural Resources; and/or
 - c. applying energy diversification policies for Industry.
- (3) Facilitation on the availability of non-renewable Natural Resources as referred to in section (1) through policies on conservation oriented by:
 - a. renegotiation of contracts on mining exploitation of Certain Natural Resources;
 - b. applying policies continuously on efficiency of Natural Resources Exploitation; and/or
 - c. applying energy diversification policies for Industry.

Article 27

- (1) Natural Resources Distribution efforts as referred to in Article 23 section (2) point c are conducted by:
 - a. determination of governance for Natural Resources Distribution;
 - b. provision of infrastructure for Natural Resources Distribution;
 - c. development of technology for Natural Resources Distribution;
 - d. facilitation to establish units for Natural Resources Distribution;

- e. determination of policies which support the stability of Natural Resources Distribution; and/or
 - f. facilitation to make financing available for Natural Resources Distribution institutions.
- (2) Provisions regarding Natural Resources Distribution efforts as referred to in section (1) are regulated in a Regulation of the Minister and related ministers.

Part Three
Prohibition of and Restrictions on
Export of Natural Resources

Article 28

For the purposes of enhancing Industrial added value to deepen and strengthen domestic Industrial structure, the Central Government may prohibit or restrict the export of Natural Resources.

Article 29

- (1) Upon coordinating with the related ministers, the Minister proposes to the minister administering government affairs in the field of trade to determine the prohibition of or restrictions on the export of certain Natural Resources.
- (2) The proposal of the Minister on the prohibition of export of Natural Resources as referred to in section (1) is conducted based on the following considerations:
- a. to maintain the preservation of Natural Resources;
 - b. the Natural Resources are strategic, non-renewable and limited in availability;
 - c. the Natural Resources serve as buffer stock for the availability of Natural Resources for Industry;
 - d. to maintain the stability of prices of Natural Resources; or
 - e. other national interests.
- (3) The proposal of the Minister regarding restrictions on the export of Natural Resources as referred to in section (1) is submitted based on the following considerations:

- a. the Natural Resources cannot be fully processed domestically;
 - b. the processed Natural Resources will have high added value; or
 - c. other national interests.
- (4) Restrictions on the export of Natural Resources as referred to in section (1) may at least be conducted by :
- a. determination of export duties;
 - b. determination of export quotas;
 - c. determination of domestic supply obligation; and/or
 - d. determination of minimum content limits for the Natural Resources.

Article 30

In addition to enhancing Industrial added value as referred to in Article 28, the Minister may propose the prohibition of or restrictions on the export of Natural Resources for the purposes of maintaining balance of reserves on the availability of Natural Resources as contained in the Natural Resources Supply and Distribution plan.

Article 31

Determination of the prohibition of or restrictions on the export of Natural Resources as referred to in Article 28 and Article 30 is conducted in accordance with the legislation.

CHAPTER IV

PROCUREMENT AND UTILIZATION OF INDUSTRIAL TECHNOLOGY

Part One

Transfer of Technology Obligation for the Purposes of Procurement of Industrial Technology by Turnkey Project

Article 32

- (1) The procurement of Industrial Technology is conducted by Research and Development, Research and Development contract, joint business, assignment of rights by licensing, and/or acquisition of technology.

- (2) Under certain conditions, the Central Government may conduct Industrial Technology Procurement by Turnkey Project.
- (3) Planning for the procurement of Industrial Technology by Turnkey Project as referred to in section (2) is conduct by the head of the proposing institution in coordination with the Minister and related ministers.
- (4) Materials on the planning for Procurement of Industrial Technology by Turnkey Project as referred to in section (3) at least cover:
 - a. the reasons behind the Procurement of Industrial Technology by Turnkey Project; and
 - b. the scope, form and period of the Transfer of Technology as conducted by a technology provider.

Article 33

- (1) A technology provider in a turnkey project is obligated to conduct the Transfer of Technology to a domestic party.
- (2) A technology provider in a turkey project which fails to conduct the Transfer of Technology as referred to in section (1) is imposed with administrative sanctions.

Part Two

Underwriting of Risks on Industrial Technology Utilization

Article 34

- (1) The Central Government conducts the Underwriting of Risks on Industrial Technology Utilization which is developed domestically by a technology provider.
- (2) The Industrial Technology as referred to in section (1) is the results of Research and Development on domestic technology which has already been tested for feasibility on a laboratory and technical scale in accordance with technical guidelines on the determination of feasibility of Industrial Technology.

- (3) The technology provider as referred to in section (1) covers:
 - a. Research and Development institutions of the Central Government;
 - b. Research and Development institutions of universities; and
 - c. Research and Development institutions of State-Owned Enterprises/Region-Owned Enterprises and private sector companies.
- (4) In the event a Research and Development institution of a university as referred to in section (3) point b which is owned by the private sector or a Research and Development institution of a State-Owned Enterprise/Region-Owned Enterprise and a private sector company as referred to in section (3) point c become a technology provider, they must engage in cooperation with a Research and Development institution of the Central Government.
- (5) Provisions regarding technical guidelines on the determination of feasibility of Industrial Technology as referred to in section (2) are regulated in a Ministerial Regulation.

Article 35

The underwriting of risks on Industrial Technology Utilization as referred to in Article 34 section (1) is granted for the purposes of:

- a. enhancing the competitiveness of the national Industry;
- b. self-reliance of the domestic Industry; and/or
- c. preservation of environmental functions.

Article 36

- (1) The underwriting of risks on Industrial Technology Utilization as referred to in Article 34 section (1) is granted to a Technology User through a technology provider.

- (2) The underwriting as referred to in section (1) is granted in the form of ensuring the feasibility of Industrial Technology in accordance with the matters agreed.
- (3) Provisions regarding the ensuring of feasibility of Industrial Technology as referred to in section (2) are regulated in or under a Ministerial Regulation.

Article 37

The Underwriting of Risks as referred to in Article 36 section (1) and section (2) is granted under the following provisions:

- a. the utilized Industrial Technology accords with the Master Plan for National Industrial Development;
- b. the utilized Industrial Technology is encouraged to increase Industrial efficiency and effectiveness; and
- c. risks arisen not due to the fault of the Industrial management of the Industrial Technology User.

Article 38

- (1) A technology provider as referred to in Article 34 may submit a proposal for the Underwriting of Risks to the Minister, along with documents which at least consist of:
 - (1) evidence of feasibility on a laboratory and technical scale for the Industrial Technology to be utilized; and
 - (2) written proposal on the request for the Underwriting of Risks on Industrial Technology Utilization from the Technology User.
- (2) The Minister conducts assessment and evaluation on the proposal for the Underwriting of Risks as referred to in section (1).
- (3) For the purposes of the assessment and evaluation as referred to in section (2), the Minister may coordinate with related ministers, heads of related non-ministerial government institutions and/or rectors of state universities.
- (4) Provisions regarding procedures for the assessment and evaluation of proposal on the Underwriting of Risks are regulated in a Ministerial Regulation.

Article 39

- (1) Funding for the Underwriting of Risks as referred to in Article 34 section (1) is derived from the State Budget and/or other legal sources in accordance with the legislation.
- (2) The State Budget as referred to in section (1) is the State Budget at ministry/non-ministerial institutions which are in charge of technology providers.

CHAPTER V

PROCEDURES FOR IMPOSITION OF
ADMINISTRATIVE SANCTIONS

Article 40

An Industrial Company and an Industrial Estate Company that utilize Industrial Manpower who fails to comply with SKKNI as referred to in Article 12 section (3) are imposed with administrative sanctions in the form of:

- a. written warnings;
- b. administrative fines;
- c. temporary closing;
- d. suspension of Industrial Business Permit or Industrial Estate Business Permit; and/or
- e. revocation of Industrial Business Permit or Industrial Estate Business Permit.

Article 41

An Industrial Company and an Industrial Estate Company that fail to conduct Natural Resources Utilization in an efficient, environmentally friendly and sustainable manner as referred to in Article 19 section (1) are imposed with administrative sanctions in the form of:

- a. written warnings;
- b. administrative fines;
- c. temporary closing;
- d. suspension of Industrial Business Permit or Industrial Estate Business Permit; and/or

- e. revocation of Industrial Business Permit or Industrial Estate Business Permit.

Article 42

- (1) The Minister, governors or regents/mayors in accordance with their authorities impose the administrative sanctions as referred to in Article 40 and Article 41 to Industrial Companies and/or Industrial Estate Companies.
- (2) The administrative sanctions as referred to in section (1) are imposed based on the results of review of reports deriving from:
 - a. complaint; and/or
 - b. follow-up on results of supervision.

Article 43

- (1) If based on the results of review it is found that an Industrial Company and/or an Industrial Estate Company has violated the provisions as referred to in Article 12 section (3) or Article 19 section (1), such Industrial Company and/or Industrial Estate Company are imposed with administrative sanction in the form of written warnings.
- (2) The written warnings as referred to in section (1) are imposed for a maximum 3 (three) consecutive times with a respective interval of 30 (thirty) days.

Article 44

- (1) An Industrial Company and/or an Industrial Estate Company that has been imposed with administrative sanction in the form of written warnings and fail to meet their obligations within the period as referred to in Article 43 section (2) are imposed with administrative sanction in the form of administrative fines.
- (2) The administrative fines as referred to in section (1) are imposed for a maximum of:
 - a. 1% (one percent) of the investment value for an Industrial Company; and

- b. 1‰ (one per-mille) of the investment value for an Industrial Estate Company.
- (3) The payment of administrative fines as referred to in section (1) is made not later than 30 (thirty) days upon the receipt of a letter imposing such fines.
- (4) The administrative fines as referred to in section (1) constitute non-tax state revenues or local revenues.

Article 45

- (1) An Industrial Company and/or an Industrial Estate Company that fail to meet their obligations and fail to pay the administrative sanctions as referred to in Article 44 section (3) are imposed with administrative sanction in the form of temporary closing.
- (2) In the event the Industrial Company and/or the Industrial Estate Company already paid the administrative sanctions but failed to do so within a period of 30 (thirty) days as of the deadline for such payment, they are imposed with administrative sanction in the form of temporary closing.
- (3) The temporary closing as referred to in section (1) and section (3) is imposed for a period of not later than 30 (thirty) days upon the date of receipt of a letter on such closing.
- (4) An Industrial Company located within an Industrial Estate which is managed by an Industrial Estate Company that is imposed with administrative sanction in the form of temporary closing may continue to run its production activities in accordance with its permits.
- (5) Provisions regarding procedures for the temporary closing of Industrial Companies and/or Industrial Estate Companies are regulated in a Ministerial Regulation.

Article 46

- (1) In the event an Industrial Company and/or an Industrial Estate Company fail to meet their obligations and/or fail to pay the administrative fines as of the expiration date of the administrative sanction in the form of temporary

closing as referred to in Article 45 section (3), they are imposed with administrative sanction in the form of suspension of their Industrial Business Permit or Industrial Estate Business Permit.

- (2) The suspension of Industrial Business Permit or Industrial Estate Business Permit as referred to in section (1) applies for a period of not later than 3 (three) months as of the date of issuance of a Letter of Suspension.
- (3) An Industrial Company or an Industrial Estate Company that already meets its obligation to pay administrative fines and meets its obligations may submit an application for the lifting of suspension status of its Industrial Business Permit or Industrial Estate Business Permit.
- (4) Provisions regarding procedures for the suspension of Industrial Business Permits or Industrial Estate Business Permits are regulated in a Ministerial Regulation.

Article 47

- (1) In the event an Industrial Company and/or an Industrial Estate Company fail to meet their obligations and/or fail to pay the administrative fines as of the expiration date of the administrative sanction in the form of suspension of the Industrial Business Permit or the Industrial Estate Business Permit as referred to in Article 46 section (2), they are imposed with administrative sanction in the form of revocation of their Industrial Business Permit or Industrial Estate Business Permit.
- (2) Provisions regarding procedures for the revocation of Industrial Business Permits or Industrial Estate Business Permits are regulated by the Minister.

Article 48

In the event a violation of Article 12 section (3) or Article 19 section (1) poses a threat on the security, safety, health and/or environment of Industrial Manpower and/or resulting products, the relevant Industrial Company and/or Industrial Estate Company are imposed with administrative sanctions without having to undergo the stages as referred to in Article 40 and Article 41.

Article 49

Governors and regents/mayors are obligated to submit reports on the suspension, the lifting of suspension status and the revocation of Industrial Business Permits or Industrial Estate Business Permits to the Minister.

Article 50

A technology provider in a turnkey project which fails to conduct the Transfer of Technology to domestic parties as referred to in Article 33 is imposed with administrative sanctions in the form of:

- a. written warnings;
- b. administrative fines; and/or
- c. temporary closing.

Article 51

The Minister/related ministers/heads of related bodies/institutions impose the administrative sanctions as referred to in Article 50 to technology providers.

Article 52

- (1) The written warnings as referred to in Article 50 point a are imposed 2 (two) times upon the expiration of the Transfer of Technology processing period in accordance with the schedule as set out in the relevant agreement.
- (2) The written warnings as referred to in section (1) are imposed for a respective period of 14 (fourteen) days.

Article 53

- (1) A technology provider which has been imposed with administrative sanction in the form of written warnings but fails to conduct the Transfer of Technology within the period as referred to in Article 52 section (2) is imposed with administrative sanction in the form of administrative fines.
- (2) The administrative fines as referred to in section (1) are imposed in the amount of the Transfer of Technology which is not conducted in accordance with the relevant agreement.

- (3) The administrative fines as referred to in section (1) are taken into account as a deducting factor to the total value of a turnkey project.
- (4) The administrative fines as referred to in section (3) constitute non-tax state revenues.
- (5) Payment of the administrative fines as referred to in section (3) does not override the obligation of the technology provider to conduct the Transfer of Technology.

Article 54

- (1) A technology provider which has been imposed with administrative sanction in the form of administrative fines but fails to conduct the Transfer of Technology within a period of 30 (thirty) days as of the imposition of such fines is imposed with an administrative sanction in the form of suspension of the Central Government payment obligation to the technology provider.
- (2) The period of the suspension as referred to in section (1) is imposed for not later than 3 (three) months as of the date of such suspension.
- (3) A technology provider that fails to meet its obligation within the period as referred to in section (2) is subject to the taking of actions by the Central Government in accordance with the matters agreed.

CHAPTER VI CLOSING PROVISIONS

Article 55

This Government Regulation comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Government Regulation by its placement in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
on 23 June 2015

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

JOKO WIDODO

Promulgated in Jakarta
on 23 June 2015

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

Signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2015 NUMBER 146

Jakarta, 5 November 2018
Has been translated as an Official Translation
on behalf of Minister of Law and Human Rights
of the Republic of Indonesia
DIRECTOR GENERAL OF LEGISLATION,



WIDODO EKATJAHJANA

ELUCIDATION OF
REGULATION OF THE GOVERNMENT OF
THE REPUBLIC OF INDONESIA
NUMBER 41 OF 2015
ON
INDUSTRIAL RESOURCES DEVELOPMENT

I. GENERAL

Industrial development in accordance with the provisions of Law Number 3 of 2013 on Industrial Affairs requires various support in the form of a set of proper policies, integrated planning and efficient management with due observance of good governance principles.

A set of proper policies which is implemented in a consistent manner will create conducive business climate. On the other hand, the business sector needs to provide positive feedback by developing innovative Industry which is based on a high sense of nationalism, and is environmentally friendly and sustainable to enhance national competitiveness on a global scale.

A set of policies conducive to Industrial development among others consists of those relating to provision of competent Industrial Manpower, use of competent Industrial consultants, Natural Resources Utilization in accordance with good governance principles as well as Technology Procurement by Turnkey Project which is followed by Transfer of Technology to domestic parties.

The main regulatory points in this Government Regulation cover development of Industrial Manpower and use of Industrial consultants, utilization of and ensuring on the availability of Natural Resources, procurement and utilization of technology by turnkey project as well as underwriting of risks on the utilization of technology resulting from domestic Research and Development.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Section (1)

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The term “managerial knowledge” means knowledge which relates to the management/governance of an Industrial Company and/or an Industrial Estate Company in accordance with their respective level of position, among others on the organizational structure and the standard operating procedures of a company.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 5

Sufficiently clear.

Article 6

Section (1)

The term “teaching factory” means a production facility that is operated based on actual working procedures and standards to manufacture products which accord with actual Industrial conditions and that is not profit-oriented in nature.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

The term “related ministers” among others refers to ministers administering government affairs in the fields of:

- a. education and cultures; and
- b. manpower.

Article 7

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Section (7)

Sufficiently clear.

Section (8)

Sufficiently clear.

Section (9)

The term “related ministers” among others refers to ministers administering government affairs in the fields of

- a. education and culture; and
- b. manpower.

Section (10)

Sufficiently clear.

Section (11)

Sufficiently clear.

Article 8

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The term “facilitate” among others refers to the provision of information on the need for Industrial Manpower competency, preparation of curriculums on industrial vocational education and trainings, conducting of industrial internships, placement of graduates and/or granting of scholarship assistance.

Article 9

Section (1)

The term “Industrial Manpower candidates” includes students, university students and/or trainees in trainings.

Section (2)

Sufficiently clear.

Section (3)

The term “facilities” means, among others, in-house trainers.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Section (6)

The term “facilitate” includes, among others, to provide information to Industrial Companies and Industrial Estate Companies on venues for the conducting of apprenticeships as well as to encourage Industrial Companies and Industrial Estate Companies to engage in the apprenticeships of Industrial Manpower candidates and Industrial Manpower.

Section (7)

Incentives to Industrial Companies and/or Industrial Estate Companies which engage in apprenticeships are granted in compliance with the provisions as regulated under the legislation.

Section (8)

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Section (1)

The purpose behind the mandatory imposition of SKKNI is to enhance and increase the national competitiveness of Industrial Manpower and resulting products.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 13

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The term “National Professional Certification Board” means an independent institution which has the duty of conducting Competency Certification, and is established by virtue of a Government Regulation.

Section (4)

Sufficiently clear.

Section (5)

The term “facilitate” means, among others, to encourage Industrial business actors to conduct Competency Certification for Industrial Manpower and to make available budget/funds for the conducting of such certification for Industrial Manpower.

Article 14

Sufficiently clear.

Article 15

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Point a

Sufficiently clear.

Point b

The term “competency certificate” means written evidence which certifies that an individual has mastered certain Working Competency in accordance with SKKNI. A competency certificate is issued by LSP which has already obtained a license from the National Professional Certification Board.

Article 16

Sufficiently clear.

Article 17

Sufficiently clear.

Article 18

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Sufficiently clear.

Article 23

Sufficiently clear.

Article 24

Section (1)

Sufficiently clear.

Section (2)

The term “related ministers” among others refers to ministers administering government affairs in the fields of:

- a. energy and mineral resources;
- b. maritime and fisheries; and
- c. agriculture.

Section (3)

The term “business sector” means trade and industrial chambers of commerce and related Industrial associations.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Section (1)

Point a

Sufficiently clear.

Point b

The provision of infrastructure for Natural Resources Distribution is adjusted with the form, type and type specifications of the Natural Resources as well as meets the

aspects of security, safety, health and preservation of environmental functions.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

The term “policies which support the stability of Natural Resources Distribution” means, among others, the prioritizing of Natural Resources for Industries which can contribute more to the national economy.

Point f

Sufficiently clear.

Section (2)

The term “related ministers” among others refers to ministers administering government affairs in the fields of:

- a. energy and mineral resources;
- b. maritime and fisheries; and
- c. agriculture.

Article 28

Sufficiently clear.

Article 29

Section (1)

The term “related ministers” among others refers to ministers administering government affairs in the fields of :

- a. energy and mineral resources;
- b. maritime and fisheries; and
- c. agriculture.

Section (2)

Sufficiently clear.

Section (3)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Included in the meaning of national interests is, among others, the ensuring of fulfillment of domestic needs.

Section (4)

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Section (1)

Sufficiently clear.

Section (2)

The term “certain conditions” means a condition whereby the need for Industrial development is crucial while the relevant technology is not yet mastered in terms of design, engineering, procurement and construction.

Section (3)

The term “related ministers” among others refers to ministers administering government affairs in the fields of:

- a. research and technology; and
- b. finance.

Section (4)

Point a

Sufficiently clear.

Point b

The term “form” means a method or mechanism for the transfer of technology by licensing, trainings and supervision in accordance with an agreement between a Technology User and a technology provider.

Article 33

Section (1)

The term “domestic parties” means recipients/users/Technology Users by domestic turnkey projects.

Section (2)

Sufficiently clear.

Article 34

Section (1)

The Underwriting of Risks means the efforts and commitment of the Central Government to mitigate risks on Industrial Technology Utilization.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 35

Point a

The term “enhancing the competitiveness of the national Industry” means the improvement of Industrial capabilities in facing both domestic and international markets, namely by increasing the efficiency, effectiveness and productivity as well as the merits of national Industrial products.

Point b

The term “self-reliance of domestic Industries” means the ability to master technology by domestic Industries in efforts to reduce dependency on imported technology and encourage the strengthening and deepening of national Industrial structure.

Point c

The term “preservation of environmental functions” includes the utilization of technology to make the use of Raw Materials and energy more efficient as well as to minimize and utilize waste.

Article 36

Section (1)

Sufficiently clear.

Section (2)

The Underwriting of Risks on the Industrial Technology Utilization is among others provided in the form of Guarantee.

The purpose of Guarantee as an underwriting scheme is to allow a Technology Provider to achieve the agreed level of performance.

Section (3)

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The term “coordinate” means, among others, coordination in relation to technology and budgeting. The term “related ministers” among others refers to ministers administering government affairs in the fields of:

- a. research and technology; and
- b. finance.

Section (4)

Sufficiently clear.

Article 39

Section (1)

The term “other legal sources” means grants or non-binding support.

Section (2)

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Sufficiently clear.

Article 42

Section (1)

Sufficiently clear.

Section (2)

Point a

A complaint-based report may be filed by a member of the community, whether an individual or a group, or by an institution, to the Minister, a governor or a regent/mayor.

Point b

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.

Article 46

Sufficiently clear.

Article 47

Sufficiently clear.

Article 48

Sufficiently clear.

Article 49

Sufficiently clear.

Article 50

Sufficiently clear.

Article 51

The term “related ministers” among others refers to ministers administering government affairs in the fields of:

- a. research and technology; and
- b. finance.

Article 52

Sufficiently clear.

Article 53

Sufficiently clear.

Article 54

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The phrase “actions by the Central Government in accordance with the matters agreed” among others includes the waiving of payment obligation of the Central Government to the technology provider and the assignment of assets from the technology provider to the Central Government.

Article 55

Sufficiently clear.