

REGULATION OF THE GOVERNMENT OF
THE REPUBLIC OF INDONESIA
NUMBER 29 OF 2018
ON
INDUSTRIAL EMPOWERMENT

BY THE BLESSINGS OF ALMIGHTY GOD

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : that to implement the provisions of Article 76, Article 83, Article 84 section (9), Article 86 section (3), Article 90 and Article 95 of Law Number 3 of 2014 on Industrial Affairs, it is necessary to issue a Government Regulation on Industrial Empowerment;

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 EMPOWERMENT.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Government Regulation:

1. Industrial Affairs means the order of and all activities pertaining to Industrial activities.
2. 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.
3. Industrial Empowerment means planned, directed, and measurable policies and efforts of the Central Government and Local Governments to enable and make self-reliant Industrial actors in enhancing competitiveness in a participative manner.
4. Small-Sized Industry and Medium-Sized Industry (*Industri Kecil dan Industri Menengah*), hereinafter referred to as IKM, means any Industrial Company which business scale has been stipulated by the Minister based on its number of manpower and investment value as Small-Sized Industry and Medium-Sized Industry.
5. Green Industry means any Industry with a production process which places priority on efforts of efficiency and effectiveness in the sustainable utilization of resources so as to enable harmonization between Industrial development and the preservation of environmental functions and accord benefits to the community.
6. Strategic Industry means any Industry which is significant to the state and controls the life necessities of the people, increases or yields added value to strategic natural resources, or is related to the interests of state defense and security for the fulfillment of duties of the state government.
7. Base Material means any raw materials, semi-finished Goods or finished Goods which may be processed to become semi-finished Goods or finished Goods of higher economic value.

8. IKM Center means any group of IKM within one location/place consisting of at least 5 (five) business units which produces products of the same type, utilizes Base Materials of the same type, and/or engages in the same production process.
9. Partnership means cooperation in business activities amongst IKM or between IKM and large Industries and/or other economic sectors which is based on the principles of mutual need and mutual benefit.
10. Technical Service Unit means a working unit at a ministry administering government affairs in the field of Industry that is managed professionally under the non-profit principle and has the duties and functions of providing services to any IKM company or business actor for the purposes of fostering and developing IKM, including growing new business actors or entrepreneurs.
11. Field Advisor (*Tenaga Penyuluh Lapangan*), hereinafter referred to as TPL, means an individual with certain skills who is assigned based on an employment agreement or based on appointment as a permanent employee with functions as facilitator, motivator, communicator, initiator, and dynamist to provide guidance on and support in business development and to overcome issues faced by IKM business actors.
12. IKM Consultant means an individual or a group that has a competency certificate and is registered with a ministry administering government affairs in the field of Industry to provide IKM consultation Services.
13. Apprenticeship means activities of learning and training in which an IKM and an IKM supervisor take part, as implemented in a more advanced company, institution or educational institution within a certain period to enhance knowledge, expertise, skills, and insight.
14. Assistance means any supervisory activity to help improve technical and managerial skills of an IKM company that is conducted on a continuing basis within a certain period.

15. Industrial Entrepreneur Incubator means an intermediation institution which conducts an incubation process on incubation participants (tenants) in the field of Industry.
16. Industrial Company means any individual or corporation which conducts Industrial business activities and is domiciled in Indonesia.
17. Industrial Type means part of an Industrial branch which has the same particular characteristics and/or are end products in the production process, as stipulated pursuant to their classifications in the Indonesian standard classification.
18. Green Industry Standards means standards to realize the Green Industry as stipulated by the Minister.
19. Green Industry Certification means a series of activities for the issuance of certificates to Industrial Companies in complying with the Green Industry Standards.
20. Green Industry Certificate means an acknowledgment granted by a Green Industry Certification institution to declare that an Industrial Company has complied with the Green Industry Standards.
21. Domestic Product means any Goods and Services, including design and engineering, that are produced or worked on by a company which conducts investments and production in Indonesia, which manpower wholly or partly consists of Indonesian citizens, and which production process utilizes Base Materials or components wholly or partly sourced domestically.
22. Goods means any goods, either tangible or intangible, movable or immovable, which is to be utilized or traded by its user.
23. Services means any work service conducted by a service provider which covers construction services, including integrated construction services, consultation services and other services.
24. National Contribution Value (*Tingkat Komponen Dalam Negeri*), hereinafter referred to as TKDN, means any

amount of contribution within the state in any Goods, Services and combination of Goods and Services.

25. Corporate Contribution Value means a value of appreciation that is granted to an Industrial Company which conducts investments and production in Indonesia.
26. Verification means any activities of calculating TKDN value of Goods/Services and Corporate Contribution Value based on data retrieved or collected from the business activities of producers of Goods, Service companies, or providers of combination of Goods and Services.
27. Price Preference means a price adjustment value to an offering price during the process of final evaluation price in a procurement of Goods/Services.
28. International Cooperation in Industry means a form of cooperation relations which is conducted on a state crossborder basis for national Industry development by the Central Government, enterprises, community organizations or Indonesian citizens.
29. Global Supply Chain means a system of any organization, person, activity, information and resources which is used in producing and distributing products of Goods and Services from suppliers to customers on a global basis.
30. Official Undertaking Industrial Affairs Overseas means any official in Industrial Affair from a ministry administering government affairs in the field of Industry who is placed and assigned overseas.
31. Central Government means the President of the Republic of Indonesia who holds government powers in the Republic of Indonesia and is assisted by the Vice President and ministers as referred to in the 1945 Constitution of the Republic of Indonesia.
32. Regional Government means head of a region as an executive element of local governance that leads the execution of government affairs which form the authority of an autonomous region.
33. Minister means a minister administering government affairs in the field of Industry.

Article 2

The regulatory scope of this Government Regulation covers:

- a. Strengthening of institutional capacities and granting of facilities to IKM;
- b. the Green Industry;
- c. Strategic Industries;
- d. increase in Domestic Products utilization; and
- e. International Cooperation in Industry.

CHAPTER II

STRENGTHENING OF INSTITUTIONAL CAPACITIES AND
GRANTING OF FACILITIES TO SMALL-SIZED AND MEDIUM-
SIZED INDUSTRIES

Part One

General

Article 3

- (1) The Central Government and/or Local Governments conduct the development and empowerment of IKM to realize IKM which are:
 - a. competitive;
 - b. play a significant role in the strengthening of national Industrial structure;
 - c. play a role in poverty eradication by expanding employment opportunities; and
 - d. produce Industrial Goods and/or Services for export purposes.
- (2) To realize IKM as referred to in section (1), the following is conducted:
 - a. formulation and stipulation of policies;
 - b. strengthening of institutional capacities; and
 - c. granting of facilities.
- (3) The strengthening of institutional capacities as referred to in section (2) point b and the granting of facilities as referred to in section (2) point c refer to the policies as referred to in section (2) point a.

Part Two
Strengthening of Institutional Capacities

Article 4

The strengthening of institutional capacities as referred to in Article 3 section (2) point b is at least conducted by:

- a. enhancement of capabilities of IKM Centers, Technical Service Units, TPL and IKM Consultants; and
- b. cooperation with educational institutions, research and development institutions as well as Industrial associations and associations of related professions.

Article 5

- (1) The enhancement of capabilities of IKM Centers as referred to in Article 4 point a is at least conducted by way of:
 - a. developing IKM Centers;
 - b. facilitating management formation;
 - c. enhancing capabilities in business activities; and
 - d. establishing Technical Service Units.
- (2) Provisions regarding procedures for the establishment of Technical Service Units as referred to in section (1) point d are regulated in a Ministerial Regulation.

Article 6

- (1) The enhancement of capabilities of Technical Service Units as referred to in Article 4 point a is conducted by way of:
 - a. optimization and/or restructuring of machinery/equipment;
 - b. development of organizations and work procedures of Technical Service Units;
 - c. increase of human resources; and/or
 - d. expansion of employment networks.
- (2) Provisions regarding the development of organizations and work procedures of Technical Service Units as referred to in section (1) point b are regulated in a Ministerial Regulation.

Article 7

- (1) The enhancement of capabilities of TPL and IKM Consultants as referred to in Article 4 point a is conducted by way of:
 - a. education and training;
 - b. Apprenticeship; and/or
 - c. competency certification.
- (2) Provisions regarding procedures for the education and training, Apprenticeship and competency certification as referred to in section (1) are regulated in a Ministerial Regulation.

Article 8

- (1) In the event that the number of TPL or IKM Consultants for a region is insufficient, the Central Government and/or Local Governments may undertake the recruitment of TPL or IKM Consultants from other regions.
- (2) Further provisions regarding the recruitment of TPL and IKM Consultants as referred to in section (1) are regulated in a Ministerial Regulation.

Article 9

- Cooperation with educational institutions as referred to in Article 4 point b is conducted by at least covering:
- a. education and training;
 - b. establishment of Industrial Entrepreneur Incubators;
 - c. market surveys and researches; and/or
 - d. utilization of research results.

Article 10

- (1) Cooperation with research and development institutions as referred to in Article 4 point b is conducted by at least covering:
 - a. identification of technical and managerial matters;
 - b. identification of machinery and equipment needs;
 - c. development of designs and products;
 - d. utilization of laboratories;

- e. market surveys and researches;
 - f. utilization of research results; and/or
 - g. competency certification.
- (2) The research and development institutions as referred to in section (1) are accredited research and development institutions.

Article 11

- (1) Cooperation with Industrial associations as referred to in Article 4 point b is conducted by at least covering:
- a. development of markets for IKM Center products;
 - b. transfer of technology to IKM and Technical Service Units;
 - c. human resources development;
 - d. Apprenticeship;
 - e. Assistance to IKM Centers and Technical Service Units; and/or
 - f. opening of access to sources of Base Materials for IKM Centers.
- (2) The Industrial associations as referred to in section (1) are associations that have deeds of establishment and articles of association as drawn up by or before a notary.

Article 12

- (1) Cooperation with professional associations as referred to in Article 4 point b is conducted by at least covering:
- a. transfer of technology to IKM Centers and Technical Service Units;
 - b. human resources development;
 - c. surveys and researches; and/or
 - d. Assistance to IKM Centers and Technical Service Units.
- (2) The professional associations as referred to in section (1) are associations that have deeds of establishments and articles of association as drawn up by or before a notary.

Part Three
Granting of Facilities
Article 13

The granting of facilities as referred to in Article 3 section (2) point c is conducted in the form of:

- a. enhancement of human resources competency and competency certification;
- b. technical assistance and guidance;
- c. assistance in Base Materials and auxiliary materials;
- d. assistance in machinery or equipment;
- e. product development;
- f. assistance in the prevention of environmental pollution to realize the Green Industry;
- g. assistance in market information, promotion and marketing;
- h. access to financing, including provision of initial capital for new entrepreneurs;
- i. provision of industrial estates for IKM that have the potential of polluting the environment; and/or
- j. development, strengthening of linkages and Partnership relations between Small-Sized Industries and Medium-Sized Industries, Small-Sized Industries and Large-Sized Industries, Medium-Sized Industries and Large-Sized Industries as well as between IKM and other economic sectors under the principle of mutual benefit.

Article 14

- (1) The granting of facility in the form of enhancement of human resources competency as referred to in Article 13 point a is conducted by the undertaking of education and training.
- (2) The education and training as referred to in section (1) are conducted based on the needs, targets, and objectives of learning.
- (3) Education and training cover technical education and training as well as managerial education and training.

- (4) Education and training are undertaken by the Central Government and Local Governments and/or in cooperation with accredited educational institutions.
- (5) Costs for education and training are derived from the state budget, regional budget and/or other valid and non-binding sources of funding.
- (6) Further provisions regarding procedures for the undertaking of enhancement of human resources competency are regulated in a Ministerial Regulation.

Article 15

- (1) The granting of facility in the form of competency certification as referred to in Article 13 point a is conducted by facilitating IKM business actors and/or manpower in undergoing competence assessments in accordance with their respective fields of work and duties.
- (2) Competence assessments in accordance with their respective fields of work and duties as referred to in section (1) are conducted based on Indonesian national work competency standards.
- (3) The granting of the facility as referred to in section (1) is in the form of financial support to undergo competence assessments.
- (4) The competence assessments as referred to in section (2) are conducted by professional certification institutions that already acquired licensing from the National Professional Certification Board.
- (5) The financial support as referred to in section (3) is derived from the state budget, regional budget and/or other valid and non-binding sources of funding.
- (6) Provisions regarding requirements and procedures for the granting of financial support to undergo competence assessments are regulated in a Ministerial Regulation.

Article 16

- (1) The granting of facility of technical assistance and guidance as referred to in Article 13 point b is conducted by way of Apprenticeship and Assistance.

- (2) The granting of the facility as referred to in section (1) is granted to IKM business actors and/or manpower.
- (3) Costs for the Apprenticeship and Assistance as referred to in section (1) are derived from the state budget, regional budget and/or other valid and non-binding sources of funding.

Article 17

- (1) The Apprenticeship as referred to in Article 16 section (1) is conducted by way of placing IKM business actors and/or manpower in more advanced Technical Service Units and/or Industrial Companies.
- (2) The Apprenticeship as referred to in section (1) covers:
 - a. business management;
 - b. mastery of technology;
 - c. production process and layout of machinery/equipment;
 - d. quality system and quality standards;
 - e. product design; and/or
 - f. packaging design.
- (3) The Apprenticeship as referred to in section (1) is conducted in accordance with the needs of IKM business actors and/or manpower.
- (4) Further provisions regarding requirements and procedures for the undertaking of Apprenticeship are regulated in a Ministerial Regulation.

Article 18

- (1) The Assistance as referred to in Article 16 section (1) is conducted by way of placing experts, TPL, and/or IKM Consultants in IKM business units and/or IKM Centers.
- (2) The Assistance as referred to in section (1) covers:
 - a. business management;
 - b. mastery of technology;
 - c. production process and layout of machinery/equipment;
 - d. quality system and quality standards;

- e. product design;
 - f. packaging design; and/or
 - g. intellectual property rights.
- (3) Further provisions regarding requirements and procedures for the undertaking of Assistance are regulated in a Ministerial Regulation.

Article 19

- (1) The granting of facility of assistance in Base Materials and auxiliary materials as referred to in Article 13 point c is conducted:
- a. based on scheme for the provision of Base Materials and auxiliary materials;
 - b. by service units for Base Materials and auxiliary materials; and/or
 - c. by introducing the utilization of alternative Base Materials and auxiliary materials.
- (2) Other than the granting of the facility as referred to in section (1), support in Base Materials and auxiliary materials may also be granted directly to Small-Sized Industries.
- (3) The granting of the facility as referred to in section (1) and section (2) may be granted to IKM which are encountering obstacles and issues with regard to amounts, quality or sustainability in the procurement of Base Materials and auxiliary materials.
- (4) Costs for the granting of the facility as referred to in section (1) and section (2) are derived from the state budget, regional budget and/or other valid and non-binding sources of funding.

Article 20

- (1) The granting of facility based on scheme for the provision of Base Materials and auxiliary materials as referred to in Article 19 section (1) point a is conducted by cooperation in the provision of Base Materials of the Central Government and/or Local Governments with providers of Base Materials and IKM.

- (2) Further provisions regarding the granting of the facility based on scheme for the provision of Base Materials and auxiliary materials are regulated in a Ministerial Regulation.

Article 21

- (1) The Central Government and/or Local Governments establish and manage service units for Base Materials and auxiliary materials as referred to in Article 19 section (1) point b.
- (2) Locations of the service units for Base Materials and auxiliary materials as referred to in section (1) are determined by observing the potential of IKM Centers and their development plans.
- (3) The service units for Base Materials and auxiliary materials as referred to in section (1) may conduct preliminary processing for the preparation of Base Materials.
- (4) Further provisions regarding establishment and management of the service units for Base Materials and auxiliary materials as referred to in section (1), section (2) and section (3) are regulated in a Ministerial Regulation.

Article 22

- (1) Introduction on the utilization of alternative Base Materials and auxiliary materials as referred to in Article 19 section (1) point c is conducted by the testing of such alternative Base Materials and auxiliary materials in IKM companies.
- (2) The alternative Base Materials and auxiliary materials as referred to in section (1) are derived from tested results of researches by utilizing both local and national resources.
- (3) Further provisions regarding introduction on the utilization of alternative Base Materials and auxiliary materials as referred to in section (1) and section (2) are regulated in a Ministerial Regulation.

Article 23

- (1) The granting of facility of assistance in machinery or equipment as referred to in Article 13 point d is conducted for the purposes of enhancing productivity as well as product quality and/or variety.
- (2) The granting of the facility of assistance in machinery or equipment as referred to in section (1) is conducted by way of:
 - a. direct granting; or
 - b. discounted prices in purchases of machinery or equipment.
- (3) The facility of assistance in machinery or equipment through direct granting as referred to in section (2) point a is granted to collective business groups of Small-Sized Industries which still utilize equipment with traditional/manual technology.
- (4) The facility of the assistance in machinery or equipment through discounted prices as referred to in section (2) point b may be granted for the current year or the following year.

Article 24

- (1) The Minister, governors, and/or regents/mayors conduct verification on requests for the facility of assistance in machinery and equipment as referred to in Article 23.
- (2) In conducting the verification as referred to in section (1), the Minister, governors, or regents/mayors may appoint or cooperate with independent institutions.
- (3) The independent institutions as referred to in section (2) may be in the form of research and development institutions, universities, and/or other institutions, which competencies are in accordance with the needs.
- (4) Further provisions regarding the granting of the facility of assistance in machinery and equipment as referred to in Article 23 and in section (1), section (2), and section (3) are regulated in a Ministerial Regulation.

Article 25

- (1) The granting of facility of product development as referred to in Article 13 point e is granted to IKM which fall under those prioritized for IKM development for the purposes of product diversification, downstreaming, or standardization.
- (2) The granting of the facility of product development as referred to in section (1) is in the form of:
 - a. assistance in product research and development;
 - b. promotion on transfer of technology;
 - c. assistance in product design;
 - d. assistance in packaging design;
 - e. making of product prototypes; and/or
 - f. market testing.
- (3) Other than the facility as referred to in section (2), Small-Sized Industries may be granted the following facilities:
 - a. provision of consultations, guidance, advocacy and protection of intellectual property rights; and/or
 - b. assistance in guidance on National Standards and/or other guidelines.
- (4) The granting of the facilities as referred to in section (2) and section (3) is conducted by cooperation with research and development institutions, product certification institutions, or other institutions.
- (5) The cooperation as referred to in section (4) is funded by the Central Government, Local Governments and/or other institutions either individually or jointly with IKM companies.
- (6) Provisions regarding criteria and procedures for the granting of the facility of product development are regulated in a Ministerial Regulation.

Article 26

- (1) The granting of facility of assistance in the prevention of environmental pollution to realize the Green Industry as referred to in Article 13 point f is conducted by way of:

- a. assistance in the preparation of environmental management efforts, environmental monitoring efforts, and letters of statement on willingness to undertake environmental management and monitoring;
 - b. guidance on and provision of information on the practice of environmentally-friendly production;
 - c. undertaking of collective waste water management; and/or
 - d. Green Industry Certification.
- (2) The facility of assistance in the prevention of environmental pollution to realize the Green Industry as referred to in section (1) is granted to IKM which have the potential of invoking environmental pollution.
- (3) Assistance in the preparation of environmental management efforts, environmental monitoring efforts and letters of statement on willingness to undertake environmental management and monitoring as referred to in section (1) point a as well as in the guidance on and provision of information on the practice of environmentally-friendly production as referred to in section (1) point b is implemented by cooperation with research and development institutions, environmental consultants or other experts which have competency in the practice of environmentally-friendly production and the Green Industry.
- (4) The undertaking of collective waste water management as referred to in section (1) point c is implemented by Regency/Municipal Governments.
- (5) The Central Government or Provincial Governments may assist Regency/Municipal Governments in undertaking collective waste water management as referred to in section (4) based on the requests of Regency/Municipal Governments.
- (6) The Minister stipulates IKM which have the potential of invoking environmental pollution as referred to in section (2).

Article 27

- (1) The granting of the facility of assistance in market information, promotion, and marketing as referred to in Article 13 point g is conducted by way of:
 - a. provision of data and/or information on market opportunities;
 - b. provision of promotional facilities and participation in exhibitions and other promotional forums;
 - c. business meetings; and/or
 - d. innovative and creative product competitions.
- (2) Further provisions regarding the granting of the facility of in market information, promotion, and marketing as referred to in section (1) are regulated in a Ministerial Regulation.

Article 28

The granting of facility of financing access as referred to in Article 13 point h is conducted by way of:

- a. provision of information on financing schemes; and
- b. preparation of business feasibility studies.

Article 29

- (1) The granting of the facility of initial capital provision for new entrepreneurs as referred to in Article 13 point h is intended to provide the opportunity to commence business activities.
- (2) The granting of the facility as referred to in section (1) is granted for a maximum 1 (one) time by way of:
 - a. investments in the form of machinery, equipment and/or production technology, including software; and/or
 - b. working capital in the form of Base Materials, auxiliary materials and/or lease of business premises for not later than 3 (three) years.
- (3) The granting of the facility of the provision of initial capital for new entrepreneurs as referred to in section (1) is granted to new entrepreneurs in any Small-Sized Industry

which are participants in programs of the Central Government and/or Local Governments.

- (4) A new entrepreneur in any Small-Sized Industry intending to obtain the facility of initial capital provision must submit an application by attaching a business plan.
- (5) The Central Government and/or Local Governments assign an expert team to conduct an evaluation on the business plan and to provide a recommendation on the needs and the amount of initial capital required.
- (6) Provisions regarding programs of the Central Government and Local Governments to grow new entrepreneurs in Small-Sized Industries as well as on the determination of criteria and of amounts, procedures and manners for the granting of initial capital to new entrepreneurs are stipulated by the Minister, governors and regents/mayors.

Article 30

- (1) The granting of facility of industrial estates provision for IKM that have the potential of polluting the environment as referred to in Article 13 point i is conducted by way of:
 - a. relocation of IKM that have the potential of invoking environmental pollution to existing industrial estates; and/or
 - b. establishment of industrial estates for IKM that have the potential of invoking environmental pollution.
- (2) The relocation of IKM that have the potential of invoking environmental pollution to industrial estates as referred to in section (1) point a is conducted by Regency/Municipal Governments.
- (3) The establishment of industrial estates as referred to in section (1) point b is implemented in accordance with the provisions of the legislation.

Article 31

- (1) The granting of facilities of development, strengthening of linkages, and Partnership relations between Small-Sized Industries and Medium-Sized Industries, Small-Sized

Industries and Large-Sized Industries, and Medium-Sized Industries and Large-Sized Industries as well as between IKM and other economic sectors under the principle of mutual benefit as referred to in Article 13 point j is conducted by way of:

- a. business meeting activities;
- b. assistance in the preparation of proposals, contracts, and/or profiles; and
- c. other facilities required to engage in Partnership relations in accordance with the provisions of the legislation.

CHAPTER III GREEN INDUSTRY

Part One Green Industry Standardization

Article 32

Green Industry Standardization consists of:

- a. Green Industry Standards; and
- b. Green Industry Certification.

Article 33

The Green Industry Standards as referred to in Article 32 point a at least contain provisions on:

- a. Base Materials, auxiliary materials, and energy;
- b. production process;
- c. products;
- d. exploitation management; and
- e. waste management.

Article 34

- (1) Base Materials and auxiliary materials as referred to in Article 33 point a must be utilized efficiently and effectively by putting the effort to utilize renewable Base Materials and auxiliary materials.

- (2) The energy as referred to in Article 33 point a must be utilized efficiently and effectively by putting the effort to utilize new and renewable energy.
- (3) The production process as referred to in Article 33 point b is conducted by optimizing production process performance.
- (4) The products as referred to in Article 33 point c must comply with quality requirements, including in their packaging.
- (5) The exploitation management as referred to in Article 33 point d must adopt prevailing exploitation management systems.
- (6) The waste management as referred to in Article 33 point e must utilize effective technology to comply with provisions on environmental quality standards.

Article 35

- (1) The Minister prepares the Green Industry Standards as referred to in Article 33 based on Industrial Types pursuant to the Indonesian standard classification.
- (2) The preparation of the Green Industry Standards as referred to in section (1) is conducted by coordinating with related ministries and/or non-ministerial government institutions, Industrial associations, Industrial Companies, and/or related institutions.
- (3) The preparation of the Green Industry Standards as referred to in section (1) and section (2) is conducted based on guidelines stipulated by the Minister.

Article 36

- (1) Gradual application of the Green Industry Standards as referred to in Article 33 may be imposed on a mandatory basis.
- (2) The mandatory imposition of the Green Industry Standards as referred to in section (1) is conducted by considering:
 - a. availability of natural resources; and/or
 - b. environmental supporting capacity.

- (3) The mandatory imposition of the Green Industry Standards as referred to in section (1) is stipulated by the Minister.

Article 37

Any Industrial Company that has complied with the Green Industry Standards is granted Green Industry Certification.

Article 38

- (1) The Green Industry Certification as referred to in Article 32 point b is conducted by a series of examination and testing processes by a Green Industry Certification institution which is accredited and appointed by the Minister.
- (2) The Green Industry Certification institution is accredited by the National Accreditation Committee.
- (3) In the event an accredited Green Industry Certification institution as referred to in section (2) is not yet in place, the Minister may appoint a Green Industry Certification institution.
- (4) The Minister conducts supervision on the appointed Green Industry Certification institution as referred to in section (3).

Article 39

- (1) The examinations and testings conducted by the Green Industry Certification institution as referred to in Article 38 are implemented by Green Industry auditors.
- (2) A Green Industry auditor as referred to in section (1) is obligated to have a Green Industry auditor competency certification.
- (3) Further provisions regarding the Green Industry auditor competency as referred to in section (2) are regulated in a Ministerial Regulation.

Article 40

- (1) The Minister conducts supervision on the application of mandatorily imposed Green Industry Standards.

- (2) In conducting the supervision as referred to in section (1), the Minister appoints Green Industry Certification supervising officials and/or institutions.
- (3) Further provisions regarding the supervision on the application of mandatorily imposed Green Industry Standards as referred to in section (1) are regulated in a Ministerial Regulation.

Part Two
Green Industry Facilities

Article 41

The Central Government and Local Governments may grant facilities to Industrial Companies that conduct efforts to realize the Green Industry.

Article 42

- (1) The facilities as referred to in Article 41 are in the form of fiscal facilities and non-fiscal facilities.
- (2) The fiscal facilities as referred to in section (1) are granted in accordance with the provisions of the legislation.
- (3) The non-fiscal facilities as referred to in section (1) may be in the form of:
 - a. training on the enhancement of knowledge and skills of Industrial human resources in applying the Green Industry.
 - b. delegation of production rights over a technology, which patent licenses are held by the Central Government and/or Local Governments;
 - c. fostering of safety and/or securing of operational activities in the Industrial sector for the sustainability or continuity of logistic and/or production activities for Industrial Companies that are national vital objects and own Green Industry Certificates; and/or
 - d. provision of assistance in the promotion of production yields.

- (4) In certain cases, the Minister may stipulate non-fiscal facilities in forms other than those referred to in section (3).

Part Three
Utilization of Green Industry Products

Article 43

The Central Government and Local Governments prioritize on the utilization of products that have Green Industry Certificates.

CHAPTER IV
STRATEGIC INDUSTRIES

Part One
General

Article 44

- (1) Strategic Industries consist of Industries that:
- a. meet needs which are important to the welfare of the people or which control their life necessities;
 - b. increase or yield added value to strategic natural resources; and/or
 - c. correlate with the interests of state defense and security.
- (2) The Strategic Industries as referred to in section (1) are controlled by the State.
- (3) The control as referred to in section (2) is conducted by:
- a. ownership arrangements;
 - b. policy stipulation;
 - c. licensing arrangements;
 - d. production, distribution and price arrangements;
and
 - e. supervision.

Part Two
Ownership Arrangements

Article 45

- (1) Ownership of the Strategic Industries as referred to in Article 44 section (3) point a is conducted by the Central Government by:
 - a. full equity participation by the Central Government;
 - b. establishment of joint ventures between the Central Government and the private sector; or
 - c. ownership restrictions for foreign investors.
- (2) Implementation of the equity participation as referred to in section (1) point a is conducted in accordance with the legislation.
- (3) The establishment of joint ventures between the Central Government and the private sector as referred to in section (1) point b is conducted by limiting the shareholding of the Central Government to at least 51% (fifty one percent).

Article 46

- (1) The Minister proposes ownership over the Industries as referred to in Article 44 section (1) point a and point b which are to be stipulated as Strategic Industries.
- (2) Ownership over the Strategic Industries that correlate with the interests of state defense and security as referred to in Article 44 section (1) point c is regulated in accordance with the provisions of the legislation.

Part Three
Policy Stipulation

Article 47

- (1) The policy stipulation as referred to in Article 44 section (3) point b consists of:
 - a. stipulation on Types of Strategic Industries;
 - b. granting of facilities; and
 - c. granting of compensation for damages.

Article 48

- (1) The Minister proposes on the Types of Strategic Industries upon coordinating with related ministers and/or leaders of institutions.
- (2) The Types of Strategic Industries as referred to in section (1) are stipulated in a Presidential Regulation.

Article 49

- (1) The granting of the facilities as referred to in Article 47 point b is conducted by the Central Government for the purposes of establishment and development of Strategic Industries.
- (2) The facilities as referred to in section (1) are granted to Strategic Industries which conduct:
 - a. deepening of structure;
 - b. research and development of technology;
 - c. testing and certification; or
 - d. restructuring of machinery and equipment.
- (3) The facilities as referred to in section (1) are in the form of fiscal facilities and non-fiscal facilities.
- (4) The fiscal facilities as referred to in section (3) are granted in accordance with the provisions of the legislation.
- (5) The non-fiscal facilities as referred to in section (3) may at least be granted in the form of:
 - a. ease in licensing services;
 - b. ease in the acquiring of land/locations; and
 - c. granting of technical assistance.

Article 50

- (1) The granting of compensation for damages as referred to in Article 47 point c is conducted by the Central Government for Strategic Industries.
- (2) The compensation as referred to in section (1) is granted over damages sustained by Strategic Industries pursuant to production, distribution and price arrangements as stipulated by the Central Government.
- (3) The granting of the compensation for damages as referred to in section (1) is granted in the form of margin which is

implemented in accordance with the provisions of the legislation.

Part Four
Production, Distribution, and
Price Arrangements

Article 51

- (1) The production, distribution, and price arrangements as referred to in Article 44 section (3) point d are conducted for the purposes of maintaining national economic stability and national resilience.
- (2) The arrangements as referred to in section (1) are at least conducted by stipulations on production amounts, distributions and product prices.
- (3) The stipulations on production amounts, distributions and product prices as referred to in section (2) are conducted upon:
 - a. Strategic Industrial products which are utilized by the Central Government; or
 - b. products related to needs of the community which are only produced by Strategic Industries.
- (4) The stipulations on production amounts, distributions, and/or product prices as referred to in section (3) are stipulated by the Minister.

Article 52

A Strategic Industrial Company is obligated to report on its plan on and realization of production, needs and stock of Base Materials, distributions, and product prices to the Minister every 6 (six) months and/or at any time required.

Part Five
Supervision

Article 53

- (1) The supervision as referred to in Article 44 section (3) point e is at least conducted by the Minister on:

- a. stipulation of Strategic Industries as national vital objects;
 - b. product distribution.
- (2) The supervision as referred to in section (1) is conducted on ownership status, policy implementation, licensing legality, production activities, distribution, and application of product pricing of Strategic Industries.
- (3) The stipulation of Strategic Industries as national vital objects as referred to in section (1) point a is stipulated by the Minister.

CHAPTER V
INCREASE IN DOMESTIC
PRODUCTS UTILIZATION

Part One

General

Article 54

The increase in Domestic Products utilization is intended to:

- a. empower the domestic Industry; and
- b. strengthen Industrial structure.

Article 55

Users of the Domestic Products as referred to in Article 54 consist of the Central Government, Local Governments, enterprises and the community.

Article 56

The regulatory scope on the increase in Domestic Products utilization covers:

- a. obligation of Domestic Products utilization;
- b. efforts to increase Domestic Products utilization by private enterprises and the community;
- c. TKDN;
- d. team for the increase in Domestic Products utilization;

- e. development and supervision; and
- f. award for Domestic Products utilization.

Part Two

Obligation of Domestic Products Utilization

Article 57

Domestic Products are required to be utilized by users of Domestic Products, as follows:

- a. state institutions, ministries, non-ministerial government institutions, other government institutions, and regional working units in a procurement of Goods/Services if its sources of financing derive from the state budget and regional budget, including domestic or foreign loans or grants; and
- b. state-owned enterprises, other state-owned legal entities, regionally-owned enterprises and private enterprises in a procurement of Goods/Services which:
 - 1. financing is derived from the state budget or regional budget ;
 - 2. work is conducted by any scheme of cooperation of the Central Government and/or Local Governments with enterprises; and/or
 - 3. exploit state-controlled resources.

Article 58

- (1) The obligation of Domestic Products utilization as referred to in Article 57 is conducted at the stages of planning and implementation in a procurement of Goods/Services.
- (2) Any user of Domestic Products as referred to in Article 57 must provide information regarding a plan on the annual need for the Goods/Services to be utilized.
- (3) The plan on the annual need for the Goods/Services as referred to in section (2) covers technical specifications, amounts, prices and implementation of procurement of the Goods/Services.

- (4) The information as referred to in section (2) must be announced through electronic media, printed media, and/or through the national Industrial information system.

Article 59

- (1) Preparation of the plan on the annual need for the Goods/Services as referred to in Article 58 section (3) is conducted by considering the capability of the Domestic Industry pursuant to the list of inventory of Domestic Products as issued by a ministry administering government affairs in the field of Industry.
- (2) Preparation of the plan on the need as referred to in section (1) is conducted by the auditing of technology.
- (3) The auditing of technology as referred to in section (2) is conducted in accordance with the legislation.

Article 60

The procurement of Domestic Products consists of:

- a. procurement of Goods;
- b. procurement of Services; and
- c. procurement of any combination of Goods and Services.

Article 61

- (1) In a procurement of Goods/Services, any user of Domestic Products as referred to in Article 57 is obligated to utilize Domestic Products if the sum of values of their TKDN and Corporate Contribution Value is minimum 40% (forty percent).
- (2) The Domestic Products which are required to be utilized as referred to in section (1) must have TKDN values of at least 25% (twenty five percent).
- (3) The procurement of Goods/Services which comply with the provisions on TKDN and Corporate Contribution Value as referred to in section (1) may be conducted by tender or electronic direct purchasing (e-purchasing) in accordance with the provisions of the legislation.

- (4) The TKDN value and the Corporate Contribution Value as referred to in section (1) refer to the list of inventory of domestically-produced Goods/Services as issued by the Minister.
- (5) The Minister may stipulate limits on minimum TKDN values for certain Industries other than the provisions as referred to in section (2).
- (6) The amounts of TKDN value and Corporate Contribution Value for Domestic Products as delivered by a producer of Goods and/or a provider of Services in a procurement of Domestic Products must be in accordance with those specified in the list of inventory of domestically-produced Goods/Services as referred to in section (4).
- (7) Any Producers of Goods and/or Providers of Services are obligated to ensure that the Domestic Products delivered in the procurement of Domestic Products as referred to in section (6) are domestically produced.

Article 62

- (1) In the preparation of documents on the procurement of Goods/Services, officials for the procurement of Goods/Services are obligated to specify requirements of the Domestic Products that are required to be utilized.
- (2) Officials for the procurement of Goods/Services may seek clarification on the truthfulness of the TKDN values as specified in the list of inventory of domestically-produced Goods/Services to a ministry administering government affairs in the field of Industry.

Article 63

- (1) In the procurement of Services as referred to in Article 60 point b and the procurement of a combination of Goods and Services as referred to in Article 60 point c, the users of Domestic Products as referred to in Article 57 are obligated to involve domestic Service companies.
- (2) The domestic Service Companies as referred to in section (1) are Service-providing state-owned enterprises, other state-owned enterprises, regionally-owned enterprises or

enterprises as established in accordance with the provisions of the legislation and is operating and domiciled within the territory of the Unitary State of the Republic of Indonesia with a shareholding of more than 50% (fifty percent) by state-owned enterprises, regionally-owned enterprises, enterprises wholly-owned by Indonesian citizens, and/or individual Indonesian citizens.

Article 64

- (1) The users of Domestic Products as referred to in Article 57 are obligated to provide Price Preferences for Domestic Products that have TKDN values of more than or equal to 25% (twenty five percent).
- (2) The Price Preference for Domestic Products for Goods is provided for a maximum 25% (twenty five percent).
- (3) The Price Preference for Domestic Products for construction Services as conducted by domestic companies are granted for a maximum 7.5% (seven point five percent) above the lowest offering price of any foreign company.
- (4) Provisions and procedures for the granting of Price Preference are in accordance with those regulated under Presidential Regulation on the Procurement of Government Goods/Services.

Part Three

Efforts for the Increase of Domestic Products Utilization by Private Enterprises and the Community

Article 65

- (1) The Central Government, Local Governments and/or other stakeholders put the effort to have private enterprises and the community increase Domestic Products utilization by:
 - a. promotion and dissemination of Domestic Products;
 - b. early education on love, pride, and fondness in utilizing Domestic Products; and

- c. granting of access to information on Domestic Products.
- (2) The Central Government and/or Local Governments may grant fiscal facilities and/or non-fiscal facilities to private enterprises which utilize Domestic Products.
- (3) The fiscal facilities and/or non-fiscal facilities as referred to in section (2) are granted in accordance with the provisions of the legislation.

Article 66

Further provisions regarding guidelines on the increase in Domestic Products utilization are regulated in a Ministerial Regulation.

Part Four

National Contribution Value

Article 67

- (1) A Domestic Product is determined based on amount of national contribution on any Goods/Services, as indicated by its TKDN value.
- (2) TKDN as referred to in section (1) consists of:
 - a. TKDN for Goods;
 - b. TKDN for Services; and
 - c. TKDN for combination of Goods and Services.
- (3) The TKDN value of Goods as referred to in section (2) point a is calculated based on its production factors, which cover:
 - a. direct ingredients/materials;
 - b. direct manpower; and
 - c. factory overhead.
- (4) The TKDN value of Services as referred to in section (2) point b is calculated based on costs covering:
 - a. manpower;
 - b. working tools/work facilitations; and
 - c. general Services.

- (5) The TKDN value of a combination of Goods and Services as referred to in section (2) point c is calculated based on a combination of the production factors as referred to in section (3) and the costs as referred to in section (4).
- (6) Brainware may be calculated as costs in the calculation of TKDN value.

Article 68

- (1) A producer of Goods and/or a provider of Services may be granted award in the form of Corporate Contribution Value.
- (2) The amount of the Corporate Contribution Value as referred to in section (1) is calculated based on certain determinant factors.
- (3) Provisions regarding the determinant factors as referred to in section (2) are regulated in a Ministerial Regulation.

Article 69

Provisions on and procedures for the calculation of the TKDN value as referred to in Article 67 and the amount of the Corporate Contribution Value as referred to in Article 68 are regulated in a Ministerial Regulation.

Article 70

- (1) Calculations and Verifications on TKDN values and Corporate Contribution values are conducted by TKDN certification by the Minister.
- (2) In conducting the calculations and Verifications on TKDN values and Corporate Contribution values as referred to in section (1), the Minister may appoint independent verification institutions which are competent in their field.
- (3) The verifications as referred to in section (1) are conducted upon producers of Goods, providers of Services or providers of a combination of Goods and Services which have Industrial business permits as issued in accordance with the provisions of the legislation.

- (4) In conducting the calculations of TKDN values and Corporate Contribution values as referred to in section (1), the provisions on and procedures for the calculation of TKDN value and Corporate Contribution Value as referred to in Article 69 are required to be used as reference.
- (5) Results of the calculations and Verifications on TKDN values of Goods and Corporate Contribution Values as referred to in section (3) are validated by officials appointed by the Minister in the form of TKDN certificates.
- (6) TKDN values of Goods and/or Corporate Contribution Values contained in the TKDN certificates as referred to in section (5) are set forth in a list of inventarization of domestically- produced Goods/Services, as issued by a ministry administering government affairs in the field of Industry.
- (7) Further provisions regarding the appointment of independent verification institutions are regulated in a Ministerial Regulation.

Article 71

Any Industrial Company as a producer of Goods sets forth the validated TKDN values of its Goods on their product labels.

Article 72

- (1) Any producer of Goods may conduct self-assessment on TKDN values of Goods and Corporate Contribution Values in accordance with the provisions on and the procedures for the calculation of TKDN value and Corporate Contribution Value as referred to in Article 69.
- (2) The TKDN value of Goods and the Corporate Contribution Value resulting from the self-assessment of any producer of Goods as referred to in section (1) serve as initial considerations for independent verification institutions in calculating the TKDN values of Goods and the Corporate Contribution Values for users of Domestic Products.
- (3) Any provider of Services and/or provider of a combination of Goods and Services may conduct self-assessment on the TKDN values of Services and/or the TKDN values of a

combination of Goods and Services in accordance with the provisions on and the procedures for the calculation of TKDN value and Corporate Contribution Value as referred to in Article 69 for a single activity in tender implementation.

Part Five
Team for the Increase in
Domestic Products Utilization

Article 73

- (1) For the purposes of implementing the increase in Domestic Products utilization, the Central Government established National Team for the Increase in Domestic Products Utilization (*Tim Nasional Peningkatan Penggunaan Produk Dalam Negeri*) which is hereinafter referred to as the P3DN National Team.
- (2) The P3DN National Team as referred to in section (1) is stipulated in a Presidential Decree.
- (3) To support the P3DN National Team, P3DN working units are established under the Minister.

Article 74

- (1) To optimize Domestic Products utilization, P3DN Teams are established for any user of Domestic Products as referred to in Article 57 which comprise of representatives from the element of the Central Government or Local Governments and the element of the business sector.
- (2) The duties of the P3DN Teams as referred to in section (1) are:
 - a. to conduct coordination, supervision and evaluation on the implementation of increase in Domestic Products utilization in their respective environments;
 - b. to provide final opinions regarding any issues on the truthfulness of a TKDN value between a producer of Goods or a provider of Services and a team for the procurement of Goods/Services; and

- c. to conduct other duties related to Domestic Products utilization.
- (3) Further provisions regarding the establishment of the P3DN Teams as referred to in section (1) are regulated in a Ministerial Regulation.

Part Six

Guidance and Supervision

Article 75

- (1) The Minister conducts guidance for producers of Goods and/or providers of Services to enable them to fulfill plans on needs for Domestic Products utilization by the users of Domestic Products as referred to in Article 57.
- (2) To conduct the guidance as referred to in section (1), the Minister prepares a plan regarding the development of increase in TKDN values of priority products to be developed.
- (3) Implementation of the guidance as referred to in section (1) is conducted by working units under the Minister in accordance with their duties and functions.
- (4) The Central Government may grant facilities which are at least in the form of:
 - a. Price preferences and administrative ease in the procurement of Goods/Services; and
 - b. TKDN certifications.

Article 76

- (1) Supervision on the implementation of increase in Domestic Products utilization is conducted by Government Internal Supervisory Apparatus as well as internal supervisory officials and the P3DN Teams as referred to in Article 74 section (1) in accordance with their respective authorities.
- (2) The supervision as referred to in section (1) is conducted to ascertain the fulfillment of and compliance with the implementation of increase in Domestic Products utilization, including the commitment consistency of users of Domestic Products and/or producers of Goods and/or

providers of Services in increasing Domestic Products utilization.

- (3) Any producer of Goods and/or any provider of Services as referred to in section (2) may be imposed with sanctions if:
 - a. it has made and/or submitted incorrect documents and/or other statements in relation to a TKDN value; and/or
 - b. any inconsistency is found in the procurement of domestic Goods/Services based on examination results.

Part Seven

Awards

Article 77

- (1) The Government grants awards to the users of Domestic Products as referred to in Article 57.
- (2) Provisions regarding procedures for the granting of awards on Domestic Products utilization are regulated in a Ministerial Regulation.

CHAPTER VI

INTERNATIONAL COOPERATION IN INDUSTRY

Part One

General

Article 78

International Cooperation in Industry is intended for:

- a. opening of access to, and development of, International markets;
- b. opening of access to Industrial resources;
- c. utilization of Global Supply Chain networks as sources for increase in Industrial productivity; and
- d. increase in investments.

Article 79

The regulatory scope of International Cooperation in Industry covers:

- a. facilitations in International Cooperation in Industry;
- b. Officials Undertaking Industrial Affairs Overseas;
- c. guidance on, development and supervision of international cooperation.

Part Two

Facilitations in International
Cooperation in Industry

Article 80

- (1) For the purposes of Industrial development, the Central Government conducts International Cooperation in Industry.
- (2) In conducting International Cooperation in Industry as referred to in section (1), the Central Government may:
 - a. prepare strategic plans;
 - b. stipulate Industrial salvaging measures; and/or
 - c. grant facilities.

Article 81

- (1) The strategic plans as referred to in Article 80 section (2) point a are prepared with due observance of the Master Plan for National Industrial Development.
- (2) The strategic plans as referred to in section (1) at least cover:
 - a. targets of international cooperation;
 - b. scope of international cooperation;
 - c. strategies of International Cooperation in Industry;
 - d. action plan for International Cooperation in Industry.
- (3) The strategic plans as referred to in section (1) are prepared for a period of 20 (twenty) years and may be reviewed every 5 (five) years.

Article 82

- (1) The strategic plans as referred to in Article 80 section (2) point a are prepared by the Minister.
- (2) In preparing the strategic plans as referred to in section (1), the Minister may coordinate with related ministers and consider input from related stakeholders.
- (3) The strategic plans as referred to in section (1) are stipulated in a Ministerial Regulation.
- (4) Further provisions regarding procedures for the preparation of the strategic plans as referred to in section (1) are regulated in a Ministerial Regulation.

Article 83

- (1) The Central Government stipulates the Industrial salvaging measures as referred to in Article 80 section (2) point b, if International Cooperation in Industry has the potential of causing injury to or endangering Industrial interests.
- (2) The potential of causing injury to or endangering Industrial interests as referred to in section (1) is based on results of studies as conducted by the Minister.
- (3) Industrial salvaging measures may be in the form of:
 - a. suspension of parts or whole cooperation agreements; and/or
 - b. review of cooperation agreements.

Article 84

In stipulating the Industrial salvaging measures as referred to in Article 83, the Central Government may consider input from related ministries/institutions, Industrial associations and the community.

Article 85

Further provisions regarding the stipulation of Industrial salvaging measures are regulated in a Ministerial Regulation.

Article 86

- (1) Any international cooperation having an impact on Industry is required to first be conducted through consultation, and coordination with, and/or approval of, the Minister.
- (2) Consultation and/or coordination with the Minister as referred to in section (1) are required for international cooperation having an impact on Industry which is intended for:
 - a. opening of access to Industrial resources;
 - b. utilization of Global Supply Chain networks as sources for increase in Industrial productivity; and/or
 - c. increase in investments.
- (3) The approval of the Minister as referred to in section (1) is required in writing for international cooperation having an impact on Industry which is intended for the opening of access to, and the development of, international markets.
- (4) In providing consultations, coordination and/or approvals, the Minister may consider input from Industrial associations, the business sector and academics.

Article 87

- (1) The granting of the facilities as referred to in Article 80 section (2) point c at least covers:
 - a. guidance, consultation, and advocacy;
 - b. assistance in negotiations;
 - c. promotion of Industry; and
 - d. ease in the flow of Goods and Services.
- (2) Provisions on Industrial criteria, requirements of and procedures for the granting of facilities as referred to in section (1) are regulated in a Ministerial Regulation.

Article 88

For the opening of access to and the development of international markets as referred to in Article 78 point a, the Minister conducts:

- a. determination on bargaining position based on the Master Plan for National Industrial Development;
- b. proposal for the removal of policies of partner countries in international organizations which impede access to Industrial product markets;
- c. development of work networks with partners overseas; and/or
- d. promotion of national Industrial products and Services overseas.

Article 89

For the opening of access to Industrial resources as referred to in Article 78 point b, the Minister at least conducts:

- a. provision of information on needs for domestic Industrial resources and provision of information on Industrial resources in partner countries;
- b. international cooperation in:
 1. enhancement of capabilities of Industrial human resources;
 2. development of access to natural resources;
 3. development and utilization of Industrial technology;
 4. increase of research and development;
 5. increase of financing sources for Industrial projects; and/or
 6. development of quality standards for Industrial products and Services.

Article 90

For the utilization of Global Supply Chain networks as sources for the increase in Industrial productivity as referred to in Article 78 section c, the Minister develops the national Industry by integrating the national Industry onto Global Supply Chain networks by:

- a. establishing work networks with the state and Industrial partners;
- b. establishing domestic work networks to support the integrating of the national Industry on to Global Supply Chain networks; and

- c. adjusting quality standards for products and national Industrial Services competency with those of partner countries.

Article 91

- (1) The Minister develops the national Industry by increasing investments in Industrial sectors.
- (2) To increase investments in Industrial sectors, the Minister conducts:
 - a. preparation of planning on investment needs in Industrial sectors by involving related government institutions, associations, and business sectors;
 - b. coordination on the implementation of investment plans in Industrial sectors with related institutions; and/or
 - c. investment promotion in Industrial sectors.

Part Three

Official Undertaking Industrial Affairs Overseas

Article 92

- (1) An Official Undertaking Industrial Affairs Overseas is a civil servant from a ministry administering government affairs in the field of Industry who is placed in a country having the potential of increasing International Cooperation in Industry.
- (2) An Official Undertaking Industrial Affairs Overseas as referred to in section (1) may consist of Industrial attaches and/or Industrial technical staff.
- (3) An Official Undertaking Industrial Affairs Overseas as referred to in section (2) is stationed at a ministry administering government affairs in the field of foreign relations and politics and is placed at a Mission of the Republic of Indonesia overseas to, under diplomatic status, conduct technical duties pursuant to the main duties of a ministry administering government affairs in the field of Industry.

- (4) The stipulation of position formation for an Official Undertaking Industrial Affairs Overseas is conducted by a minister administering government affairs in the field of foreign relations and politics based on:
 - a. significance of mission;
 - b. intensity and degree of relations between Indonesia and the recipient country; and/or
 - c. benchmark on national interests.
- (5) An Official Undertaking Industrial Affairs Overseas as referred to in section (2) conducts duties and functions in the field of Industry which cover studies on Industrial resources, analysis of investment cooperation potential in Industrial sectors, penetration of utilization of the Global Supply Chain for the domestic Industry, identification of barriers to access to Industrial product markets, and maintenance of sustainability of Industrial cooperation.
- (6) In the event no Official Undertaking Industrial Affairs Overseas is placed at a Mission of the Republic of Indonesia as referred to in section (3), the duties and functions of such Official Undertaking Industrial Affairs Overseas are conducted by an official with diplomatic functions.

Article 93

The placement of an Official Undertaking Industrial Affairs Overseas as referred to in Article 92 is conducted in accordance with the provisions of the legislation.

Article 94

- (1) In conducting duties and functions, an Official Undertaking Industrial Affairs Overseas may be assisted by staff from a ministry administering government affairs in the field of Industry.
- (2) The staff as referred to in section (1) has the duties of assisting the handling of contents of studies on Industrial resources, analysis of investment cooperation potential in Industrial sectors, penetration of utilization of the Global

Supply Chain for the domestic Industry, identification of obstacles to access to Industrial product markets, and maintenance of sustainability of Industrial cooperation.

Article 95

- (1) For the purposes of facilitating the implementation of duties and functions, an Industrial Official is directly responsible to a Head of the Mission of the Republic of Indonesia.
- (2) Cross-sectoral cooperation is regulated by a Head of a Mission in accordance with the existing divisions at such Mission of the Republic of Indonesia.

Article 96

- (1) An Official Undertaking Industrial Affairs Overseas submits periodical reports every 1 (one) month to the Minister.
- (2) The report as referred to in section (1) at least contains information on:
 - a. opportunity or potential for utilization and opening of access to Industrial product markets in partner countries;
 - b. opportunity or potential for utilization of Industrial resources in partner countries ;
 - c. opportunity or potential for utilization of Global Supply Chain networks;
 - d. opportunity and potential for Industrial investment sources in partner countries ;
 - e. profiles of favored Industries and Industrial technology in partner countries ; and/or
 - f. developments in the implementation of international cooperation with partner countries and between partner countries and other trading states.
- (3) Mutual communication relations between a ministry administering government affairs in the field of Industry and Officials Undertaking Industrial Affairs Overseas are conducted through a ministry administering government affairs in the field of foreign relations and politics.

Article 97

Further provisions regarding assignments and placements of Officials Undertaking Industrial Affairs Overseas are regulated in a Ministerial Regulation.

CHAPTER VII
ADMINISTRATIVE SANCTIONS

Article 98

- (1) The Minister, governors, or regents/mayors in accordance with their authorities effect administrative sanctions on any Industry which has violated the mandatorily imposed Green Industry Standards as referred to in Article 36.
- (2) The administrative sanctions as referred to in section (1) are in the form of:
 - a. written warnings;
 - b. administrative fines;
 - c. temporary closing;
 - d. suspension of industrial business permit; and/or
 - e. revocation of industrial business permit.
- (3) A governor or a regent/mayor as referred to in section (1) gives administrative sanctions upon obtaining a recommendation from the Minister.

Article 99

- (1) Written warnings as referred to in Article 98 section (2) point a are given for a maximum 3 (three) consecutive times with a respective interval of 30 (thirty) days.
- (2) The written warnings as referred to in section (1) are given based on results of site inspections by officials appointed to conduct supervision on the Green Industry Standards.
- (3) Further provisions regarding the giving of written warnings are regulated in a Ministerial Regulation.

Article 100

- (1) If an Industrial Company still fails to comply with the mandatorily imposed Green Industry Standards within the

period of the written warnings as referred to in Article 99 section (1), the Minister, governors or regents/mayors impose the sanction of administrative fines.

- (2) The amount of the sanction of administrative fines as referred to in section (1) is a maximum Rp. 3,000,000,000.- (three billion rupiah).

Article 101

- (1) Administrative fines must be paid to the state treasury or a regional treasury in accordance with the provisions of the legislation.
- (2) Payment of the administrative fines as referred to in section (1) is made not later than 30 (thirty) work days upon the stipulation of a letter on the imposition of such administrative fines.
- (3) The administrative fines as referred to in section (1) are non-tax state revenues or regional revenues.

Article 102

- (1) Any Industrial Company which fails to comply with the mandatorily imposed Green Industry Standards and fails to pay administrative fines within the period as referred to in Article 101 section (2) is imposed with administrative sanction in the form of temporary closing.
- (2) The temporary closing as referred to in section (1) is suspended for a period of 6 (six) months for any Industrial Company which has paid the administrative fines as referred to in Article 100 section (2).
- (3) An Industrial Company as referred to in section (2) which still fails to comply with the Green Industry Standards upon the expiry of the suspension period is imposed with the administrative sanction of temporary closing.

Article 103

Temporary closing is conducted by:

- a. The Minister upon coordinating with governors and/or regents/mayors; or

- b. any governor and/or regent/mayor, upon obtaining recommendations from the Minister.

Article 104

- (1) A permit-issuing institution suspends the Industrial business permit of any Industrial Company which is imposed with the administrative sanction of temporary closing as referred to in Article 102.
- (2) The suspension of the Industrial business permit as referred to in section (1) is imposed for a period of 3 (three) months.

Article 105

- (1) If an Industrial Company fails to comply with the mandatorily imposed Green Industry Standards up to the expiry of the administrative sanction of suspension of Industrial business permit, it is imposed with administrative sanction in the form of revocation of such Industrial business permit.
- (2) The revocation of the Industrial business permit as referred to in section (1) is conducted by a permit-issuing institution.

Article 106

- (1) An independent TKDN verification institution which has violated the provision as referred to in Article 70 section (4) is imposed with administrative sanctions.
- (2) The administrative sanctions as referred to in section (1) are in the form of:
 - a. written warnings; and/or
 - b. revocation of appointment as an independent TKDN verification institution.
- (3) Further provisions regarding procedures for the imposition of sanctions as referred to in section (2) are regulated in a Ministerial Regulation.

Article 107

- (1) An official for the procurement of Goods/Services in any state institutions, ministries, non-ministerial government institutions, other government institutions as well as regional working units, state-owned enterprises, other state-owned legal entities, regionally-owned enterprises and private enterprises as referred to in Article 57 who has violated the provisions as referred to in Article 61 section (1) and/or section (2) is imposed with administrative sanctions in the form of:
 - a. written warnings;
 - b. administrative fines; and/or
 - c. dismissal from position as an official for the procurement of Goods/Services.
- (2) The sanctions as referred to in section (1) are implemented by:
 - a. leaders of state institutions, ministries, non-ministerial government institutions, other government institutions as well as regional working units for the procurement of Goods/Services as conducted by state institutions, ministries, non-ministerial government institutions, other government institutions and regional working units;
 - b. leaders of government institutions which:
 - 1) provide financing from the state budget or regional budgets;
 - 2) are responsible for work conducted by a scheme of cooperation of the Central Government and/or Local Governments with enterprises; and/or
 - 3) for the procurement of Goods/Services as conducted by state-owned enterprises, other state-owned legal entities, regionally-owned enterprises and private enterprises.
- (3) The giving of sanctions as referred to in section (2) is conducted based on recommendation letters from Government Internal Supervisory Apparatus as well as internal supervisory officials and the P3DN Team if a

procurement official fails to meet the obligations as referred to in Article 61 section (1) and section (2).

- (4) The sanction of written warnings as referred to in section (1) point a is imposed for the first violations up to the third violation.
- (5) The sanction of administrative fines as referred to in section (1) point b is imposed for the fourth violation.
- (6) The sanction of administrative fines as referred to in section (5) is in the amount of 1% (one percent) of the value of contract for the procurement of Goods/Services, with a maximum amount of Rp. 500,000,000.00 (five hundred million rupiah).
- (7) The sanction of dismissal from position as an official for the procurement of Goods/Services as referred to in section (1) point c is imposed for the fifth violation.

Article 108

- (1) The administrative fines as referred to in Article 107 section (1) point b are to be paid to the state treasury or a regional treasury in accordance with the provisions of the legislation.
- (2) Payment of the administrative fines as referred to in section (1) is conducted not later than 30 (thirty) work days upon the stipulation of a letter on the imposition of such administrative fines.
- (3) The administrative fines as referred to in section (1) are non-tax state revenues or regional revenues.
- (4) In the event the administrative fines as referred to in Article 107 section (1) point b are not implemented, an official for the procurement of Goods/Services is imposed with the administrative sanction of dismissal from position as an official for the procurement of Goods/Services.

Article 109

- (1) A producer of Goods and/or a provider of Services which violate the provisions as referred to in Article 61 section (6), Article 61 section (7) and/or Article 76 section (3) are imposed with administrative sanctions in the form of:

- a. revocation of TKDN certificate;
 - b. entry into the blacklist; and
 - c. administrative fines.
- (2) Revocation of the TKDN certificate as referred to in section (1) point a is conducted by an official verifying TKDN certificates.
- (3) Entry into the blacklist as referred to in section (1) point b is conducted in accordance with the provisions of the legislation.
- (4) Administrative fines as referred to in section (1) point c are imposed if a producer of Goods and/or a provider of Services have violated the provisions of:
- a. Article 61 section (6), in the form of payment reduction in the amount of difference between the offer TKDN value and the implementation TKDN value for a maximum 15% (fifteen percent); and
 - b. Article 61 section (7) for 3 (three) times the value of imported Goods.
- (5) The administrative fines as referred to in section (4) are imposed on producers of Goods and/or providers of Services by:
- a. leaders of state institutions, ministries, non-ministerial government institutions, other government institutions as well as regional working units for the procurement of Goods/Services as conducted by state institutions, ministries, non-ministerial government institutions, other government institutions and regional working units;
 - b. leaders of government institutions which:
 - 1) provide financing from the state budget or regional budget;
 - 2) are responsible for work conducted by a scheme of cooperation of the Central Government and/or Local Governments with enterprises; and/or
 - 3) regulate the exploitation of state-controlled resources, namely for the procurement of Goods/Services as conducted by state-owned enterprises, other state-owned legal entities, regionally-owned enterprises and private enterprises.

- (6) Further provisions regarding procedures for the giving of sanctions as referred to in section (1) are regulated in a Ministerial Regulation.

Article 110

- (1) The administrative fines as referred to in Article 109 section (1) point c are required to be paid to the state treasury or a local treasury in accordance with the provisions of the legislation.
- (2) Payment of the administrative fines as referred to in section (1) is conducted not later than 30 (thirty) working days upon the stipulation of a letter on the imposition of such administrative fines.
- (3) The administrative fines as referred to in section (1) are non-tax state revenues or regional revenues.

CHAPTER VIII TRANSITIONAL PROVISION

Article 111

At the time this Government Regulation comes into force:

1. all Industrial Empowerment activities which have already been implemented are declared valid Industrial Empowerment activities pursuant to this Government Regulation; and
2. Industrial Empowerment activities which are still conducted at the time of promulgation of this Government Regulation remain to be in effect up to their completion.

CHAPTER IX CLOSING PROVISIONS

Article 112

The Presidential Regulation as referred to in Article 48 section (2) is issued for a period of not later than 2 (two) years as of the date of promulgation of this Government Regulation.

Article 113

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 13 July 2018

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

JOKO WIDODO

Promulgated in Jakarta
on 18 July 2018

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

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2018 NUMBER 101

Jakarta, 11 November 2019

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 29 OF 2018
ON
INDUSTRIAL EMPOWERMENT

I. GENERAL

In order to anticipate the effects of globalization and liberalization as well as the growth of the international economy, development of the national Industrial sector requires more conducive policies and regulating on Industrial Affairs as set out in Law Number 3 of 2014 on Industrial Affairs. As a normative and conceptional basis, every law needs to be followed up with subordinating regulations, including in efforts to achieve domestic Industrial Empowerment.

The Industrial sector plays a significant role in the growth of the Gross Domestic Product (GDP) of a country. The national GDP tends to rise to a certain level and then tends to plateau and fall upon reaching such level. Indonesia, which GDP level is currently among the group of middle income countries, still expects the Industrial sector to increase its role in the National GDP.

Industrial development must be conducted in an integrated manner in an Industrial system which covers various elements describing all required activities or processes in interdependent arrangements. In the intertwining of such arrangements, Industrial supporting infrastructure, both hard and tangible (hard infrastructure) and intangible (soft infrastructure), is an absolute necessity.

Growth in the Industrial sector affecting the economy and various successes in development have indicated dynamics which need to be well anticipated. Generally speaking, the Industrial system structure covers Industries for the manufacturing of Base Materials from natural resources (primary), manufacturing or process Industries (secondary), and Service Industries (tertiary). In efforts to anticipate the growth and enhance the roles of Industrial sectors affecting the economy, domestic Industrial Empowerment efforts are matters which need to be conducted.

In the empowering IKM, institutional infrastructure and developmental facilitations are important matters that need to be done. The institutional aspect is required by the Industrial system so that the roles of all stakeholders in Industrial development become clear. Unlike large Industries that are capable of independently growing themselves, IKM are often perceived to have more weaknesses and obstacles for growth. Such matter is not entirely true since many IKM also have advantages in building competitiveness. However, for most other IKM units which remain to be weak and have obstacles for growth, affirmative actions by the Government in the form of various facilities are required. The success of IKM, which has empirically been successful in building competitiveness, has become good practices for the development of IKM performance models for the purpose of growing and fostering IKM as a whole.

Industrial empowerment by way of growth and development of the Green Industry has become an essential and absolute issue which should be urgently implemented in light of increasingly limited availability of natural resources and limited environmental supporting resources in accommodating waste and emissions resulting from Industrial activities. In addition, demands of the community for environmentally friendly products are ever increasing in the global market, since the community has become increasingly aware of the importance of environmentally friendly products for health or environmental sustainability. Development of the Green Industry may be conducted by way of several applications such as cleaner production, energy efficiency, resource efficiency, eco-design, recycling process and low-carbon technology. With the application of the Green Industry, the efficient use of Base Materials, energy and water will take place so that any resulting waste and emissions will become minimum. Production processes will accordingly also become

more efficient, which matter will surely enhance the competitiveness of Industrial products. An Industry may be categorized as the Green Industry if it has fulfilled Green Industry Standards by way of certification by a Green Industry Certification institution.

Strategic Industries are priority Industries which meet needs essential to the welfare of the people or control the life necessities of the people, increase or yield added value to strategic natural resources, or which relate to the interests of state defense and security. Although the significant presence of Strategic Industries in the growth of the national Industry is well realized, Strategic Industries have in reality not yet played a meaningful role. This is due to several factors, among others relatively high investment values, high business risks, relatively small profit margins and need for high technology. Since the development of Strategic Industries cannot fully rely on the role of the private sector in light of the above factors, involvement and control of the Government to expedite the growth of such Strategic Industries are required. Control of the Government in the growth of Strategic Industries is conducted by way of ownership arrangements, policy stipulation, licensing arrangements, production, distribution and price arrangements as well as supervision.

Globalization and liberalization have brought about change dynamics that are highly accelerated and have a vast impact on the national economy. Although its largest impact has been ever increasing competition, opportunities for collaboration have also arisen such that Industrial growth requires various support in the form of appropriate policy apparatus, integrated planning, and efficient management with due observance of good governance principles.

Increase in Domestic Products utilization may build confidence on the strengths of one's own nation as well as produce international quality products under competitive prices and with ample delivery times and amounts, so as to continually increase the love for and pride towards Domestic Products and enable the realizing of Indonesia's dream of becoming an Industrial country which is solid, independent and internationally competitive under a strong Industrial structure in 2035.

The optimization of Domestic Products utilization is expected to ensure the independency and stability of the national economy, whereby the Industrial sector will become a motor of the national economy, turn Indonesia into a producer and not an importer country and have the

tenacity to accelerate the spread and evenness of Industrial growth in all Indonesian territories such that it will ultimately be able to increase the welfare of the Indonesian people in a fair and even manner as well as strengthen national resilience.

For the purposes of optimizing Domestic Products utilization, state institutions, ministries, non-ministerial government institutions, other government institutions, regional working units, state-owned enterprises, other state-owned legal entities, regionally-owned enterprises as well as private enterprises and informal leaders play an active role in setting examples on Domestic Products utilization.

Increase in Domestic Products utilization is a policy in Industrial Empowerment which is intended:

- (1) To increase Domestic Products utilization by the Central Government and Local Governments, enterprises and the community.
- (2) To empower the domestic Industry by securing domestic markets, reducing dependency towards imported products, and increasing domestic added value.
- (3) To strengthen Industrial structure by increasing the utilization of capital Goods, Base Materials, components, technology and human resources from domestic sources.

With the increased involvement of Indonesia in international agreements related to the Industrial sector at the implementation stage, during the negotiations process and in the future, enhanced efforts of the Government in increasing International Cooperation in Industry are required to increase Industrial products resilience and competitiveness so that they will be able to compete in both domestic and international markets.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Sufficiently clear.

Article 4

Point a

Sufficiently clear.

Point b

Cooperation with Industrial associations is conducted either with Industrial associations, any consolidation of Industrial associations and the Chamber of Commerce and Industry (*Kamar Dagang dan Industri, KADIN*).

Article 5

Section (1)

Point a

IKM Centers also cover creative Industrial centers.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 6

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

The term “enhancement of human resources” includes administrators of Technical Service Units and operators of Technical Service Units.

Point d

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 7

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

TPL facilitations in the obtaining of competency certification cover support in administration and financing.

Section (2)

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

The term “other valid and non-binding sources of funding” means financing from official institutions or joint financing between the state budget and regional budget, the state budget/regional budget and institutions or participants.

Section (6)

Sufficiently clear.

Article 15

Sufficiently clear.

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

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Section (1)

Point a

Sufficiently clear.

Point b

The term “promotional facilities” refers to, among others, printed media, electronic media, leaflets, brochures.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Section (2)

Sufficiently clear.

Article 28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

Article 33

Sufficiently clear.

Article 34

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

The term “prevailing exploitation management systems” among others refers to quality management systems, environmental management systems, energy management systems, health management systems and work safety.

Section (6)

Sufficiently clear.

Article 35

Sufficiently clear.

Article 36

Section (1)

The term “gradual application of the Green Industry Standards may be imposed” means the mandatory application of parts of criteria/parameters of the Green Industry Standards in accordance with Industrial capability.

Section (2)

Point a

The term “natural resources” among others consists of Base Materials, energy and water.

Point b

capability of the environment in supporting human life and those of other living creatures, and the balance between both.

Section (3)

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Section (1)

Point a

Sufficiently clear.

Point b

The term “strategic natural resources” covers natural resources that are renewable and non-renewable, biological and non-biological, limited in availability as well as have high economic value, serve as alternative natural resources,

have the potential of serving as alternative Base Materials, are rare minerals and are required to meet the needs of their downstream Industries.

Point c

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 45

Section (1)

Point a

Full equity participation by the Central Government covers Industries which:

1. may only be owned by the Central Government in accordance with the legislation; or
2. are unattractive to private investors but are required by the state and/or the community at large.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The Central Government may establish joint ventures with both national private parties and foreign private parties.

Article 46

Sufficiently clear.

Article 47

Sufficiently clear.

Article 48

Sufficiently clear.

Article 49

Section (1)

Sufficiently clear.

Section (2)

Point a

The deepening of structure conducted by Strategic Industries includes, among others, the procurement of technology.

Point b

Sufficiently clear.

Point c

Testing and certification are conducted, for example, in relation to safety feasibility. example, in relation to safety feasibility.

Point d

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 50

Sufficiently clear.

Article 51

Section (1)

Sufficiently clear.

Section (2)

The Central Government may stipulate prices for (natural disasters, humanity), inadequate systems for distribution of Goods and logistics.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 52

Sufficiently clear.

Article 53

Sufficiently clear.

Article 54

Sufficiently clear.

Article 55

Sufficiently clear.

Article 56

Sufficiently clear.

Article 57

Point a

Sufficiently clear.

Point b

Point 1

Sufficiently clear.

Point 2

Sufficiently clear.

Point 3

The term “ exploit state-controlled resources” means activities of an enterprise which manages natural resources, among others oil and natural gas resources, mineral and coal mining resources, water resources, non-metal excavation material resources, forest resources, maritime resources, air resources, wind resources, wavelength and frequency resources as well as other state-controlled resources.

The exploitation of state-controlled resources includes resources at the time of establishment of a state-owned enterprise or a regionally-owned enterprise which utilizes the state budget or regional budgets as well as other resources, among others frequencies used in the

exploitation of telecommunications and natural resources such as exploitations of forests, of mineral and coal mines, and of oil and gas.

Article 58

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

The national Industrial information system is undertaken by a ministry administering government affairs in the field of Industry.

Article 59

Section (1)

The term “considering the capability of the Domestic Industry” means considering the maximum amount of specifications able to be produced domestically, the capability to deliver Goods in the most expedient manner and fair price.

Section (2)

Audit of technology is conducted to adjust needs for Goods/Services with minimum operational standards.

Section (3)

Sufficiently clear.

Article 60

Sufficiently clear.

Article 61

Sufficiently clear.

Article 62

Section (1)

Sufficiently clear.

Section (2)

The term “officials for the procurement of Goods/Services” means officials who are responsible for the stipulating of specifications for the procurement of Goods/Services.

The term “clarification” means activities of a user of Goods/Services of seeking further explanations on TKDN values and Corporate Contribution Values in a list of inventarization of domestically-produced Goods/Services, from a ministry administering government affairs in the field of Industry.

Article 63

Sufficiently clear.

Article 64

Sufficiently clear.

Article 65

Sufficiently clear.

Article 66

Sufficiently clear.

Article 67

Sufficiently clear.

Article 68

Sufficiently clear.

Article 69

Sufficiently clear.

Article 70

Sufficiently clear.

Article 71

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Article 72

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Article 73

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Article 74

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Article 75

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Article 76

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Article 78

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Article 79

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Article 80

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Article 81

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Article 82

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Article 83

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Article 84

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Article 85

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Article 86

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Article 87

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Article 89

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Article 90

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Article 91

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Article 92

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Article 93

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Article 94

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Article 95

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Article 96

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Article 97

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Article 98

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Article 99

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Article 100

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Article 101

Sufficiently clear.

Article 102

Sufficiently clear.

Article 103

Sufficiently clear.

Article 104

Sufficiently clear.

Article 105

Sufficiently clear.

Article 106

Sufficiently clear.

Article 107

Sufficiently clear.

Article 108

Sufficiently clear.

Article 109

Sufficiently clear.

Article 110

Sufficiently clear.

Article 111

Sufficiently clear.

Article 112

Sufficiently clear.

Article 113

Sufficiently clear.

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