



PRESIDENTIAL REGULATION NUMBER 39 YEAR 2014 ON LIST OF BUSINESS FIELDS CLOSED TO INVESTMENT AND BUSINESS FIELDS OPEN, WITH CONDITION, TO INVESTMENT

INDONESIA INVESTMENT COORDINATING BOARD (BKPM)

Jakarta, 16 May 2014



Outline

I. Provision on Business Fields Deregulation

II. Business Fields More Open to Foreign Capital Ownership

III. Business Fields More Restrictive to Foreign Capital Ownership

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“Any business fields or types are **open** to investment activity, **except** for **those declared as being closed and open with certain conditions.**” – Article 12 Paragraph (1) Investment Law Number 25 Year 2007

- Closed business fields are certain business fields that are **prohibited from conducting any investment activities**

Closed

- Certain business fields that may **conduct** investment activities **under certain requirements**

Open
with Condition

Requirements

- Reserved for Micro, Small and Medium Enterprises and Cooperatives
- Partnership
- Capital Ownership: Domestic, Foreign, ASEAN
- Location
- Special Permits



I. Provision on Business Fields Deregulation



Article 12 Law Number 25 Year 2007 on Investment

Paragraph (4):

Both criteria and requirements for business fields declared as being closed and being open with certain conditions will be **arranged in Presidential Regulation**

Presidential Regulation 76/2007

On Criteria and Requirements for the Establishment of Business Fields Closed to Investment and Business Fields Open with Condition to Investment.

Presidential Regulation 39/2014

on List of Business Fields Closed to Investment and Business Fields Open, with Condition, to Investment.



on **List** of Business Fields Closed to Investment and Business Fields Open, with Condition, to Investment.

Background for the Changes:

1. **To increase investment** in Indonesia.
2. **Implementation of our Commitment** in Association of Southeast Asian Nations/ ASEAN Economic Community (AEC).

Principle for the Changes :

1. **Prioritizing the national interests to improve national competitiveness.**
2. **Maintaining Sustainable Economic Development** and anticipating the impact of global economic slowdown by increasing both domestic and foreign investment.
3. **Simplifying** investment regulation and providing **legal certainty** to investor.



on **List** of Business Fields Closed to Investment and Business Fields Open, with Condition, to Investment.

Article 3

Business fields not listed in appendix I and appendix II set forth in article 2, declared as open without conditions to investment.



on **List** of Business Fields Closed to Investment and Business Fields Open, with Condition, to Investment.

1. Business Fields Closed to Investment (APPENDIX I):

Prohibited for both domestic and foreign investment

2. Business Fields Open, with Condition, to Investment (APPENDIX II):

- a. Reserved for Micro, Small, Medium Enterprises and Cooperatives**
- b. Partnership**
- c. Foreign Capital Ownership**
- d. Certain Location**
- e. Special License**
- f. 100% Local Capital**
- g. Foreign Capital Ownership and Certain Location**
- h. Special License and Foreign Capital Ownership**
- i. 100% Local Capital and Special License**
- j. Foreign capital ownership requirement and/or location for ASEAN investor.**



II. Business Fields More Open to Foreign Capital Ownership

Business Fields More Open to Foreign Capital Ownership

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
A.	Energy & Mineral Resources Sector			
1.	Power Plant > 10 MW	35101	Foreign Capital Ownership maximum 95%	Foreign Capital Ownership maximum 95% (but can be 100% in Public Private Partnership (PPP) scheme during concession period)
2.	Power Plant Transmission	35102	Foreign Capital Ownership maximum 95%	Foreign Capital Ownership maximum 95% (but can be 100% in Public Private Partnership (PPP) scheme during concession period)
3.	Electricity Distribution	35103	Foreign Capital Ownership maximum 95%	Foreign Capital Ownership maximum 95% (but can be 100% in Public Private Partnership (PPP) scheme during concession period)

Business Fields More Open to Foreign Capital Ownership (2)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
B.	Transportation Sector			
1.	Providing port facility (pier building, container delay terminal, liquid bulk terminal, dry bulk terminal and Ro-Ro terminal)	52221 52222 52223	Foreign Capital Ownership maximum 49%	Foreign Capital Ownership maximum 49% (but can be 95% in Public Private Partnership (PPP) scheme during concession period)
2.	Implementation of Motor Vehicle Periodic Tests	71203	Closed for investment	Foreign Capital Ownership maximum 49% with recommendation from Ministry of Transportation
3.	Providing and Implementation of Land Terminal:		Closed for investment	Foreign Capital Ownership maximum 49% with recommendation from Ministry of Transportation
	- Land terminal for passenger (limited for public facility)	52211		
	- General cargo terminal			

Business Fields More Open to Foreign Capital Ownership (3)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
C.	Health Sector			
1.	Pharmaceutical Industrial Business:		Foreign Capital Ownership maximum 75%	Foreign Capital Ownership maximum 85%
	- Raw material medicine Industry	21011		
	- Patent medicine Industry	21012		
D.	Tourism and Creative Industry Sector			
1.	Film promotional facility (advertisement, poster, stills, photo, slide, negative, banner, pamphlet, giant banner, folder, etc)	73100	Only for local capital 100%	Open for investor from ASEAN countries maximum 51%
E.	Finance Sector			
1.	Venture Capital	64991	Foreign Capital Ownership maximum 80%	Foreign Capital Ownership maximum 85%



III. Business Fields More Restrictive to Foreign Capital Ownership

Business Fields More Restrictive to Foreign Capital Ownership

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
A.	Energy & Mineral Resources Sector			
1.	Power plant:	35101		
	- Small scale power plant (1-10 MW)		Partnership	Foreign Capital Ownership maximum 49%
2.	Oil and Gas Drilling Service			
	- On Land	09100	Foreign Capital Ownership maximum 95%	100% local capital
	- Offshore	09100	Foreign Capital Ownership maximum 95% in East ern part of Indonesia	Foreign Capital Ownership maximum 75%
3.	Oil and Gas Supporting Service:			
	- Operation and maintenance	09100	Foreign Capital Ownership maximum 95%	100% local capital
	- Engineering procurement construction	71100	Foreign Capital Ownership maximum 95%	100% local capital

Business Fields More Restrictive to Foreign Capital Ownership (2)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
A.	Energy & Mineral Resources Sector			
4*	Constructing and Installing Electricity Service:			
	- Installations of electrical power provider	42213	Foreign Capital Ownership maximum 95%	Foreign Capital Ownership maximum 95%
	- Installation of electric power utilization	43211		100% local capital

* Note : Based on Presidential Regulation No. 36/2010, for Constructing and Installing Electricity Service (43211) required conditions foreign capital ownership maximum 95%, on revision will be separated into Installations of electrical power provider (42213) Max 95% and Installation of electric power utilization (43211) for 100% local capital.

Business Fields More Restrictive to Foreign Capital Ownership (3)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
B.	Communications and Informatics Sector			
1.	Telephone Value Added Service Provider:		Partnership	Foreign Capital Ownership maximum 49%
	- Content service (<i>ring tone, sms premium, etc</i>)	61911		
	- Information service center (<i>call center</i>) other value added service	61919		
	- Communication data service	61922	Foreign Capital Ownership 95%	Foreign Capital Ownership maximum 49%
	- Internet interconnection services (NAP),	61929	Foreign Capital Ownership 65%	Foreign Capital Ownership maximum 49%



IV. Business Fields Comply with The Law

Business Fields Comply with The Law

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
A.	Agriculture Sector			
1.	Seeding plantation business:		Foreign Capital Ownership maximum 95%	Foreign Capital Ownership maximum 30%
	- Seeding of Seasonal fruit plant	01139		
	- Grape seeding	01210		
	- Tropical fruit seeding	01220		
	- Orange seeding	01230		
	- Pome and Stone Fruit seeding	01240		
	- Berries seeding	01251		
	- Seasonal Vegetables seeding	01139		
	- Annual vegetable crops	01253		
	- Medicinal/pharmaceutical plant seeding	01285 01286		
	- Mushrooms seeding	01139		
	- Floriculture plant seeding	01194 01302		
2.	Plant cultivation:		Foreign Capital Ownership maximum 95%	Foreign Capital Ownership maximum 30%
	- Seasonal fruit plant cultivation	01132		
	- Grape cultivation	01210		
	- Tropical fruit cultivation	01220		

Business Fields Comply with The Law (2)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
A.	Agriculture Sector			
	- Orange cultivation	01230		
	- Pome and Stone Fruit cultivation	01240		
	- Berries cultivation	01251		
	- Leaf vegetables cultivation (among others: cabbage, mustard greens, onions, celery)	01131		
	- Roots vegetables cultivation (among others: onion, garlic, potatoes, carrots)	01134		
	- Fruit vegetables cultivation ((among others: tomatoes and cucumbers)	01133		
	- Chili and Paprika cultivation	01283		
	- Mushrooms cultivation	01136		
	- Ornamental Plants	01193		
	- Ornamental Plant Non Flower	01301		
3.	Plantation Product Processing Industry: - Fruits and vegetables post harvesting business	10311 10320 10313 10314 10330	Foreign Capital Ownership maximum 95%	Foreign Capital Ownership maximum 30%

Business Fields Comply with The Law (3)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
A.	Agriculture Sector			
4.	Horticultural research and quality test laboratory	72101	Not listed	Foreign Capital Ownership maximum 30%
5.	Other Horticultural business:		Not listed	Foreign Capital Ownership maximum 30%
	- Post harvesting business service	01630		
	- Florist/decorator	47761		
	- Horticultural development consultant	70209		
	- Landscaping	43305 71100 81300		
	- Horticulture training service	85499		



V. Business Fields Not Listed in Presidential Regulation Number 36 Year 2010 Become Open with Condition in Presidential Regulation Number 39 Year 2014

Business Fields Not Listed in Presidential Regulation Number 36 Year 2010 Become Open with Condition in Presidential Regulation Number 39 Year 2014

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
A.	Energy & Mineral Resources Sector			
1.	Oil and Gas Construction Service:			
	- Platform	09100	Not listed	Foreign Capital Ownership maximum 75%
	- Spherical tank	09100	Not listed	Foreign Capital Ownership maximum 49%
	- Installation Upstream Oil and Gas Production on land	09100	Not listed	100% local capital
	- Installation of Distribution Pipe on land	42219	Not listed	100% local capital
	- Installation of Distribution Pipe on Sea	42219	Not listed	Foreign Capital Ownership maximum 49%
	- Horizontal/Vertikal Tank	42914	Not listed	100% local capital
	- Storage and Marketing of Oil and Gas Installation on land	42914	Not listed	100% local capital
2.	Survey Service:			
	- Oil and Gas	71100	Not listed	Foreign Capital Ownership maximum 49%
	- Geology and Geophysics	71100	Not listed	Foreign Capital Ownership maximum 49%
	- Geothermal	71100	Not listed	Foreign Capital Ownership maximum 95%

Business Fields Not Listed in Presidential Regulation Number 36 Year 2010 Become Open with Condition in Presidential Regulation Number 39 Year 2014 (2)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
A.	Energy & Mineral Resources Sector			
3.	Oil and Gas Supporting Service: Technical Inspection	71204	Not listed	100% local capital
4.	Industry of Pellet Biomass Product for Energy	16295	Not listed	Partnership
5.	Inspection and Testing of Electrical Power Installation	71204	Not listed	100% local capital

Business Fields Not Listed in Presidential Regulation Number 36 Year 2010 Become Open with Condition in Presidential Regulation Number 39 Year 2014 (3)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
B.	Public Work Sector			
1.	Management and disposal of non hazardous waste	38211	Not listed	Foreign Capital Ownership maximum 95% (either by PPP scheme or not)
C.	Trade Sector			
1.	Trade Service:			
	-Distributor	00000	Not listed	Foreign Capital Ownership maximum 33%
	-Warehouse	52101	Not listed	Foreign Capital Ownership maximum 33%
	- Cold Storage	52102	Not listed	Foreign Capital Ownership maximum 33% for investment in Sumatera, Java, and Bali (g column)
				Foreign Capital Ownership maximum 67% for investment in Kalimantan, Sulawesi, Nusa Tenggara, Maluku, dan Papua (g column)
2.	Alternative Trading: - Organizers Alternative Trading - Participants alternative trading system	00000	Not listed	100% local capital
3.	Forex trading	00000	Not listed	Foreign Capital Ownership maximum 95%

Note: Column g required for foreign capital ownership and certain location

Business Fields Not Listed in Presidential Regulation Number 36 Year 2010 Become Open with Condition in Presidential Regulation Number 39 Year 2014 (4)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
C.	Trade Sector			
4.	Retail Business		Adding sub- business sector	100% PMDN
	- Retail business not in Supermarket or Minimarket	47112		
	- Retail business not in Departement Store	47192		
	- Retail Business of textile	47511 47512		
	- Retail business of games and toys in store	47640		
	- Retail business of cosmetics	47725		
	- Retail business of footwear	47512		
	- Retail business of electronics	47861		
	- Retail business by mail order or internet	47911 47912 47913 47914 47919		
	- Retail business of foods and drinks	4722 4723		

Business Fields Not Listed in Presidential Regulation Number 36 Year 2010 Become Open with Condition in Presidential Regulation Number 39 Year 2014 (4)

No.	Business Fields	KBLI	Presidential Regulation 36/2010	Presidential Regulation 39/2014
D.	Bidang Perhubungan			
1.	Multimoda Transport	00000	Not listed	Foreign Capital Ownership maximum 49%
				Foreign Capital Ownership for investor from ASEAN countries maximum 60% (j column)



VI. Combined or Simplified Business Fields

Combined or Simplified Business Fields

Example: Agriculture Sector

No.	Business Fields	KBLI	Conditions										Detail of Conditions			
			a	b	c	d	e	f	g	h	i	j	c	d	e	
1.	Main crop plant culturing medium/nursery business for an area of more than 25 Ha:		-	-	-	-	-	-	-	-	√	-	-	Maximum 49%	-	Recommendation from Ministry of Agriculture
	- Rice	01120														
	- Corn	01111														
	- Soy	01113														
	- Peanuts	01114														
	- Green Beans	01115														
	- Other plants (cassava and sweet potato)	01135														

Example: Forestry Sector

20.	Wood Industry :		-	-	-	-	√	-	-	-	-	-	-	-	-	Recommendation from Ministry of Forestry
	- Saw mill industry with production capacity above 2000M3/year	16101														
	- Veneer	16214														
	- Plywood	16211														
	- Laminated veneer lumber (LVL).	16212														
	- Wood chip	16299														
	- Wood pellet	16295														

Etcetera..



VII. Comparison between Presidential Regulation Number 36 Year 2010 and Presidential Regulation Number 39 Year 2014

Comparison between Presidential Regulation Number 36 Year 2010 and Presidential Regulation Number 39 Year 2014

No.	Presidential Regulation Number 36 Year 2010			Presidential Regulation Number 39 Year 2014		
	Sector	Closed	Open with Conditions	Sector	Closed	Open with Conditions
1	Agriculture	1	18	Agriculture	1	19
2	Forestry	2	34	Forestry	2	23
3	Maritime and Fishery	0	17	Maritime and Fishery	0	11
4	Energy and Mineral Resources	0	18	Energy and Mineral Resources	0	13
5	Industry	4	41	Industry	3	36
6	Defense	0	3	Defense and Security	0	4
7	Security	0	6	-	-	-
8	Public Works	0	6	Public Works	0	6
9	Trade	0	11	Trade	0	11
10	Culture and Tourism	5	27	Tourism and Economy Creative	1	15
11	Transportation	7	25	Transportation	5	23
12	Communication and Informatics	1	13	Communication and Informatics	1	11
13	Finance	0	12	Finance	0	6
14	Banking	0	7	Banking	0	4
15	Manpower & Transmigration	0	5	Manpower and Transmigration	0	5
16	Education	0	4	Education and Culture	2	4
17	Health	0	27	Health	0	25
Total		20	274	Total	15	216



ありがとう
(arigatou)
Thank You
Terima Kasih



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