HANDBOOK ON FOREST PLANTATION SECTOR BUSINESS IN INDONESIA

Cooperation Project between
Forestry Research and Development Agency (FORDA),
Ministry of Forestry, Indonesia
Japan International Cooperation Agency (JICA)

Collaboration with Faculty of Forestry,
Bogor Agricultural University

June 2002
Demonstration Study on Carbon Fixing
Forest Management in Indonesia

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I. GOVERNMENT POLICY ON FORESTRY

Land and natural resources utilization in Indonesia has been directed and influenced by Basic Agrarian Law, Basic Forestry Law and Government Regulation of Decentralization. Chapters below will give a brief explanation on the development of these laws and regulations, and its impact on Forest Management.

1.1. Basic Laws on Land Tenure and Forestry

(a) The Basic Agrarian Law (*Undang-undang Pokok Agraria/UUPA*)

Before Independence Day land tenure right in Indonesia was guided by Customary Law (*Hukum Adat*) and the Netherlands Indies Agrarian Law passed in 1870 by the Dutch Government. *Hukum Adat* is customary law that have been utilized by indigenous community (*masyarakat adat*) in managing their lives and utilization of their natural resources. The Customary Law is not always in the form of written regulation but also in the form of norms. The Agrarian Law 1870 was applied until the independence day of the Republic of Indonesia in 1945.

Directly after Independence until 1960, process on formulating a new land law began. As a result of long debate, on 24th September 1960, the new Basic Agrarian Law (BAL) (Law No. 5 of 1960/ *Undang-Undang Pokok Agraria Nomor 5 Tahun 1960*) was enacted. The BAL replaced the old Netherlands Indies Agrarian Legislation of 1870, and has been applied until present. The BAL is based on Article 33 of the 1945 Constitution (*Undang-undang Dasar 1945/UUD 1945*) of the Republic of Indonesia, and Principle 5\(^{th}\) of the state philosophy of *Pancasila*. Reform of the Agrarian Law, as requested by Decision of the People Assembly No. IX/2001 (*Ketetapan MPR No. IX/2001*) is still under formulation.

The foundation of the Law (BAL) is that the entire earth, water, air, and natural resources of Indonesia are gifts of God Almighty and constitute the
wealth of the nation. However, the utilization of natural resources is controlled by the state/Central Government.

The BAL confesses the existence of Customary Law (Hukum Adat), however, the Customary Law shall not be conflicted with the national interest. This condition made the traditional community with their Customary Law (Hukum adat) was in a very weak position, since they cannot refuse the Central Government decision. After giving compensation, usually the Central Government may acquire or redistribute the community land.

Under the BAL, the various types of rights on land, water, and in air space are stipulated such as the right of ownership (Hak Milik), the right of use/exploitation (Hak Guna Usaha), the right of building (Hak Guna Bangunan), the right of use (Hak Pakai), and the right of collecting forest products (Hak Memungut Hasil Hutan).

**Hak Milik (the right of ownership)** is the strongest right to land. It is not limited in terms of time. The land can be sold, mortgaged and can be inherited by the legal heirs. Hak Milik is subject to registration. The landowner receives a legal document as evidence of his rights (Sertifikat). Only Indonesian citizens are able to receive the right of ownership.

**Hak Guna Usaha/HGU (the right of business utilization)** is the right to state land, and the right to use the land for agricultural (including cash crops or forest plantations), fishery and breeding purposes. Hak Guna Usaha is limited by time. It can be granted last for 35 years and can be extended for another 25 years. In total, Hak Guna Usaha on state lands can be awarded for up to 50 or 60 years. Hak Guna Usaha must be registered at the National Land Affair Office (Badan Pertanahan Nasional/BPN). It can be bequeathed and likewise be transferred to other parties (sale, exchange or gift) with the permission of the BPN. Hak Guna Usaha also allows land to be used as a security for a debt (guarantee).
**Hak Guna Bangunan/HGB (The right of building)** gives the holder the right to build on land owned by someone else. This right is limited by period of time and can be obtained for state land (by decree) as well as for private land (by contract). The right is awarded for not longer than 30 years, but there is a possibility of extending for another 20 years. **Hak Guna Bangunan** can be bequeath, sold, exchanged or presented as a gift. **Hak Guna Bangunan** can likewise be used as a credit security/guarantee.

**Hak Pakai (Right to Use)** gives the holder the right to use a particular piece of land. This can be belonged to state or private land. **Hak Pakai** is valid for a certain time period. **Hak Pakai** can in principle be transferred when no other regulations apply. Resident foreigners and foreign corporations with representatives in Indonesia can be awarded **Hak Pakai**.

**Hak Memungut Hasil Hutan** is the right of collecting forest products is awarded to Indonesian citizens by the Government on land under customary law (Hukum Adat) in order to be able to use wood and other non-wood products.

(b) **Basic Forestry Law 1967 (Law No. 5 / 1967)**

The Basic Forestry Law (BFL) *(Undang-Undang Pokok Kehutanan, Nomor 5, Tahun 1967 /UUUPK)* was enacted in 1967. Either stated within the BAL or under the BFL, all forests inside the Indonesian territory, including their natural resources, are controlled by the state. This means that as long as the land is classified as state forest, there is no individual/personal or communal rights can be registered under the National Land Agency. The consequence of the statement is that the right of local community under Hukum Adat to manage their community forest is no longer exist. Under the BFL, the position of Hukum Adat and Adat community became weaker. This situation is said to be the underlying caused of land dispute and social conflict that have been occurring in some places since the economical crisis took place in 1997.
While the BAL give a general guidance on Forest Utilization, the BFL regulate into more detail and applicable guidance. Forest under the BFL is defined as any kind of land-cover area (with or without trees), which is stated by the government as forest. It may be in the form of forest area or area without trees which the government as forest has designated.

Based on BFL, function of forest area can divided into Production Forests (Hutan Produksi), Protection Forest (Hutan Lindung), Nature Reserve and Recreation Forests (Hutan Suaka Alam dan Hutan Wisata) and Conversion Forest (Hutan Konversi)

Production Forest (Hutan Produksi) is, according to the Ministry and Forestry (Departemen Kehutanan), designated for exploitation of timber, rattan, saps, and other forest products.

Protection Forest (Hutan Lindung) is forest areas which have specific physical characteristics that should be protected so that their functions, particularly their hydrological function, can be maintained.

Nature Reserve and Recreation Forest (Hutan Suaka Alam dan Hutan Wisata) are for the protection and preservation of genetic resources, life supporting system and for the development of science, education and tourism.

Conversion Forest (Hutan Konversi) is forest land designated for conversion to other land uses such as agriculture and settlement.

c) Forestry Law 1999 (Law No. 41/1999)

Since 30 September 2001, the Basic Forestry Law 1967, was replaced by Forestry Law 1999 (Law No. 41/1999). There are some changes on the content, especially on the forest classification and the appreciation of forest area under the existence of Customary Law (Hukum Adat).
Under the new Law, function of forest areas are classified into three, which are Conservation Forest (Conservation area, Protected forest and Game reserve), Protection Forest and Production Forest. There is no Conversion forest anymore as was stated in the former forestry law.

The significant changes was made is the appreciation of forest under *Hukum Adat* stated in Chapter two, Chapter three, Chapter five and Chapter twenty of the Forestry Law 1999. The traditional community which is still exist may utilized their own forest, such as: the community may take the forest product for their daily need, manage the forest based on their customary Law, and have a right to receive the support from the government for the improvement of their live standard of living. To judge whether the traditional communities are still exist or not, are designated by the Regional Government responsible. This may be published under the Regional Government Decree/Regulation. If the communities under customary law are no longer exist, the right of land should be transferred to the Government.

Forest and land fire preventions, and illegal encroachment of the forest also are given a special attention, as well as the punishment for those who are not obey the regulation.

1.2. Decentralization and its impact on Forestry sector

(a) Decentralization of Central Government authority

In 1999, there two Laws were issued concerning to regional government (Law No. 22/1999/ UU No. 22/1999 tentang Pemerintahan Daerah) and of balance budget between Central and Regional Government (Law No. 25/1999 tentang perimbangan keuangan Pemerintah Pusat dan Daerah).

Law No. 22/1999 so called Decentralization Law gives authority, broadly and clearly responsibility to Regional Government. Under the Law, principally, all Central Government authorities’ are delegated to Regional Government (Province or Regency) except for subject as follows: national defence,
foreign affairs, fiscal and monetary, justice, religion, and other authorities that are more effective and efficient if conducted within National level, such as macro economics planning, national public administration, human resources development, conservation, management of natural resources utilization and national standardisation.

Promulgation of Law No. 25/1999 aims is as follows:

- to empower and develop regional economic capability,
- to create proportional, rational, transparent, participative, responsible and continue regional economic system,

The Law No. 25/1999, give guidance on how to divide the fund derived from property taxes and exploitation of natural resources, as follows:

- Tax on land and building/Pajak Bumi dan Bangunan: 90% for regional government and 10% to Central Government.
- Forest exploitation, mining, and fisheries: 80% for Regional Government and 20% for Central Government;
- Exploitation of Gases: 30% for Regional Government and 70% for central Government.

(b) Implementation of Decentralization Law in Forestry Sector

By the promulgation of Law No. 22/1999 and Law No. 25/1999, responsibility of forest management are decentralized to Regional Government, especially in Regency level (Kabupaten). Almost all of decisions related to Production forest exploitation and Protected forest are under Kabupaten Government authority which is supported by Provincial Government in the form of providing guidance. The Central Government decision is required if coordination among Kabupaten is needed, for example in the case of business permit acquirement on production forest in which its areas are located within two or more Kabupaten. The Central Government still hold decision on National planning on forest area such as establishment of forest
area function and its status changes. In most cases, Central Government only plays role on providing criteria and indicator for forest management, to ensure the sustainability (Table 1.1).
Table 1.1. Decentralization authority of forest sector

<table>
<thead>
<tr>
<th>Forest Management activity</th>
<th>Authority</th>
<th>Regency/Kabupaten</th>
<th>Province/Propinsi</th>
<th>Central Government/ Pusat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PIF</td>
<td>CF</td>
<td>PdF</td>
<td>PtF</td>
</tr>
<tr>
<td>Establishment and status changes of Forest area function</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Designation and guarding of forest area border</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Forest inventory (inventarisasi hutan)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>G</td>
</tr>
<tr>
<td>Forest Establishment (pengukuhan hutan)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>G</td>
</tr>
<tr>
<td>Establishment of forest management district</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>G</td>
</tr>
<tr>
<td>Forest area planning</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>G</td>
</tr>
<tr>
<td>Exploitation permit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Decision on provision and tariff of forest product</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>G</td>
</tr>
<tr>
<td>Decision on tariff of non-forest product exploitation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>G</td>
</tr>
<tr>
<td>Land rehabilitation and soil conservation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Watershed management related on soil erosion,</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>sedimentation, and land productivity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehabilitation and reclamation of production and protected</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>G</td>
</tr>
<tr>
<td>forest</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support on technical training and education related to</td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>research and applied technology of forestry</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: PIF: Protected Forest, CF: Conservation Forest, PdF: Production Forest; ✓: Authority to take an action, G: Authority to provide guidance, CS: Authority to provide criteria and standard
II. INDUSTRIAL FOREST PLANTATION SECTOR BUSINESS

2.1. Industrial Forest Plantation Development Trend

Forest plantation (Industrial Forest Plantation) in Indonesia have been started since a century ago, by development large area of Teak (*Tectona grandis*) plantation in Java. The oldest teak tree was planted in 1883. Other species of trees for plantation is pine tree (*Pinus merkusii*). Even though, forest/timber plantation have been started since a hundred ago in Java, large forest plantation development in out site Java is still a new phenomenon.

(a) Industrial Forest Plantation in Outside Java

Industrial Forest plantation (HTI) of fast growing species has been a policy of the forestry sector since the beginning of the Fourth Five-Year development Plan (*Pelita IV*) in 1984. The policy was formulated by the anticipation of raw material shortage by the year 2000, due to expanding domestic demand and export markets (Anwar, 1993 in Potter and Lee, 1998) and minimizing pressure on natural forest. Forest plantation development also aimed at rehabilitation of degraded land by planting fast growing species such as; *Acacia mangium*, *A. crassicarpa*, *Eucalyptus deglupta*, *Eucalyptus europhylla*, *Gmelina arborea* and *Paraserianthes falcataria*.

Until December 1999, there were 98 of timber plantation companies granted license for plantation development (*Surat keputusan Hak Pengusahaan Hutan, Hutan Tanaman Industri* SKPHPHTI), with designated total area of about 4.6 million ha. While a year later, the granted companies reach to 100 unit which cover about 4.7 million ha of land. In March 2001, total granted companies reach 102 unit, with total area of about 4.8 million ha (Table 2.1).
Fig. 2.1. *Acacia mangium* on *Imperata cylindrica* grassland in South Sumatra, Indonesia

Table 2.1. Number company and area of plantation granted forest plantation development permit by province in 2001

<table>
<thead>
<tr>
<th>No.</th>
<th>Province</th>
<th>Unit</th>
<th>Area (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Di Aceh</td>
<td>6</td>
<td>233.870</td>
</tr>
<tr>
<td>2</td>
<td>North Sumatera</td>
<td>6</td>
<td>318.705</td>
</tr>
<tr>
<td>3</td>
<td>West Sumatera</td>
<td>2</td>
<td>36.292</td>
</tr>
<tr>
<td>4</td>
<td>Riau</td>
<td>12</td>
<td>693.582</td>
</tr>
<tr>
<td>5</td>
<td>Jambi</td>
<td>10</td>
<td>205.405</td>
</tr>
<tr>
<td>6</td>
<td>South Sumatera</td>
<td>3</td>
<td>380.100</td>
</tr>
<tr>
<td>7</td>
<td>Lampung</td>
<td>4</td>
<td>149.067</td>
</tr>
<tr>
<td>8</td>
<td>West Kalimantan</td>
<td>11</td>
<td>580.066</td>
</tr>
<tr>
<td>9</td>
<td>Central Kalimantan</td>
<td>10</td>
<td>286.975</td>
</tr>
<tr>
<td>10</td>
<td>South Kalimantan</td>
<td>6</td>
<td>332.260</td>
</tr>
<tr>
<td>11</td>
<td>East Kalimantan</td>
<td>22</td>
<td>1,211.555</td>
</tr>
<tr>
<td>12</td>
<td>South Sulawesi</td>
<td>2</td>
<td>42.300</td>
</tr>
<tr>
<td>13</td>
<td>Central Sulawesi</td>
<td>2</td>
<td>23.441</td>
</tr>
<tr>
<td>14</td>
<td>South East Sulawesi</td>
<td>1</td>
<td>37.845</td>
</tr>
<tr>
<td>15</td>
<td>Maluku</td>
<td>4</td>
<td>64.568</td>
</tr>
<tr>
<td>16</td>
<td>Papua</td>
<td>1</td>
<td>206.800</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>102</strong></td>
<td><strong>4,801.851</strong></td>
</tr>
</tbody>
</table>

Source: Directorate General of Forest Production Development

Some incentives had been offered to the companies willing to establish HTI, such as:

(a) free loans from the reforestation fund (*Dana Reboisasi* DR),
(b) support companies borrowing establishment capital from banks or other financial institution,
(c) low taxes and right to clear cut and sell any remnant vegetation on concession area.

Apart from this incentives, companies also have been support in providing employment through introduction of HTI-Trans scheme (HTI pola transmigrasi) since 1992.

Fig. 2.2. HTI Trans of *Acacia mangium* in South Sumatra, Indonesia

Regardless of some incentives had been given by the government, the HTI establishment has been very slow (Potter and Lee, 1998). According to the plan (in 1984) target of HTI area establishment was about 4.5 million ha by the year 2000. In realization of the plan, by 1989 only 67500 ha and by late 1995 only 520 000 ha of HTI was established. During 1996 to 2000, there were 1,054,897 ha additional forest plantation (Table 2.2). In total, estimated HTI establishment area in 2000 was about 1.6 million ha, or only about 30% from the target.
Table 2.2. Industrial Forest Plantation Development Implementation by Province during last five years

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Aceh</td>
<td></td>
<td>15,245</td>
<td>12,275</td>
<td>5,454</td>
<td>959</td>
<td>472</td>
</tr>
<tr>
<td>2</td>
<td>North Sumatera</td>
<td></td>
<td>7,507</td>
<td>7,887</td>
<td>5,196</td>
<td>2,338</td>
<td>1,022</td>
</tr>
<tr>
<td>3</td>
<td>West Sumatera</td>
<td></td>
<td>2,480</td>
<td>1,151</td>
<td>420</td>
<td>315</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Riau</td>
<td></td>
<td>69,216</td>
<td>52,613</td>
<td>34,199</td>
<td>51,144</td>
<td>29,426</td>
</tr>
<tr>
<td>5</td>
<td>Jambi</td>
<td></td>
<td>21,017</td>
<td>19,627</td>
<td>13,260</td>
<td>23,007</td>
<td>16,294</td>
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<td>6</td>
<td>South Sumatera</td>
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<td>21,290</td>
<td>6,144</td>
<td>4,994</td>
<td>4,065</td>
<td>6,431</td>
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<td>7</td>
<td>Bengkulu</td>
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<td>825</td>
<td>300</td>
<td>13</td>
<td>0</td>
<td>0</td>
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<td>8</td>
<td>Lampung</td>
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<td>1,500</td>
<td>2,744</td>
<td>0</td>
<td>92</td>
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<td></td>
<td>SUMATERA</td>
<td></td>
<td>145,191</td>
<td>100,836</td>
<td>66,238</td>
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<td>9</td>
<td>West Java</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>10</td>
<td>Central Java</td>
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</tr>
<tr>
<td>11</td>
<td>North Java</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>JAVA</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>12</td>
<td>West Kalimantan</td>
<td></td>
<td>38,291</td>
<td>31,389</td>
<td>14,099</td>
<td>4,265</td>
<td>10,791</td>
</tr>
<tr>
<td>13</td>
<td>Central Kalimantan</td>
<td></td>
<td>27,687</td>
<td>20,621</td>
<td>11,976</td>
<td>5,654</td>
<td>2,351</td>
</tr>
<tr>
<td>14</td>
<td>South Kalimantan</td>
<td></td>
<td>44,145</td>
<td>4,010</td>
<td>7,485</td>
<td>3,762</td>
<td>686</td>
</tr>
<tr>
<td>15</td>
<td>North Kalimantan</td>
<td></td>
<td>55,599</td>
<td>72,038</td>
<td>81,788</td>
<td>37,245</td>
<td>10,879</td>
</tr>
<tr>
<td></td>
<td>KALIMANTAN</td>
<td></td>
<td>208,512</td>
<td>127,756</td>
<td>95,228</td>
<td>51,128</td>
<td>24,510</td>
</tr>
<tr>
<td>16</td>
<td>Bali</td>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>17</td>
<td>NTB</td>
<td></td>
<td>685</td>
<td>885</td>
<td>112</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>18</td>
<td>NTT</td>
<td></td>
<td>1,935</td>
<td>1,309</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>19</td>
<td>East Timor</td>
<td></td>
<td>639</td>
<td>342</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>NUSA TENGGARA</td>
<td></td>
<td>3,226</td>
<td>2,348</td>
<td>112</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>20</td>
<td>South Sulawesi</td>
<td></td>
<td>2,253</td>
<td>1,515</td>
<td>655</td>
<td>225</td>
<td>22</td>
</tr>
<tr>
<td>21</td>
<td>Central Sulawesi</td>
<td></td>
<td>5,130</td>
<td>4,645</td>
<td>2,721</td>
<td>72</td>
<td>335</td>
</tr>
<tr>
<td>22</td>
<td>South East Sulawesi</td>
<td></td>
<td>2,235</td>
<td>2,702</td>
<td>400</td>
<td>543</td>
<td>0</td>
</tr>
<tr>
<td>23</td>
<td>North Sulawesi</td>
<td></td>
<td>2,215</td>
<td>2,190</td>
<td>758</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>SULAWESI</td>
<td></td>
<td>11,803</td>
<td>11,065</td>
<td>4,453</td>
<td>540</td>
<td>387</td>
</tr>
<tr>
<td>24</td>
<td>Maluku</td>
<td></td>
<td>11,495</td>
<td>11,067</td>
<td>7,535</td>
<td>3,789</td>
<td>1,140</td>
</tr>
<tr>
<td>25</td>
<td>Papua</td>
<td></td>
<td>12,680</td>
<td>12,899</td>
<td>6,896</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>MALUKU &amp; PAPUA</td>
<td></td>
<td>23,810</td>
<td>24,545</td>
<td>14,401</td>
<td>3,789</td>
<td>1,140</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td></td>
<td>380,542</td>
<td>266,609</td>
<td>180,506</td>
<td>137,493</td>
<td>79,747</td>
</tr>
</tbody>
</table>

Source: Directorate General of Forest Production Development
Note: *) Data April – December 2000

Spatial distribution of forest plantation in Kalimantan and Sumatra islands are presented in Fig. 2.3 and Fig. 2.4.
Fig. 2.3. Distribution of Forest plantation in Kalimantan island (Green areas)
Almost of all forest plantation out site Java are managed by private companies, PT. INHUTANI (State Enterprise on Forestry) or Joint venture between PT. INHUTANI and Private Companies. PT. INHUTANI I,II and III are operating in Kalimantan, while PT. INHUTANI III and IV in Sumatra.

PT. INHUTANI managed forest area (include forest plantation area) of about 3.67 million ha. Among of the area, only 0.5 million ha (14%) is managed by themselves and the rest (3.16 million ha or 86%) is managed under joint venture scheme.

Table 2.3. Total area of Industrial Forest Plantation Managed by PT. INHUTANI I – V

<table>
<thead>
<tr>
<th>No.</th>
<th>State Enterprise</th>
<th>Area (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Joint Venture</td>
</tr>
<tr>
<td>1</td>
<td>PT. INHUTANI I</td>
<td>1,254,672</td>
</tr>
<tr>
<td>2</td>
<td>PT. INHUTANI II</td>
<td>241,946</td>
</tr>
<tr>
<td>3</td>
<td>PT. INHUTANI III</td>
<td>748,660</td>
</tr>
<tr>
<td>4</td>
<td>PT. INHUTANI IV</td>
<td>435,578</td>
</tr>
<tr>
<td>5</td>
<td>PT. INHUTANI V</td>
<td>482,233</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>3,163,089</td>
</tr>
</tbody>
</table>

Realization of forest plantation development in PT. INHUTANI area was very low. Until 1999, only about 33% of planting area plan was realized, for all type of forest plantation scheme (Table 2.4)
Table 2.4. Plan and Realization of forest plantation planting, in PT. INHUTANI based on type of forest plantation.

<table>
<thead>
<tr>
<th>Industrial Forest Plantation Unit</th>
<th>Area (Ha)</th>
<th>Realization until 1999/2000</th>
<th>2000 Target (Ha)</th>
<th>Realization (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PT. INHUTANI I</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-managed/Swakelola</td>
<td>101,716</td>
<td>42,738.14</td>
<td>42,738.14</td>
<td>4,901</td>
</tr>
<tr>
<td>Joint venture Non Trans</td>
<td>1,055,317</td>
<td>336,414.04</td>
<td>46,110</td>
<td>22,054</td>
</tr>
<tr>
<td>Joint venture Trans</td>
<td>199,355</td>
<td>73,342.60</td>
<td>12,426</td>
<td>3,873</td>
</tr>
<tr>
<td><strong>PT. INHUTANI II</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-managed/Swakelola</td>
<td>94,800</td>
<td>46,912</td>
<td>5,999</td>
<td>1,058</td>
</tr>
<tr>
<td>Joint venture Non Trans</td>
<td>126,041</td>
<td>31,276</td>
<td>1,850</td>
<td>359</td>
</tr>
<tr>
<td>Joint venture Trans</td>
<td>106,905</td>
<td>9,349</td>
<td>2,800</td>
<td>1,876</td>
</tr>
<tr>
<td><strong>PT. INHUTANI III</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-managed/Swakelola</td>
<td>220,000</td>
<td>88,500.08</td>
<td>1,660</td>
<td>924.02</td>
</tr>
<tr>
<td>Joint venture Trans</td>
<td>647,415</td>
<td>123,633.33</td>
<td>24,950</td>
<td>1,890.56</td>
</tr>
<tr>
<td><strong>PT. INHUTANI IV</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joint venture Non Trans</td>
<td>163,071</td>
<td>35,451</td>
<td>1,168</td>
<td>6,066</td>
</tr>
<tr>
<td>Joint venture Trans</td>
<td>116,197</td>
<td>53,951</td>
<td>4,777</td>
<td>2,721</td>
</tr>
<tr>
<td><strong>PT. INHUTANI V</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-managed/Swakelola</td>
<td>56,547</td>
<td>38,051.53</td>
<td>2,374</td>
<td>2,167</td>
</tr>
<tr>
<td>Joint venture Non Trans</td>
<td>449,523</td>
<td>240,729.76</td>
<td>25,464</td>
<td>14,479.00</td>
</tr>
<tr>
<td>Joint venture Trans</td>
<td>35,730</td>
<td>13,987.63</td>
<td>5,889</td>
<td>2,401.18</td>
</tr>
<tr>
<td></td>
<td>3,372,617</td>
<td>1,134,334.41</td>
<td>177,703.14</td>
<td>64,590</td>
</tr>
</tbody>
</table>

(b) Forest Plantation in Java

Forest plantations in Java are managed by PT. PERHUTANI. Estimated working areas of PT.Perhutani is about 2.94 million ha. Of which in the form of Production Forest (1.92 million ha), Protected forest (0.61 million ha) and Recreation forest/Nature reserve (0.42 million ha).
Main species of the plantations are teak, Pine, Mahogani and Agathis. Detail plantation area based on species is presented in Table 2.5.

Table 2.5. Area of Perhutani Plantation based on Tree Species

<table>
<thead>
<tr>
<th>No</th>
<th>Species</th>
<th>Production forest (ha)</th>
<th>Protection forest (ha)</th>
<th>Total (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Teak (<em>Tectona grandis</em>)</td>
<td>1,059,585</td>
<td>159,126</td>
<td>1,218,771</td>
</tr>
<tr>
<td>2</td>
<td>Pine (<em>Pinus merkusii</em>)</td>
<td>569,971</td>
<td>331,939</td>
<td>901,910</td>
</tr>
<tr>
<td>3</td>
<td>Mahagony (<em>Swietenia sp</em>)</td>
<td>72,885</td>
<td>38,771</td>
<td>111,656</td>
</tr>
<tr>
<td>4</td>
<td>Agathis (<em>Agathis sp</em>)</td>
<td>79,600</td>
<td>64,069</td>
<td>143,669</td>
</tr>
<tr>
<td>5</td>
<td>Sonokeling (<em>Dartbergia latifolia</em>)</td>
<td>25,502</td>
<td>2,959</td>
<td>28,461</td>
</tr>
<tr>
<td>6</td>
<td>Sengon (<em>Paraserianthes falcata</em>)</td>
<td>6,654</td>
<td>3,337</td>
<td>9,991</td>
</tr>
<tr>
<td>7</td>
<td>Cayuput (<em>Melaleuca leucadendron</em>)</td>
<td>11,362</td>
<td>697</td>
<td>12,059</td>
</tr>
<tr>
<td>8</td>
<td>Kesambi (<em>Schleichera oleosa</em>)</td>
<td>3,741</td>
<td>68</td>
<td>3,809</td>
</tr>
<tr>
<td>9</td>
<td>Mangrove</td>
<td>49,663</td>
<td>-</td>
<td>49,663</td>
</tr>
<tr>
<td>10</td>
<td>Meranti</td>
<td>23,400</td>
<td>5,401</td>
<td>28,801</td>
</tr>
<tr>
<td>11</td>
<td>Others</td>
<td>20,453</td>
<td>-</td>
<td>20,453</td>
</tr>
<tr>
<td></td>
<td>Sub Total</td>
<td>1,922,816</td>
<td>606,367</td>
<td>2,529,243</td>
</tr>
<tr>
<td></td>
<td>Recreation Forest and Nature Reserve</td>
<td>-</td>
<td>-</td>
<td>419,800</td>
</tr>
<tr>
<td></td>
<td>Grand Total</td>
<td>1,922,816</td>
<td>606,367</td>
<td>2,949,043</td>
</tr>
</tbody>
</table>

Spatial Distribution of the species is presented in Fig. 2.5.
Fig. 2.5. Spatial distribution of forest plantation in Java
2.2. Considerations for Investment in Industrial Forest Plantation

2.2.1. Positive factor for investment

a. Deregulation of investment Procedure

Since the Law of Foreign direct Investment/ FDI was enacted in 1967, there are 3 times remarkable changes, which was happened in 1994, 1998 and 1999. Started in 1994, the foreign investor may have a 95% share without having any duty to transfer shares to the Indonesian partner, or to invest in a fully-owned (100%).

In 1998, the President of Republic gave an authority to the State Minister for Investments/Head of the National Investment Coordination Board (BKPM), to issue FDI approval up to US$100 million. Meanwhile, The National Commission of Environmental Impact Assessment (Komisi Nasional Analisis Mengenai Dampak Lingkungan/AMDAL) also transferring authority to Regional Offices of Environmental Impact Assessment to verify AMDAL study.

In 1999, the State Minister for Investments/Head of the National Investment Coordination Board (BKPM), delegated to Regional Offices of Investment Coordination Board (BKPMD) and some representative offices of the Republic Indonesia an authority to give FDI approval.

By authority delegation, the application of FDI became easier and faster. Detail explanation of Reformation/Deregulation of FDI investment is presented in Chapter III.

b. Shortage of Raw material Supply

Industrial forest plantation investment is still promising by the high demand of raw material for forest industries. Annual wood production to meet the raw material demands of industry is projected to be about 37.67 million cubic meters.
Another 2.71 million cubic meter will be supplied from industrial forest plantations. The production capacity of natural forest has tended to decrease over time due to various disturbances. The forest product industry, however, especially the wood processing industry has been growing very fast since the export log bans in 1984. The existence of gaps between the need of raw material and the capacity of forest to supply logs is therefore a serious challenge.

2.2.2. Negative Factors for Investment

a. Unavailability of Reforestation Fund /Dana Reboisasi (DR)
There are two kind funding schemes to build Industrial Forest Plantation: (1) self financing, and (2) joint venture with Government Estate Company. Under the joint venture, the company may borrow capital from reforestation fund (Dana Reboisasi/DR), maximum 32.5% of the total asset (share) without any interest (0%). This mechanism had been last till 1999.

After the promulgation of Law No. 41/1999 and Regulation No. 25/1999, the policy on DR allocation was changed. Debate on how to divide the proportion of DR between Central Government and Regional Government (Log's/wood's Producer area) has been occurring. Since there is no any Government Regulation (Peraturan Pemerintah) about the DR allocation, the availability of DR for Industrial Forest Plantation is uncertain (Letter of secretary General of Forestry and Estate crops, No. 549/II-Keu/2000 dated on 20 april 2000 and No. 1133/II-Keu/2000 dated on 6 July 2000).

b. Time delayed during application
Even though some deregulations of Law and regulation of FDI have taken place, some delayed during the administrative processes have been reported. As an extremely case, to get approval and right to developed HTI, may take of about
more than 2 years (Sarijanto, 2000). The delayed may result in high-cost economy and increase the business uncertainty.

c. Land Availability, Land dispute and social conflict

Unproductive land or degraded land within production forest is estimated about 21 million hectares, however, it is often that the lands are already occupied by shifting cultivators/farmers (Sarijanto, 2000). This facts made the company difficult to find adequate sized of land parcel in accessible location without any additional cost during the establishment (Potter and Lee, 1998).

Land availability also related with agrarian dispute and social conflicts that have been occurring in some places in Indonesia. Kartodihardjo and Supriono (2000), reported that social conflict between HTI company and local people occurred in South Sumatra, where as 41,155 ha of small holder plantation owned by 4,101 families, have been taken over by 13 companies. In the other part of South Sumatra, 81 oil palm companies with total area of about 554,000 ha, have had 11% of its land was dispute problem with local communities. In total, in South Sumatra Provinces, there are 103 land dispute cases resulting from oil palm and HTI establishment.

Social conflict may also in the form of anti-HPH and anti-HTI movement. Kartodihardjo and Supriono (2000), reported that since the economic crisis and instability of the Government, there are anti-HPH, anti-HTI and anti-cash crops tree plantation movement. They reported that some places in South Lampung and North Sumatra, farmers have occupied illegally the land of the HPH, HTI and cash crops tree plantation. To overcome the problem with the land and reduce social conflict some HTI company have begun implemented community forestry (Hutan Rakyat) scheme. The HTI company provide all input production and profit being shared to a group a farmer. The scheme was already applied in Jambi (Potter and Lee, 1998).
d. Forest Fire

HTI is monoculture plantation and usually produce very huge quantity of litter/dry biomass under the plantation floor. During dry season, especially under El-Nino influenced, the dry biomass are very susceptible to fire. Fire may come from the surrounding field of shifting cultivators/farmers or HTI/ cash crops plantation, that usually use fire for land clearing, even though fire have been prohibited for land clearing purposes.

Fig. 2.6. Fire on Acacia mangium plantation (photo by Prasetyo)

Fig. 2.7. Fire for land clearing (photo by Prasetyo)
III. FOREIGN DIRECT INVESTMENT ON
INDUSTRIAL FOREST PLANTATION

3.1. Brief History of Foreign Direct Investment (FDI) Policy

In 1967 the Indonesian Government introduced the Foreign Direct Investment Law No. 1 in 1967 (Undang-Undang Penanaman Modal Asing No. 1/1967) to attract foreign direct investment. Under the foreign investor received very attractive incentive such as tax holidays, and some certain guarantees. To assure of the Law implementation the so-called Panitia Teknis or Technical Team coordinated was performed (later in 1973, the Panitia Teknis was changed into Badan Koordinasi Penanaman Modal/BKPM or The National Investment Coordinating Board).

In 1974, after demonstration against the Japanese Investor happened (Malari-riot), foreign investment regulation became more restrictive. Investors were only allowed to invest in the form of a joint-venture with a local partner. The new regulation was also aim to speed up the process of transfer of shares to the Indonesian partners.

After the oil-boom had ended in 1982, the oil prices got extremely low and the income of devices from oil dropped. In response to this situation, the so-called Pakem / Pakmei (Paket 6 Mei) or Package of 6 May 1986 regulation was introduced, aimed at improvement of foreign investment environment and the competitiveness of non-oil sector in international market. To provide more opportunities and attract more investment, simplification of procedure was taken, such as to change Daftar Skala Prioritas/DSP (a list of sectors accessible to foreign investment) into Daftar Negatif Investasi /DNI (a list of sectors closed to foreign investment, which was much shorter than the DSP). The DNI later was modified again to be more accommodative, by the promulgation of the Decree of the Indonesian President No. 96/2000.
In 1994, the Paket Deregulasi Juni 1994 (Deregulation in June 1994) was introduced. This deregulation was introduced aimed at the stability and sustainability of foreign investment. Under the regulation, the foreign investor may choose between a joint-venture with an Indonesian partner / BUMN with a share of 95% without having any duty to transfer shares to the Indonesian partner, or to invest in a fully-owned (100%) with one condition, that is have to transfer at least 5% of shares to a Indonesian partner within 15 years.

In 1998, the President of Republic of Indonesia delegate authority to the State Minister for Investments/Head of the National Investment Coordination Board (BKPM), to issue FDI approval up to US$100 million. Previously, FDI at any amount was issued by the President. In the same time, National Commission of Environmental Impact Assessment (Komisi Nasional Analisis Mengenai Dampak Lingkungan/AMDAL) also transferring authority to Regional Offices of Environmental Impact Assessment to verify AMDAL study. Moreover, there are also some deletion of letter recommendations from Technical Department and Principal Approval (Ijin Prinsip) from related Ministry, before the investor implement or construct the project.

In 1999, the State Minister for Investments/Head of the National Investment Coordination Board (BKPM), issued decree No.38/SK/1999 regarding to manual and procedure of applying for investment in the framework of domestic and foreign investment. Under the Decree, BKPM have delegated an authority to Regional Offices of Investment Coordination Board (BKPMI) and some representative offices of the Republic Indonesia to give permit to the FDI. The Decree also have provided better guidance to the foreign investor to fulfill the application.
3.2. Current situation of foreign investment on Forestry

Allowable forestry sectors for FDI are governed by The Presidential Decree No. 96/2000, which was modified by the decree No. 118/2000 dated August 2000 regarding accessible and inaccessible business sector on some term of investment. Germ plasm nursery, natural forest exertion right and contractors engaged in the field of lumbering are prohibited sector for FDI. Meanwhile, development of Industrial Forest Plantation and pulp industry are not mentioned as closed sector (Daftar Negatif Investasi/DNI) (Attachment 1)

Detail data of FDI on Forestry is difficult to be collected, since very limited publication published. Since the economical crisis in 1997 followed by the political instability and public unrest, almost of all sector of FDI have been decreasing. FDI approved on Forestry sector tends to decrease, except investment on paper industry, which showed an remarkable increase in 1997, however, the figure shrink to very low figure in the year of 2000 (Table 3.1)

<table>
<thead>
<tr>
<th></th>
<th>Industrial Forest Plantation</th>
<th>Wood Industry</th>
<th>Paper Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>0</td>
<td>263</td>
<td>2540.5</td>
</tr>
<tr>
<td>1996</td>
<td>135.5</td>
<td>101.1</td>
<td>2907.3</td>
</tr>
<tr>
<td>1997</td>
<td>0</td>
<td>69.7</td>
<td>5353.3</td>
</tr>
<tr>
<td>1998</td>
<td>0</td>
<td>70.8</td>
<td>40.8</td>
</tr>
<tr>
<td>1999</td>
<td>8.8</td>
<td>113.2</td>
<td>1411.8</td>
</tr>
<tr>
<td>2000</td>
<td>10</td>
<td>208.2</td>
<td>141.9</td>
</tr>
</tbody>
</table>

Source: Bank of Indonesia, 2002

It was reported that some of the on going FDI on forestry also felt into bankruptcy, due to long economical crisis.
3.3. Agency/Institution related to FDI

a. The National Investment Coordinating Board (BKPM)
   The National Investment Coordinating Board (BKPM) is a Non Departmental Government agency serving under and responsible directly to the President of the Republic Indonesia. The Board led by a Chairman who also acts as the Minister of Investment. It function is to assist the President in formulating Government policies on investment, such as processing investment approval, licenses and conducting supervision.

b. Regional Investment Coordinating Board (*Badan Penanaman Modal Daerah* BKPMD)
   Regional Investment Coordinating Board (BKPMD) is headed by a Chairman, who is a subordinate of and responsible to the Provincial Governor. It has task to assist investor in implementing their investment project the BKPMD has the task to assist the investors in implementing the Foreign Investment Approval (SP-PMA), after the BKPM approval has been issued. The BKPMD will issue regional permit for:
   - Locations permit.
   - Building permit.
   - Working permit for expatriate employees.

c. National Land Affair (*Badan Pertanahan Nasional* BPN)
   National Land Affair (*Badan Pertanahan Nasional* BPN) is headed by a chairman, who is responsible to the Ministry of Home Affair. It function is to issue permit on land, such as issuing Business Utilization Permit (*Hak Guna Usaha* HGU).
d. Province Land Affair Offices (*Badan Pertanahan Nasional tingkat Propinsi*)

Provincial office of Land Affair (*Badan Pertanahan Nasional tingkat Propinsi*) is the land affair agency at Provincial level, headed by a chairman, who is subordinate of and responsible to the head of the National Agency for Land Affair (*Badan Pertanahan Nasional*).

e. Regency Land Affair Offices

Regency office of Land Affair (*Badan Pertanahan Nasional tingkat Kabupaten*) is the land affair agency at Regency level, headed by a chairman, who is subordinate of and responsible to the head of the Provincial office of Land Affair. It has task to assist the investor in obtaining land for the location of the investment project.

f. Regency Public Work (*Dinas Pekerjaan Umum Kabupaten*)

Regency Public Work (*Dinas Pekerjaan Umum Kabupaten*) is headed by a Chairman, who is subordinate of and responsible to the Regent (*Bupati*). It has task to lead the investor in implementing their construction works.

g. Regional Office of Environmental Impact Management (*Badan Pengendalian Dampak Lingkungan Daerah/Bapedalda*)

Bapedalda is headed by the Chairman who is directly responsible to the Regent. It has task to verify and convince that environmental impact assessment study (*Analisa mengenai Dampak Lingkungan/AMDAL*) of the investment project plan. Upon their approval the investment project can be continued.
3.4. Procedure and manual of new FDI

Summarized of procedure and manual of new FDI application is presented in Table 3.1, while its explanations are follows:

**Step 1 : Application and approval of New FDI**

Initial step that has to be taken by investor for new FDI is to get approval of FDI. Applications for new capital investments under FDI arrangements can be submitted by:

a. foreign citizens and/or foreign corporation and/or foreign investment companies;

b. foreign citizens and/or foreign corporation and/or foreign investment companies along with Indonesian citizens and/or Indonesian corporation.

The application forms shall be submitted to:

a. The State Minister for Investments/Chairman of BKPM; or

b. Heads of local representative offices of the Republic of Indonesia; or

c. Heads of Regional Investment Coordinating Board (BKPM)

The applications should be submitted in duplicate (2 copies) by using the form of model I/PMA (*Attachment 2*) and signed by parties (applicants) of the Joint venture or their respective legal proxies.

The Government Regulation no. 20/1994 on investment guided type of general FDI. Based on the regulation the FDI may be established in the form of:

a. Joint venture between foreign capital and domestic capital owned by Indonesia citizens and/or Indonesian legal entities. Joint venture company shall take the form of Limited Liability Investment Company subject to Indonesia Corporate Laws, denoted as *Perseroan Terbatas* (PT). The Indonesian partners' share in joint venture company shall be
at least 5% of the total paid-up capital of the company upon the establishment

b. Straight investment means that the entire capital is owned by foreign citizens, and/or foreign legal entities. For this type of investment, there is a requirement that after 15 years from commencement of commercial operation, the 100% share holders must sell at least 5% of the firm to an Indonesian entity.

In case of Forestry sector, from the time being FDI must be in the form of Joint venture as stated by Ministry Decree no. 403/KPTs-II/1992 about the Guidance and Procedure the establishment of joint venture company for the development of Forest plantation. Straight investment (100% owned by foreign company) on Forestry sector is still being in discussion. Further requirement is that the owners (Board of Directors) of the company have clear commitment on sustainable forest management as requested by the Decree of Forestry Ministry No. 21/Kpts-II/2001, dated on 31 January 2001

Based on the evaluation of applications for investments (it will takes not later than 10 working days), the State Minister for Investments/Head of BKPM or Minister of Foreign Affairs in this case Heads of local representative offices of the Republic of Indonesia or Governors/Heads of Provincial Regions in this case Chairman of local BKPMD shall issue a letter of approval of foreign investments/ (Surat Persetujuan Penanaman Modal Asing/SP-PMA) and shall be conveyed to applicants with copies made available to:

a. The Minister of Internal Affairs;

b. Ministers fostering business fields of the relevant investments;

c. The Minister of Finance;

d. The State Minister for Agrarian Affairs/Chairman of the Agency for National Land Affairs (Badan Pertanahan Nasional);
e. The State Minister for Environment/Chairman of BAPEDAL (Board of control over Impacts on the Environment);
f. The Minister of Cooperatives, Small and Medium scale Businesses/Minister Kooperasi, Pengusaha Kecil dan Menengah (in the case of partnership with scale businesses);
g. Ambassador/Heads of representative offices of countries of origin of foreign participants in Indonesia;
h. Governor of Bank Indonesia;
i. Governors of the relevant provincial regions;
j. Directors general in charge of technical affairs of the relevant investments;
k. The Director General for Taxes;
l. The Director General for Customs;
m. The Director General of Laws and Legislation;
n. Chairman of the BKPM concerned;
o. Heads of technical service institutions of regencies/municipalities concerned

A copy of the approval letter issued by Chairmen of local BKPM shall also be made available to the State Minister for Investments/Head of BKPM. Meanwhile copies of the letter of approval issued by heads of local representative offices of the Republic of Indonesia shall also be made available to the Minister of Foreign Affairs and the State Minister for Investments/Head of BKPM.

**Step 2: Application Letter of domicile**

The FDI Company must obtained a Letter of Domicile issued by the Office of the Sub-District having jurisdiction over the domicile of the FDI Company. The Office of the relevant District must also acknowledge the aforementioned Letter of Domicile.
Step 3: Execution of the deed of establishment

After obtaining the foreign investment approval from BKPM or the Regional BKPM or the Indonesian Embassy/Consulate General/Consulate, the investors shall execute the final Joint Venture Agreement (signed by the parties), and the Deed of Establishment (established by the shareholders referred to in foreign investment approval/SP-PMA) containing the Articles of Association of the FDI Company.

The execution of the Deed of Establishment must be made before a Notary Public. The person(s) appearing before the Notary Public must also bring their Resident Identification Cards or their passports along with the Resident Identification Cards and/or passports of the members of the Board of Directors and Board of Commissioners, and a power of attorney if the said person(s) are acting as legal representatives/attorneys/proxies. The Deed of Establishment must then be submitted to the Ministry of Justice and Human Rights for ratification.

Step 4: Application for approval from the Minister of Justice and Human right

The application for approval of the Deed of Establishment of the PMA Company by the Ministry of Justice and Human Rights, is to be submitted by the same Notary Public who made the notarial Deed of Establishment of the relevant PMA Company. The application will be submitted together with the evidence of payment of the initial issued and paid up capital, and the PMA Company’s Taxpayer’s Registration Number.
Step 5: Registration and announcement of the deed of the establishment

The Notary Public will then register the ratified Deed of Establishment in the Register of Enterprises at the Regional Office of the Department of Trade and Industry (acting as the Office for company registration within the said regency) at the latest 30 (thirty) days as of the issuance of the Minister of Justice and Human Rights approval, and the ratified and registered Deed of Establishment will then be published in the State Gazette of the Republic of Indonesia, and its Supplement, at the latest 30 (thirty) days as of registration at the Register of Companies.

Step 6: Application of Tax Registered Code Number (NPWP) and Taxable Entrepreneur's Number

After obtaining the Letter of Domicile, the PMA Company should immediately apply for its Taxpayer's Registration Number (Nomor Pokok Wajib Pajak/npwp), by submitting the following documents to the Tax Office for PMA Companies:

- Application letter (form available at the Tax Office);
- Copy of the foreign investment approval (SP-PMA);
- Copy of the Letter of Domicile;
- Copies of the Resident Identification Cards and/or passports of the Directors of the PMA Company;
- Power of attorney if the person submitting the application letter is not the applicant; and
- Copy of the PMA Company’s deed of establishment (approved by public notary)

This Taxpayer’s Registration Number is required to be attached in the application for the Minister of Justice and Human Rights approval referred to in the below paragraph.
After the FDI Company has obtained its Taxpayer's Registration Number, the relevant Tax Office will conduct on site inspection to the office of the FDI Company in order to issue the Taxable Entrepreneur's Number.

**Step 7 : Opening of Bank Account**

The PMA Company must open a bank account with a foreign exchange bank in Indonesia. The issued capital of the FDI Company must be transferred to the said bank account by each of the shareholders, and copies of the relevant bank transfers must be attached to the application for approval from the Minister of Justice and Human Rights.

The following documents are to be submitted in opening a bank account:

- Copy of the deed of establishment;
- Copy of the Taxpayer's Registration Number;
- Copy of the Letter of Domicile;
- Sample of signature of the President Director of the PMA Company;
- Other requirements as stipulated by the relevant bank.

**Step 8 : Application of working permit for Expatriates (Ijin Kerja Tenaga Asing/ IKTA)**

PMA companies planning to employ expatriates shall have the plan for employment of foreign personnel (*Rencana Penggunaan Tenaga Kerja Asing/RPTKA)*.

Applications for approval of the plan for employment of foreign personnel (The Plan for Employment of Foreign Personnel/ RPTKA), shall be submitted to:

- the State Minister for Investments/Head of BKPM (for companies whose SP are issued by the State Minister for Investments/Head of BKPM)
The Governor/Head of the Provincial Region in this case the Chairman of BKPM (for companies whose SP-PMA issued by the Chairman of BKPM)

to the State Minister for Investments/Head of BKPM or the Chairman of BKPM (for companies whose SP-PMA are issued by the Heads of Representative Offices of the Republic of Indonesia)

The applications for approval shall be filed by using the Plan for Employment of Foreign Personnel/ RPTKA form (Attachment 3), with following attachments:

- The Article of Association of the joint venture company
- A Description of the organizational structure of the joint venture company
- A copy of the company’s labor report
- A copy of citizenship identification card for the Indonesian employee as an assistant

The Plan for Employment of Foreign Personnel/ RPTKA approval shall be issued by the State Minister for Investments head of BKPM on behalf of the Minister of Manpower, or the Chairman of BKPM on behalf of the Governor/Head of the provincial region, and the Minister of Manpower for the State Minister for Investments/Head of BKPM in the form of RPTK decrees to applicants with its copies addressed to the Ministry of Manpower, relevant technical ministries and the local BKPM. The Plan for Employment of Foreign Personnel/ RPTKA is used as a basis consideration in granting the working permit for Expatriates/ IKTA.

The approval of the Plan for Employment of Foreign Personnel/ shall be issued not later than 4 (four) working days after the receipt of complete and correct applications.
Step 9: Application of Restricted Stay Permit/RSP

After getting approval of the Plan for Employment of Foreign Personnel/ RPTKA, the company shall apply Restricted Stay Permit/RSP (Visa Terbatas/VITAS) for the Expatriates who are ready to come to Indonesia, from the Head of consular Representative Offices of the Republic of Indonesia. To get Restricted Stay Permit/RSP, the corporation require to fill and submit application form of Ppt.2 (Attachment 4), with following attachments:

- A copy of the passport
- Curriculum Vitae (CV) signed by connected expatriate employee
- Educational and experience of work certificates/diplomas
- A copy of document of appointment (surat penunjukkan) or minutes of shareholder general meetings for the position of directors

After the Ppt.2 is evaluated, BKPM will issue a letter of recommendation in the form of TA.01 to the Director General of Immigration. Based on this Letter the Director General of Immigration will issue the VITAS for the concerned expatriate employee.

Step 10: Application to Import Capital Goods and Raw/Auxiliary Materials

The import of capital goods with facilities for a PMA Company shall obtain the approval from BKPM or the Regional BKPM, by submitting the Model IV.A (Attachment 5)/Master list of Capital Goods in 2 (two) sets to either BKPM or BKPMD, together with the following documents:

- Master list of Capital Goods;
- Illustration of location for machines/equipment;
- Manuals/Brochures/Technical Literature;
- Description of the production process;
Step 11. The import of raw/auxiliary materials

The import of raw/auxiliary materials with facilities shall obtain the approval from BKPM or the Regional BKPM, by submitting the Model IV.B Master list of Raw/Auxiliary Materials (Attachment 6) in 2 (two) sets to either BKPM or the BKPMD, along with the following documents:

- master list of Raw/Auxiliary Materials;
- estimation of the requirement for raw/auxiliary materials to be imported;
- list of installed machines/equipment, with technical specification and estimation capacity of the machines;
- copy of the foreign investment approval and its subsequent amendments;
- copy of the Taxpayer's Registration Number and Taxable Entrepreneur's Number;
- copy of the latest Investment Progress Report.

Step 12: Application for the Limited Importer's Identification Number

In order to obtain the Limited Importer's Identification Number, the PMA Company shall submit the relevant application form to either BKPM or the Regional BKPM in 2 (two) sets, together with the following documents:

- Limited Importer's Identification Number card signed by those entitled to sign import documents and stamped with corporate seals;
- Copy of the PMA Company's latest deed regarding the structure/composition of the Board of Directors;
✓ Copy of the Taxpayer’s Registration Number;
✓ Power of attorney from the Board of Directors, duly stamped, for import documents not signed by the Board of Directors;

Step 13: Applying Site Permit (Ijin pencadangan Lokasi)

After getting SP-PMA and its related licensing document, the company should send a letter to apply Site/Location Permit (Ijin Pencadangan Lokasi). It should be submitted to:

✓ The Ministry of Forestry and Estate Crops (in case of the location of the project situated across two or more Provinces) ; or
✓ Governor of the Province (in case of the location of the project situated across two or more Regent/Major) ; or
✓ Head of Regency/Major (in case of the location of the project situated within a Regent/Major).

Enclosed to the letter, some documents that have to submitted are as follows:

✓ At least last 2 years Landsat Thematic Mapper (TM)/Enhanced Thematic Mapper (ETM) image (s) photograph(s) band 5,4,2 and its interpretation of the proposed location
✓ Letter of recommendation from Head of Regency, attached with map of the location at scale 1 : 100 000
✓ Project Proposal
✓ Letter of company establishment approved by Indonesian notary office
✓ Three years report of company cash flow, except the company is newly established
✓ NPWP (Nomor Pokok Wajib Pajak/ Taxpayer’s Registration Number)

The judgment of Site Permit, will be made based on:

✓ Whether the location proposed situated in accordance with Spatial Planning (Rencana Tata Ruang Wilayah Propinsa/RTRWP).
✓ Whether condition of location proposed (bio-physical condition) meet with the requirement requested by Dept. of Forestry and Estate Crops.

**Step 14**: Obtaining Land Business Expolitation Right (HGU: *Hak Guna Usaha*) and Building Right (HGB: *Hak Guna Bangunan*)

After the issuing of Site/Location Permit (*Ijin Pencadagan Lokasi*), the company can apply Land-use Right (HGU)/Building Right (HGB) to the Head the Provincial or Regency of Land Office Affair, depending on the project area location.

Documents that should be enclosed to the letter of application are:

✓ The Site/Location Permit
✓ The evidence of the applicants
✓ The letter showing that forest land has been released by the Minister of Forestry
✓ The situation sketch of map measured by the Land Office

**Step 15: Feasibility Study and Environmental Impact Assessment**

Upon to the approval of Site permit, Head of Regency or Governor of the Provinces or the Ministry of Forestry and estate crops, ask the FDI company to conduct Feasibility Study, and Environmental Impact Assessment.

The Feasibility study shall be submit to:

✓ Ministry of forestry, in case of the locations located across two Provinces (*Propinsi*)
✓ Governor of the Province, in case of locations located at across two Regencies (*Kabupaten/Kotamadya*)
✓ Head of Regency/Major, in case of locations located only within a regency (*Kabupaten/Kotamadya*).
Environmental Impact Assessment (AMDAL), Plan for Environmental Management (Upaya Kelola Lingkungan/UKL) and Plan for Environmental Monitoring (Upaya Pemantauan Lingkungan/UPL) are submitted to:

- Regional Office of Environmental Impact Assessment Area located only within a regency (Kabupaten/Kotamadya)
- The National Environmental Impact Assessment Agency Area located at across two Regencies (Kabupaten/Kotamadya)

**Step 16: Business License for Industrial Forest Plantation Development and exploitation (Ijin Usaha Pemanfaatan Hasil Hutan Tanaman)**

After finishing Feasibility Study, AMDAL, UKL dan UPL, the FDI company shall to proceed the procedure to get Business License for Industrial Forest Plantation Development and exploitation (Ijin Usaha Pemanfaatan Hasil Hutan Tanaman). The application should be send to:

- Ministry of forestry, in case of the locations located across two Provinces (Propinsi)
- Governor of the Province, in case of locations located at across two Regencies (Kabupaten/Kotamadya)
- Head of Regency/Major, in case of locations located only within a regency (Kabupaten/Kotamadya).

The requirement document that should be submitted are:

- Environmental Impact assessment (AMDAL) (in case of the area is more than 10,000 ha or less than 10,000 ha, but at situated in surrounding protected/conservation forest),
- Plan for Environmental Management (UKL) and Plan for Environmental Monitoring (UPL) that have been approved by Regional Office of environmental Impact assessment.
✓ Proposal/feasibility study of the project have been approved,
✓ Site permit has been approved
✓ Fee of Industrial Forest Plantation exploitation have been paid

After the evaluation Head of Regency or Governor of the Province, or Ministry of Forestry and Estate Crops, issue Business License for Industrial Forest Plantation Development and exploitation for 35 years, plus one rotation of main species of tree

3.5. Cancellation of the SP-PMA
The SP-PMA shall be automatically cancelled if there is no realization of projects in the form of concrete activities for 3 (three) years as from the date of issue of SP-PMA. Administrative fulfillment during the first 3 years that should be taken are:

a. Location permit from the Governor/Head of Regency/Major
b. Bank account in the name of company
c. Limited importer’s identification number (Angka Pengenal Impor Terbatas/APIT)
d. Decision on the plan for employment of foreign person (Rencana Penggunaan Tenaga Kerja Asing/RPTK)
e. Right of business exploitation (Hak Guna Usaha/HGU)
f. Deed (akte Notaris) of Company establishment document approved by Ministry of Justice.
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<tr>
<td>Step 1: Apply SP-PMA (Foreign Investment Approval)</td>
<td>1. Representative Office of the Republic of Indonesia</td>
<td>Valid for only Tokyo, Seoul and Hong Kong</td>
<td>1. Two (2) copies of Form Model vPMA</td>
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<td></td>
<td>2. BKPM (Badan Koordinasi Penanaman Modal/ The National Investment Coordinating Board)</td>
<td>Permit of the FDI under US$100 million will directly be approved by BKPM, but more than US$100 million should be issued by the President.</td>
<td>2. Article of Association of the company and any amendment(s) for Foreign Investment Company</td>
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<td>3. BKPM/M (Badan Koordinasi Penanaman Modal Daerah/ Regional offices of Investment Coordinating Board) on behalf of BKPM</td>
<td>If the location of FDI within a Regency/major</td>
<td>3. Article of Association of the company and any amendment(s) for Indonesian Company</td>
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<td>4. NPWP (Nomor Pokok Wajib Pajak/Tax Registered Code Number)</td>
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<td>5. Power of Attorney to sign the application if the participant(s) are presented by another party</td>
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<td>Step 2: Apply Letter of domicile</td>
<td>Office of the Sub-District (Kecamatan)</td>
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<td>2. A power of attorney if the said person(s) are acting as legal representatives/attorneys/proxies</td>
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<td>Step 4: Application for approval from the Minister of Justice and Human Right</td>
<td>Public Notary</td>
<td>the same Notary Public who made the notarial Deed of Establishment of the relevant PMA Company</td>
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<td>1. Public Notary</td>
<td>1. Application letter (form available at the Tax Office);</td>
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<td>2. the Regional Office of the Department of Trade and Industry</td>
<td>2. Copy of the foreign investment approval (SP-PMA);</td>
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<td></td>
<td>3. Ministry of Justice and Human Rights approval</td>
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<td>Registered Code Number (NPWP) and Taxable Entrepreneur's Number</td>
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<td>3. Copy of the Letter of Domicile;</td>
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<td>4. Copies of the Resident Identification Cards and/or passports of the Directors of the PMA Company;</td>
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<td>5. Power of attorney if the person submitting the application letter is not the applicant; and</td>
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<td>6. Copy of the PMA Company's deed of establishment (approved by public notary)</td>
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<td>Step 7. Opening of Bank Account</td>
<td>a foreign exchange bank in Indonesia</td>
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<td>1. Copy of the deed of establishment;</td>
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<td>2. Copy of the Taxpayer's Registration Number;</td>
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<td>4. Sample of signature of the President Director of the PMA Company;</td>
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<td>the State Minister for Investments/Head of BKPM</td>
<td>for companies whose SP-PMA are issued by the State Minister for Investments/Head of BKPM</td>
<td>1. Form of RPTK</td>
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<td>for companies whose SP-PMA are issued by the Chairman of BKPM</td>
<td>2. The Article of Association of the joint venture company</td>
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<td>for companies whose SP-PMA are issued by the Heads of Representative Offices of the Republic of Indonesia</td>
<td>3. A Description of the organizational structure of the joint venture company</td>
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<td>5. A copy of citizenship identification card for the Indonesian employee as an assistant</td>
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<td>Step 8. Application of Restricted Stay Permit/RSP</td>
<td>BKPM</td>
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<td>1. Application form of PPL2</td>
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<td>2. A copy of the passport</td>
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<td>3. Curriculum vitae signed by connected expatriate employee</td>
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| **Step 9.** Application to Import Capital Goods | BKPM or BKPM | | 1. Form Model IV.A.  
2. Master list of Capital Goods;  
3. Illustration of sites for machines/equipment;  
4. Manuals/Brochures/Technical Literature;  
5. Description of the production process;  
6. Calculation of the capacity for the machines;  
7. Copy of the foreign investment approval and its subsequent amendments;  
8. Copy of the PMA Company's Taxpayer's Registration Number and Taxable Entrepreneur's Number; and  
9. Copy of the latest Investment Progress Report |
| **Step 10.** Application to Raw/Auxiliary Materials | BKPM or BKPM | | 1. Form Model IV.B.  
2. Master list of Raw/Auxiliary Materials;  
3. Calculation of the requirement for raw/auxiliary materials to be imported;  
4. List of installed machines/equipment, with technical specification and calculation of the capacity for the machines;  
5. Copy of the foreign investment approval and its subsequent amendments;  
6. Copy of the Taxpayer's Registration Number and Taxable Entrepreneur's Number;  
7. Copy of the latest Investment Progress Report. |
<p>| <strong>Step 11.</strong> Application for the Limited Importer's | BKPM or BKPM | | 1. Limited Importer’s Identification Number card signed by those entitled to sign import documents and stamped with corporate seals; |</p>
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<td>Ministry of forestry</td>
<td>Locations located across two Provinces (Propinsi)</td>
<td>2. Copy of the PMA Company’s latest deed regarding the composition of the Board of Directors; 3. Copy of the Taxpayer’s Registration Number; 4. Power of attorney from the Board of Directors, duly stamped, for import documents not signed by the Board of Directors</td>
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<td>2. Governor of the Province</td>
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<td>3. Head of Regency/Major</td>
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<td>7. Letter of recommendation from Head of Regency, attached with map of the location at scale 1 : 100 000</td>
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<td>2. Governor of the Province</td>
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<td>8. Project Proposal</td>
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<td>9. Letter of company establishment approved by Indonesian notary office</td>
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<td><strong>Step 14:</strong> Application of Land-use Right and Building Right</td>
<td>Provincial/Regency Land Office Affair</td>
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<td>10. Three years report of company cash flow, except the company is newly established 11. NPWP (Nomor Pukok Wajib Pajak/Tax Registered Code Number)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Site Permit (ijin pencadangan lokasi) have been approved</td>
<td>1. The Site/Location Permit 2. The evidence of the applicants 3. The letter showing that forest land has been released by the Minister of Forestry 4. The situation sketch of cadastral measurements by the Land Office</td>
</tr>
<tr>
<td>Implementation Stage</td>
<td>Service agency</td>
<td>Note</td>
<td>Requirements</td>
</tr>
<tr>
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</tr>
<tr>
<td>Step 15: Environmental Impact assessment (AMDA) Plan for Environmental Management (UKL)</td>
<td>Regional Office of Environmental Impact Assessment</td>
<td>Area located only within a regency (Kabupaten/Kotamadya)</td>
<td>Site Permit (ijin pencadangan lokasi) have been approved</td>
</tr>
<tr>
<td></td>
<td>The National Environmental Impact Assessment Agency</td>
<td>Area located at across two Regencies (Kabupaten/Kotamadya)</td>
<td></td>
</tr>
<tr>
<td>Step 16: Business License for Industrial Forest Plantation Development and exploitation (Ijin Usaha Pemanfaatan Hasil Hutan Tanaman)</td>
<td>1. Ministry of forestry</td>
<td>Area located across two Provinces (Propinsi)</td>
<td>1. Environmental Impact assessment (AMDA) (in case of the area is more than 10,000 ha or less than 10,000, but at situated in surrounding protected/conservation forest).</td>
</tr>
<tr>
<td></td>
<td>2. Governor of the Province</td>
<td>Area located at across two Regencies (Kabupaten/Kotamadya)</td>
<td>2. Plan for Environmental Management (UKL) and Plan for Environmental Monitoring (UPL) have been approved by Regional Office of Environmental Impact assessment.</td>
</tr>
<tr>
<td></td>
<td>3. Head of Regency/Major</td>
<td>Area located only within a regency (Kabupaten/Kotamadya)</td>
<td>3. Proposal/feasibility study of the project have been approved.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4. Site permit has been approved</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5. Fee of Industrial Forest Plantation exploitation have been paid</td>
</tr>
</tbody>
</table>
The concrete activities on the field would be in the form of:

a. In case of Industrial investment, there should be land clearance activities at least 25% of the areas contained in approval letter, or

b. For services (for example Hotel) ; there are main activities in the form of land clearance covering at least 25% of the areas contained in approval letters, or office/building space

3.6. Specific Aspect on Industrial Forest Plantation Development

a. Location

Foreign investment companies are free to choose where the project would be set up. In case of factory establishment, it should be in areas allocated within industry or in industrial estate. In case of Industrial Forest Plantation investment, the area for project establishment is guided under the Ministry Forestry and Estate Crops Decree No. 10/KPts-II/2000.

Based on the Ministry Forestry and Estate Crops Decree No. 10/KPts-II/2000, Industrial Forest Plantation development should be conducted within Production Forest according to Provincial Land-use Planning (Rencana Tata Ruang Wilayah Propinsi/RTRWP) and there is no any other right on the land (Forest Concession or Mining Right). The Land should be situated at upland area, with elevation ranges from 0-1,000 m above the sea level and slope between 0 – 25%. In a case of the area located at slope from 8% - 25%, the exploitation must be followed by conservation techniques.

Prioritized area for planting is unproductive land, such as bare land, alang-alang grassland (Imperata cylindrica), shrubs, or natural vegetation area in which no tree species with diameter above 10 cm. Natural vegetation area with seedling of dominant species per hectare not more than 200 also can be considered as allowable area for Industrial Forest Plantation.
b. Management system

Industrial Forest Plantation is managed under a concession holder system:

- The Industrial Forest Plantation concession shall be managed professionally,
- Sustainability principles are enforced,
- The project must be economically and financially sound,
- Industrial Forest Plantation can be built in the form of mono-culture species (one species) or mixed with other species such as cash crops. Maximum allowable cash crops is 20% from the total area of Industrial Forest Plantation.

c. Concession Period

Industrial Forest Plantation concession right is granted for 35 years plus one rotation period of the main species. Once the concession right is expired, it can be renewable or removed to another company.

d. Financing

Basically the fund resource for Industrial Forest Plantation development comes from the investor involved. After the promulgation of the Law No. 41/1999 and Government regulation No. 25/1999, there was a significant change on Reforestation Fund allocation for Industrial Forest Plantation, however, there have been no execution regulations (Peraturan Pelaksanaan) on that matter issued yet. Therefore, for the time being, financial supports derived from Reforestation Fund are not available.

e. Silviculture

The silviculture system applied is clear cutting with artificial regeneration. Site preparation can be done using mechanized techniques and herbicide techniques, depending on specific area condition. Silviculture technique practices applied must be capable of producing high yield of timber. Species to
be planted in Industrial Forest Plantation could be consisting of only one species (monoculture) or multi-strata system with other crops.

f. Investor rights and obligations:
After getting SP-PMA, company have some rights and duties. The right of Investor are:

✓ Carry out all activities related to Industrial Forest Plantation license in that area
✓ Carry out harvesting and marketing on the species in Industrial Forest Plantation area
✓ Well – serviced by the government
✓ Guaranteed Industrial Forest Plantation product as an asset for credit application to the bank

Investor obligations:

a. Pay financial fees to the government
b. Develop long-term (20 years) Working Plan of Industrial Forest Plantation Exploitation Permit (*Rencana Karya Ijin Usaha Pemanfaatan Hasil Hutan Kayu Hutan Tanaman*) at the latest 12 months after forest license established
d. Carry out real activity in the field at the latest 6 (six) months after the Business License for Industrial Forest Plantation Development received,
e. Carry out working area delineation and forest delineation by using forest compartments system
f. Carry out Industrial Forest Plantation business area based on Working Plan of Industrial Forest Plantation Exploitation Permit
g. Within the first 5 years, at least the company already planted 50% of main trees species from the 5th target, based on effective area.
h. Conducted replanting activities, accordance to harvested areas.
i. Employed professional majoring in forestry or and estate crops
j. involving local community in Industrial Forest Plantation area as a partner in managing the industrial forest plantation company
k. Carry out reforestation effort according to total area planted

3.7. RELATED INSTITUTIONAL CONTACT

Directorate General of Industrial Forest Plantation Development
Ministry of Forestry Republic Indonesia
Manggala Wanabhakti Building
Blok I, 5th floor
Jl. Jendral Gatot Subroto
Jakarta Selatan 10270
Indonesia

Secretariate General
Foreign Cooperative and Investment Bureau
Ministry of Forestry Republic Indonesia
Manggala Wanabhakti Building
Blok VII, 4th floor
Jl. Jendral Gatot Subroto
Jakarta Selatan 10270, Indonesia
Telp (021) 5730326

Investment Coordinating Board
(Badan Koordinasi Penanaman Modal – BKPM)
Jl. Jendral Gatot Subroto No. 44
Jakarta Selatan 12190
Indonesia
Phone : (62 – 21) 525 – 2008, 525 – 2649, 525 – 4981
Fax : (62 – 21) 525 – 4945 ; Telex : 62654 BKPM IA
PO BOX 3186 Jakarta
BKPM REGIONAL OFFICES (BKPM)

BKPM Daerah Istimewa Aceh
Jl. Jend. A. Yani 37, Banda Aceh 23122
Phone: (62 - 651) 23170, 21010; Fax: (62 - 651) 23171

BKPM North Sumatera
Jl. Imam Bonjol No. 11, Medan 20222
Phone: (62 - 61) 564447, 564155; Fax: (62 - 61)56155, 516830, 518922

BKPM West Sumatera
Jl. Rasuna Said No. 74, Padang
Phone: (62 - 751) 51432; Fax: (62 - 751) 51938

Promotion and Cooperative Board, Riau Province
Jl. Gajah Mada 200, 3rd floor Pakanbaru
Phone: (62 - 761) 20214, 20212; Fax: (62 - 761) 20213

BKPM Jambi
Jl. RM Nuratma Dibrata No. 1A Jambi
Phone: (62 - 741) 60450, 60400; Fax: (62 - 741) 63420

Cooperative, Small scale estate and Investment Board, South Sumatera
Jl. Jend. Sudirman Km.3,5 No. 565, Palembang 30129
Phone: (62 - 711) 352082; Fax: (62 - 711) 357069

BKPM Bengkulu
Jl. Pembangunan No. 1 Padang Harapan, Bengkulu 21450
Phone: (62 - 736) 21092, 21802; Fax: (62 - 736) 21802, 21092

Investment promotion, Culture and Tourism Board, Bandar Lampung
Jl. Jendral Sudirman No. 28, Bandar Lampung
Phone/Fax: (62 - 721) 266184

BKPM DKI Jakarta
Jl. Merdeka Selatan No. 8 - 9, 21st floor Jakarta Pusat
Phone: (62 - 21) 3453838, 3842169; Fax: (62 - 21) 3457205, 3811084
BKPMD West Java
Jl. Sumatera No. 50 Bandung
Phone : (62 – 22) 4237360
Fax : (62 – 22) 4237081

BKPMD Banten Province
Jl. Veteran No. 12 Serang
Phone : (62 – 24) 3547091, 3541487 ; Fax : (62 – 24) 3549560

BKPMD DI Jogjakarta
Jl. Tentara Rakyat Mataram 27 – 29 Jogjakarta
Phone : (62 – 274) 513969 ; Fax : (62 – 274) 563367

BKPMD East Java
Jl. Jagor Wonokromo No. 352 Surabaya
Phone : (62 – 31) 8410877, 60244 031 – 8418676 ; Fax : (62 – 31) 8412363

BKPMD Bali
Jl. D.I. Panjaitan No. 5 Denpasar
Phone : (62 – 361) 237991, 229593 ; Fax : (62 – 361) 236037

BKPMD NTB
Jl. Udayana No. 4 Mataram
Phone : (62 – 370) 63106, 632632 ; Fax : (62 – 370) 736446

BKPMD NTT
Jl. Teratai No. 10 Kupang 85117
Phone : (62 – 561) 768002, 743491 ; Fax : (62 – 561) 769472

BKPMD Central Kalimantan
Jl. Tjilik Riwut Km 5,5 Palangkaraya
Phone : (62 – 536) 31456, 31416, 21108 ; Fax : (62 – 536) 31454

BKPMD South Kalimantan
Jl. P. Samudera No. 40, Banjarmasin 70111
Phone : (62 – 511) 54154, 59073 ; Fax : (62 – 511) 59074

BKPMD East Kalimantan
Jl. Basuki Rahmat No. 56 Samarinda 75117
Phone : (62 – 541) 743235, 743487; Fax : (62 – 541) 736446
BKPM North Sulawesi
Jl. Martadinata No. 11, Kotak Pos 207, Manado
Phone : (62 – 431) 86328

BKPM Gorontalo
Jl. Ki Hajar Dewantoro No. 50 Gorontalo
Phone : 831606, Fax : 831607

BKPM Central Sulawesi
Jl. Pramuka No. 23 Palu
Phone : (62 – 451) 21111, 424325; Fax : (62 – 451) 421807

BKPM South Sulawesi
Jl. DR Ratulangi No. 93 Makassar 90132
Fax : (61 – 411) 859534

BKPM South East Sulawesi
Jl. Taman Suropati No. 2, Kendari
Phone : (62 – 401) 322096, Fax : (62 – 401) 322051

BKPM Maluku
Jl. Pengerengan Pantai Waihaong Ambon
Phone : (62 – 911) 310165, Fax : (62 – 911) 310166

BKPM Papua
Jl. Sam Ratulangi No. 32 Jayapura
Phone : (62 – 967) 533600, 531332
Fax : (62 – 967) 536943
REFERENCE

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Kartodihardjo, H. and Agus Supriono. 2000. The Impact of Sectoral Development on Natural Forest Conversion and Degradation: The Case of Timber and Tee Crop Plantation in Indonesia


Potter, L. and Justin Lee. 1998. Tree planting in Indonesia: Trends, Impacts and Directions. CIFOR
