

RECENT DEVELOPMENTS

PT Terminal Petikemas Indonesia to come on line in 2014

Jakarta (ANTARA News) - Four state port operators will establish PT Terminal Petikemas Indonesia to operate container terminal in six main ports in the country.

PT Terminal Petikemas Indonesia, which will operate container terminals in the ports of Belawan of North Sumatra, Batu Ampar of Batam, Tanjung Priok of Jakarta, Tanjung Perak of Surabaya, Makassar of South Sulawesi and Sorong of Papua is expected to operate in 2014.

The operation of the joint venture company between PT Pelabuhan Indonesia (Pelindo) I, Pelindo II, Pelindo III and Pelindo IV will save on logistics costs, Pelindo III President Djarwo Suryanato said.

The container terminals will be built with an archipelago pendulum concept, to serve a connection between the western and eastern parts of the country, Djarwo said.

The six ports will be prepared to support the implementation of the concept, he said.

He said currently infrastructure for the container terminals has been prepared, including a port basin, 13 meters deep.

Pelindo II President RJ Lino said that the Archipelago Pendulum Concept could boost domestic trade and contribute to equitable development in the country.

Source: <http://www.antaraneews.com/en/news/84649/pt-terminal-petikemas-indonesia-to-come-on-line-in-2014>

New share divestment requirements for PMA Mining Companies

By Made Yossy Pratiwi



Under Government Regulation No. 24/2012 (“GR 24/2012”) as amendment of Government Regulation No.23 of 2010 regarding the Implementation of Mineral and Coal Mining Business Activities (“GR 23/2010”), a Mining Business Permit (IUP)/Special Mining Business Permit (IUPK) holder controlled by foreign shareholders is now required to gradually increase the divestment of its foreign shareholding to Indonesian participants from 20% (twenty percent) to 51% (fifty-one percent) within 10 (ten) years as of commencement of production. GR 24/2012 provides that ownership by Indonesian parties every year after the end of the fifth year from the commencement of production shall not be less than the following percentages:

- year six 20% (twenty percent);
- year seven 30% (thirty percent);
- year eight 37% (thirty-seven percent);
- year nine 44% (forty-four percent);
- year ten 51% (fifty-one percent).

of the total number of shares.

Furthermore, GR24/2012 states that IUP/IUPK holders controlled by foreign shareholders after 5 (five) years as from commencing production are obligated to divest their shares gradually, such that by the tenth year at least 51% (fifty-one percent) of their shares are owned by Indonesian participants. The offering of shares to Indonesian participants shall be conducted at the latest 90 (ninety) calendar days as of 5 years from the issuance of the mining phase production operation permit (**the “Start Date”**).

Therefore, the maximum foreign shareholding in an IUP/IUPK holder will be 49% (forty-nine percent). Furthermore, GR24/2012 lists the following entities to which the shares should be divested to and in the order of priority of purchasing the shares:

1. The Central Government.
2. Provincial Regional Government or Regency/Municipal Regional Government.
3. State-Owned Enterprises (BUMN) or a Regionally-Owned Enterprise (BUMD).
4. National private sector enterprises.

Finally, if the divestment is not achieved, an offering of the shares shall be conducted in the following year. We also note that GR 24/2012 does not provide an exit policy if within 10 years as of commencement of production there are still no Indonesian participants interested in purchasing the divested shares.

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