

RECENT DEVELOPMENTS

Wells Fargo, OPIC Partner with Bank Danamon To Support Business Growth

Jakarta (ANTARA News) - US Ambassador Scot Marciel witnessed on Thursday the signing ceremony for the Wells Fargo and Bank Danamon agreement to provide Overseas Private Investment Corporation (OPIC) guaranteed loans.

The three-year, \$50 million loan agreement will be used to support small- and medium-sized businesses that are trying to expand operations and create jobs, according to the US Embassy on its official website.

In his remarks, Ambassador Marciel said the loan will help achieve two of President Obama's goals for the US' relationship with Indonesia: building closer business and economic ties between the two countries, and ensuring continued success and growth in Indonesia's development.

Source: <http://www.antaraneews.com/en/news/87709/wells-fargo-opic-partner-with-bank-danamon-to-support-business-growth>

LEGAL NEWS



New Minister of Manpower Regulation on Work and Employee Outsourcing

by Indah Pertiwi S.H.

The Minister of Manpower and Transmigration has issued Ministerial Regulation Number 19 of 2012, regarding Requirements for Outsourcing (“**MR 19/2012**”) on November 14, 2012, which came into force on November 19, 2012. MR 19/2012 repeals and replaces Minister of Manpower and Transmigration Decree Number KEP.101/MEN/VI/2004, regarding Licensing Procedure for Employee Outsourcing and Minister of Manpower and Transmigration Decree Number KEP.220/MEN/X/2004, regarding Requirements for Outsourcing which is considered no longer relevant to current developments. The government passed MR 19/2012 to help foster a harmonious, dynamic, and fair industrial relationship climate.

MR 19/2012 differentiates between work outsourcing and employee outsourcing.

1. Work Outsourcing

An employer may outsource part of its work to another company, usually a contractor company, with the following requirements:

- a. The work is conducted separately from the company's main activities;
- b. There is a direct or indirect order from the employer
- c. The work constitutes supporting activities of the company's business in accordance with the determination by the relevant business association.
- d. It does not directly disturb the production process.

2. Employee Outsourcing

An employer may conduct outsourcing of employees from an Outsourcing Company.

Types of work that can be outsourced are restricted to the following:

- a. Cleaning service;
- b. Catering;
- c. Security;
- d. Supporting activities in mining and oil and gas industry;
- e. Transportation for employees.

Generally, MR 19/2012 states that work outsourcing and employee outsourcing are not permitted for core business activities. Furthermore, in MR 19/2012, the government ensures that the Outsourced Employee will receive fringe benefits, i.e. right to leave, social security, religious holiday allowance, and so on.

In addition, there is an obligation to register the Work Outsourcing Agreement and Employee Outsourcing Agreement with the relevant authority. The Work Outsourcing Agreement and Employee Outsourcing Agreement shall also contain the requirements determined by manpower laws and regulations.

By the enactment of MR 19/2012, Employers, Contractor Companies, and Outsourcing Companies are obliged to comply with the provisions in MR 19/2012 within the period of a maximum 12 (twelve) months from the time of the enactment of MR 19/2012.

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