

LAW OF THE REPUBLIC OF INDONESIA  
NUMBER 3 OF 2014  
ON  
INDUSTRIAL AFFAIRS

WITH THE BLESSING OF GOD ALMIGHTY  
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

- Considering:
- a. that to realize a just and prosperous society which is free, united and sovereign pursuant to Pancasila and the 1945 Constitution of the Republic of Indonesia, national development based on economic democracy has been undertaken;
  - b. that national economic development has been undertaken to create strong economic structure, through the development of an advanced Industry as a driving motor of the economy which is supported by the strengths and capabilities of solid resources;
  - c. that the development of an advanced Industry is realized through the strengthening of an independent, healthy and competitive Industrial structure namely by empowering resources optimally and efficiently as well as encouraging Industrial growth throughout Indonesia by way of maintaining a balance between advancement and unity of the national economy which is based on the principles of democracy, justice and noble values of the nation by placing priority on national interests;
  - d. that since Law Number 5 of 1984 on Industrial Affairs is no longer consistent with the changes in paradigm on Industrial development, it needs to be replaced by a new law;
  - e. that based on the considerations as referred to in point a, point b, point c and point d, it is necessary to formulate the Law concerning Industrial Affairs;
- Observing:
1. Article 5 section (1), Article 20 and Article 33 of the 1945 Constitution of the Republic of Indonesia;
  2. Stipulation of the People's Consultative Assembly of the Republic of Indonesia Number XVI/MPR/1998 on Economic Politics in the framework of Economic Democracy;

With the Joint Approvals of  
THE HOUSE OF REPRESENTATIVES  
OF THE REPUBLIC OF INDONESIA  
and  
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:

To enact:      LAW ON INDUSTRIAL AFFAIRS

CHAPTER I  
GENERAL PROVISIONS

Article 1

In this Law:

1. Industrial Affairs is an order and any activities relating to industrial activities.
2. Industry is all forms of economic activities which process Raw Materials and/or utilize industrial resources to produce goods of added value or of higher utility, including industrial services.
3. Green Industry is any Industry with a production process which places priority on efficiency and effectiveness in the sustainable use of resources, to enable harmonization between Industrial development and the preservation of environmental functions as well as to grant benefits to the community.
4. Strategic Industry is any Industry which is significant to the state and controls the life necessities of the people, increases or produces added value to strategic natural resources, or which relates to the interests of state defense and security for the fulfillment of duties of the state government.
5. Base Material is any raw materials, semi-finished goods or finished goods to be processed to become semi-finished goods or fully finished goods of higher economic value.
6. Industrial Service is any service of business related to Industrial activities.
7. Any Person is any individual or corporation.
8. Corporation is any group of persons and/or organized estate, either in the form of a legal entity or a non-legal entity.
9. Industrial Company is Any Person which conducts Industrial business activities and is domiciled in Indonesia.

10. Industrial Estate Company is any company which undertakes the development and management of an Industrial estate.
11. Industrial Estate is an estate wherein Industrial activities are centralized, complete with supporting facilities and infrastructure which are developed and managed by an Industrial Estate Company.
12. Industrial Technology is the results of any development, improvement, invention and/or innovation in the form of process of technology and product of technology, including design and engineering, methods and/or systems which are applied in Industrial activities.
13. Industrial Data are facts noted or recorded in the form of numbers, points, pictures, maps and/or the equivalent which indicate actual conditions to a specific period, free of value and are not yet processed in relation to Industrial Company activities.
14. Industrial Estate Data are facts noted or recorded in the form of numbers, points, pictures, maps, and/or the equivalent which indicate actual conditions to a specific time period, free of value and are not yet processed in relation to Industrial Estate Company activities.
15. Industrial Information is processing results of Industrial Data and Industrial Estate Data in the form of tables, graphics, conclusions or analytical narrations that contain certain meanings or definitions which are beneficial to their users.
16. National Industrial Information System is an integrated system of working procedures and mechanisms which covers the elements of institutions, human resources, databases, hardware and software as well as interconnected data communication networks for the purposes of delivery, management, presentation, provision of services and dissemination of data and/or Industrial Information.
17. Indonesian National Standard, hereinafter abbreviated as SNI, is a standard determined by an institution which undertakes the development and promotion of standardization.
18. Standardization is a process of formulating, stipulating, applying, maintaining, imposing and supervising Industrial standards which is undertaken orderly and in cooperation with all stakeholders.
19. Central Government, hereinafter referred to as the Government, is the President of the Republic of Indonesia who holds governmental powers in the Unitary State of the Republic of Indonesia, as referred to in the 1945 Constitution of the Republic of Indonesia.

20. Regional Government consists of Governors, Regents or Mayors as well as regional apparatus as elements for the running of regional government.
21. Minister is the minister who undertakes governmental matters in Industrial Affairs.

#### Article 2

The Industrial Affairs is undertaken based on the principles of:

- a. national interests;
- b. economic democracy;
- c. business certainty;
- d. even distribution;
- e. fair business competition; and
- f. Industrial linkages.

#### Article 3

The Industrial Affairs is undertaken with the following objectives:

- a. to manifest the national Industry into a pillar and motor of the national economy;
- b. to realize the depth and strength of Industrial structure;
- c. to realize an independent, competitive and advanced Industry and the Green Industry;
- d. to realize business certainty and fair competition and to prevent the centralization or domination of Industry by one group or individual which is harmful to the community;
- e. to provide business opportunities and expand working opportunities;
- f. to realize equitable Industrial development throughout all of Indonesia to strengthen and uphold national resilience; and
- g. to increase the prosperity and welfare of the community in a just manner.

#### Article 4

The regulatory scopes of this Law are:

- a. the undertaking of governmental matters in the Industrial Affairs;
- b. A Master Plan for the National Industrial Development;
- c. National Industrial Policy;
- d. Industrial region;

- e. the development of Industrial resources;
- f. the development of Industrial facilities and infrastructure;
- g. the empowerment of Industry;
- h. the measures for the securing and salvaging of Industry;
- h. the licensing and investment in Industry, and facilities;
- i. National Industry Committee;
- j. community participation; and
- k. the supervision and control.

CHAPTER II  
UNDERTAKING OF GOVERNMENTAL MATTERS  
IN THE INDUSTRIAL AFFAIRS

Article 5

- (1) The President has an authority to undertake governmental matters in the Industrial Affairs.
- (2) The authority as referred to in section (1) is executed by the Minister.
- (3) For the purposes of execution of the authority as referred to in section (2), the Minister conduct regulation, promotion and development of the Industrial Affairs.

Article 6

- (1) The authority to regulate as referred to in Article 5 section (3) technically applied to certain Industrial sectors is carried out by the relevant ministers in coordination with the Minister.
- (2) Further provisions concerning the technical authority to regulate certain Industrial sectors as referred to in section (1) shall be regulated in a Government Regulation.

Article 7

- (1) The Government, provincial Regional Government and reGENCY/city Regional Government shall jointly or in accordance with their respective authorities undertake governmental matters in the Industrial Affairs as regulated under this Law.
- (2) Provisions concerning the authorities to undertake governmental matters in the Industrial Affairs as referred to in section (1) shall be regulated in or based on a Government Regulation.

CHAPTER III  
MASTER PLAN FOR NATIONAL INDUSTRIAL DEVELOPMENT

Article 8

- (1) To realize the objectives for the undertaking of the Industrial Affairs as referred to in Article 3, the Master Plan for National Industrial Development shall be prepared.
- (2) The Master Plan for National Industrial Development shall be in accordance with the National Long Term Development Plan.
- (3) The Master Plan for National Industrial Development shall serve as a guideline for the government and Industrial actors in Industrial planning and development.
- (4) The Master Plan for National Industrial Development shall be prepared for a period of 20 (twenty) years and may be reviewed once every five (5) years.

Article 9

- (1) The Master Plan for National Industrial Development shall be prepared by observing at least:
  - a. Industrial resources potential;
  - b. Industrial culture and local wisdom thriving within the community;
  - c. economic potential and development in regions;
  - d. Industrial and business development, both nationally and internationally;
  - e. development of strategic climates both nationally and internationally; and
  - f. National Area Spatial Plan, Provincial Area Spatial Plan and/or Regency/ City Area Spatial Plan.
- (2) The Master Plan for National Industrial Development shall cover at least:
  - a. the vision, mission and strategy for Industrial development;
  - b. Industrial development targets and stages of achievement;
  - c. national Industrial building;
  - d. Industrial resources development;
  - e. development of Industrial infrastructure and facilities;
  - f. empowerment of Industry; and
  - g. Industrial region.

- (3) The Master Plan for National Industrial Development shall be prepared by the Minister in coordination with related institutions and by considering the input of related stakeholders.
- (4) The National Industrial Policy shall be implemented in compliance with The Master Plan for National Industrial Development.
- (5) The Master Plan for National Industrial Development shall be enacted in a Government Regulation.

#### Article 10

- (1) Each Governor shall prepare a Provincial Plan for Industrial Development.
- (2) The Provincial Plan for Industrial Development shall refer to the Master Plan for National Industrial Development and the National Industrial Policy.
- (3) The Provincial Plan for Industrial Development shall be prepared by observing at least:
  - a. Industrial resources potential in the region;
  - b. Provincial Area Spatial Plan and/or Regency/City Area Spatial Plans; and
  - c. harmonization and balance with Industrial development policies in Regencies/Cities as well as socio-economic activities and environmental supporting capacity.
- (4) The Provincial Plan for Industrial Development shall be enacted in a Provincial Regional Regulation upon being evaluated by the Government in accordance with the laws and regulations.

#### Article 11

- (1) Every Regent/Mayor shall prepare a Regency/City Plan for Industrial Development;
- (2) The Regency/City Plan for Industrial Development shall be prepared by referring to the Master Plan for National Industrial Development and the National Industrial Policy.
- (3) The Regency/City Plan for Industrial Development shall be prepared by observing at least:
  - a. Industrial resources potential in the region;
  - b. The Provincial Area Spatial Plan and/or the Regency/City Area Spatial Plan; and
  - c. harmonization and balance with socio-economic activities and environmental supporting capacity.
- (4) The Regency/City Plan for Industrial Development shall be enacted

in a Regency/City Regional Regulation upon being evaluated by the Governor in accordance with the laws and regulations.

## CHAPTER IV NATIONAL INDUSTRIAL POLICY

### Article 12

- (1) The National Industrial Policy shall serve as a guideline and action plan for the implementation of the Master Plan for National Industrial Development.
- (2) The National Industrial Policy shall cover at least:
  - a. targets in Industrial development;
  - b. focus points in Industrial development;
  - c. stages of achievement in Industrial development;
  - d. Industrial resources development;
  - e. development of facilities and infrastructure;
  - f. Industrial region development; and
  - g. fiscal and non-fiscal facilities.
- (3) The National Industrial Policy shall be prepared for a period of five (5) years.
- (4) The National Industrial Policy shall be prepared by the Minister in coordination with related institutions and by considering the input of related stakeholders.
- (5) The National Industrial Policy as referred to in section (1) shall be enacted by the President.

### Article 13

- (1) The National Industrial Policy as referred to in Article 12 shall be set forth in the Work Plan for Industrial Development.
- (2) The Work Plan for Industrial Development as referred to in section (1) shall be prepared for a period of one (1) year.
- (3) The Work Plan for Industrial Development shall be prepared by the Minister in coordination with related institutions and by considering the input of related stakeholders.
- (4) The Work Plan for Industrial Development shall be enacted by the Minister.



CHAPTER V  
INDUSTRIAL REGION

Article 14

- (1) The Government and/or Regional Governments shall accelerate the even spread and equitable distribution of Industrial Development throughout the Unitary State of the Republic of Indonesia by means of Industrial Region.
- (2) The Industrial Region as referred to in section (1) shall be conducted by observing at least:
  - a. the regional spatial plan;
  - b. empowerment of regional resources potential on a national scale;
  - c. enhancement of Industrial competitiveness based on the supremacy of regional resources; and
  - d. enhancement of added value throughout the value chain.
- (3) Industrial Region as referred to in section (2) shall be conducted by way of:
  - a. development of Industrial growth center areas;
  - b. development of Industrial allocated zones;
  - c. development of Industrial Estates; and
  - d. development of Industrial parks for small and medium-sized Industries.
- (4) Further provisions concerning Industrial Region as referred to in section (2) and section (3) shall be regulated in a Government Regulation.

CHAPTER VI  
INDUSTRIAL RESOURCES DEVELOPMENT

Part One

General

Article 15

Industrial resources development shall cover:

- a. human resources development;
- b. utilization of natural resources;
- c. development and utilization of Industrial Technology;

- d. development and utilization of creativity and innovation; and
- e. provision of sources of financing.

## Part Two

### Human Resources Development

#### Article 16

- (1) Industrial human resources development is conducted to provide competent human resources to enhance the role of Indonesian human resources in Industry.
- (2) Industrial human resources development as referred to in section (1) shall be conducted by the Government, Regional Governments, Industrial actors and the community.
- (3) Industrial human resources development as referred to in section (1) shall observe the even spread and equitable distribution of competent Industrial human resources for every province and regency/city territory.
- (4) Industrial human resources as referred to in section (1) shall cover:
  - a. Industrial entrepreneurs;
  - b. Industrial manpower;
  - c. Industrial administrators; and
  - d. Industrial consultants.

#### Article 17

- (1) The development of Industrial entrepreneurs as referred to in Article 16 section (4) point a is conducted to provide entrepreneurs of integrity and competence for their respective business fields, namely:
  - a. technical competence;
  - b. managerial competence; and
  - c. creativity and innovation.
- (2) The development of Industrial entrepreneurs as referred to in section (1) is conducted at least through the activities of:
  - a. education and training;
  - b. Industrial incubators; and
  - c. partnership.
- (3) The development of Industrial entrepreneurs as referred to in section (2) is conducted upon Industrial entrepreneur candidates and Industrial entrepreneurs who run their business activities.

- (4) The activities as referred to in section (2) are conducted by:
  - a. formal education institutions, in accordance with the laws and regulations;
  - b. non-formal education institutions; or
  - c. accredited research and development institutions.
- (5) Further provisions concerning procedures for the undertaking of activities as referred to in section (2) and section (4) shall be regulated in a Ministerial Regulation.

#### Article 18

- (1) The development of Industrial manpower as referred to in Article 16 section (4) point b is conducted to provide competent manpower in Industry, in accordance with the Indonesian National Competence Standards which cover:
  - a. technical competence; and
  - b. managerial competence.
- (2) The development of Industrial manpower as referred to in section (1) is conducted at least through the following activities:
  - a. education and training; and
  - b. internship.
- (3) The development of Industrial manpower as referred to in section (1) and section (2) is conducted upon both manpower and manpower candidates.
- (4) The activities as referred to in section (2) are conducted by:
  - a. formal education institutions, in accordance with the laws and regulations;
  - b. non-formal education institutions;
  - c. accredited research and development institutions; or
  - d. Industrial Companies.

#### Article 19

- (1) Industrial manpower as referred to in Article 18 section (1) consists of:
  - a. technical manpower; and
  - b. managerial manpower.
- (2) The technical manpower as referred to in section (1) point a has at least:
  - a. technical competence in accordance with the Indonesian

- National Competence Standards for Industry; and
  - b. managerial knowledge.
- (3) The managerial manpower as referred to in section (1) point b has at least:
- a. Managerial competence in accordance with the National Competence Standards for Industry; and
  - b. technical knowledge.

#### Article 20

The Government and/or Regional Governments facilitate the establishment of Industrial education and training centers in Industrial growth center areas.

#### Article 21

- (1) The development of Industrial administrators as referred to in Article 16 section (4) point c is conducted to provide competent Industrial administrators who are able to play a role in the empowerment of Industry, which covers:
- a. technical competence; and
  - b. managerial competence.
- (2) The development of Industrial administrators as referred to in section (1) is conducted through the activities of:
- a. education and training; and/or
  - b. internship.
- (3) The development of Industrial administrators as referred to in section (1) is conducted upon government apparatus both from central and regional governments.
- (4) The activities as referred to in section (2) are conducted by:
- a. formal education institutions, in accordance with the laws and regulations;
  - b. non-formal education institutions;
  - c. accredited research and development institutions; or
  - d. Industrial Companies.
- (5) Further provisions concerning procedures for the undertaking of activities as referred to in section (2) shall be regulated in a Ministerial Regulation.

#### Article 22

Industrial administrators may partner with Industrial associations in

promoting and developing Industry.

#### Article 23

- (1) The Industrial Consultant as referred to in Article 16 section (4) point d is an expert who plays a role in assisting, giving suggestions and resolving issues which are faced by Industrial actors and Industrial administrators.
- (2) The Industrial consultant as referred to in section (1) has at least technical, administrative and managerial skills in accordance with the Indonesian National Competence Standards for Industry.
- (3) A foreign Industrial Consultant who is employed in Indonesia must comply with the Indonesian National Competence Standards for Industry.

#### Article 24

- (1) Under certain circumstances, the Minister may provide competent Industrial consultants.
- (2) Further provisions concerning the provision of Industrial consultants as referred to in section (1) shall be regulated in a Ministerial Regulation.

#### Article 25

- (1) The Minister shall prepare the Indonesian National Competence Standards for Industry.
- (2) The Indonesian National Competence Standards for Industry as referred to in section (1) shall be enacted by the minister who undertakes governmental affairs in manpower based on the proposals of the Minister.
- (3) The enactment of the Indonesian National Competence Standards for Industry as referred to in section (2) shall be conducted no later than one (1) month as of receipt of the Minister's proposals.
- (4) If within a period of one (1) month such enactment is not yet enacted, the Indonesian National Competence Standards for Industry as referred to in section (3) shall be declared valid by the Minister, until they are enacted by the minister who undertakes governmental affairs in manpower.
- (5) For certain types of work in Industry, the Minister shall enact the imposition of the Indonesian National Competence Standards on a mandatory basis.
- (6) In the event that the Minister enacts the imposition of the Indonesian National Competence Standards mandatorily as referred to in section (5), then the Industrial Company and/or The Industrial

Estate Company must employ Industrial manpower who complies with such Standards.

- (7) The Industrial Company and/or The Industrial Estate Company which do not employ Industrial manpower as referred to in section (6) shall be imposed administrative sanctions in the form of:
  - a. written warnings;
  - b. administrative fines;
  - c. temporary closing;
  - d. suspension of Industrial business permits or Industrial Estate permits; and/or
  - e. revocation of Industrial business permits or Industrial Estate permits.
- (8) Provisions concerning procedures for the imposition of administrative sanctions and amounts of administrative fines as referred to in section (7) shall be regulated in a Government Regulation.

#### Article 26

To provide competent Industrial manpower, the Minister shall facilitate the establishment of professional certification institutions and competence assessment centers.

#### Article 27

- (1) The Industrial Companies and/or The Industrial Estate Company shall prioritize the employment of national Industrial manpower and consultants.
- (2) Under certain conditions, The Industrial Company and/or The Industrial Estate Company may employ foreign Industrial manpower and/or consultants.
- (3) The Industrial Company and/or Industrial Estate Company which employ foreign Industrial manpower and/or foreign Industrial consultants as referred to in section (2) shall conduct the transfer of knowledge and skills to national Industrial manpower and/or consultants.
- (4) Further provisions concerning Industrial manpower and Industrial consultants shall be regulated in a Government Regulation.

#### Article 28

- (1) Foreign manpower who engages in Industry shall comply with the Indonesian National Competence Standards.
- (2) The foreign manpower as referred to in section (1) shall only be

permitted to work for a specific time period.

- (3) Further provisions concerning the specific time period as referred to in section (2) shall be regulated in a Government Regulation.

#### Article 29

The Minister may prohibit the employment of foreign manpower to preserve certain national Industrial strategic interests.

### Part Three

#### Utilization of Natural Resources

#### Article 30

- (1) Natural resources are processed and utilized in an efficient, environmentally friendly and sustainable manner.
- (2) The utilization of natural resources as referred to in section (1) must be conducted by:
  - a. The Industrial Company during the stages of product engineering, production process engineering, production, scrub optimization and waste management; and
  - b. The Industrial Estate Company during the stages of engineering, construction and management of Industrial Estates, including waste management.
- (3) The Industrial Company and The Industrial Estate Company as referred to in section (2) shall prepare a plan on the utilization of natural resources.
- (4) The preparation of the plan on the utilization of natural resources as referred to in section (3) refers to the National Industrial Policy.
- (5) Any violation to the provisions as referred to in section (2) shall be subject to administrative sanctions in the form of:
  - a. written warnings;
  - b. administrative fines;
  - c. temporary closing;
  - d. suspension of Industrial Business Permit or Industrial Estate Business Permit; and/or
  - e. revocation of Industrial Business Permit or Industrial Estate Business Permit.
- (6) Provisions concerning the utilization of natural resources as referred to in section (1) and procedures for the imposition of administrative sanctions and amounts of administrative fines as referred to in section (5) shall be regulated in a Government Regulation.

#### Article 31

To enhance the added value of natural resources, the Government shall encourage the development of the domestic manufacturing Industry.

#### Article 32

- (1) To enhance the added value of Industry in order to deepen and strengthen domestic Industrial structure, the Government may prohibit or limit the export of natural resources.
- (2) Further provisions concerning the prohibition on or the limitation of export of natural resources as referred to in section (1) shall be regulated in a Government Regulation.

#### Article 33

- (1) The Government and Regional Governments shall ensure the availability and distribution of natural resources for the domestic Industry.
- (2) To ensure the availability and distribution of natural resources for the domestic Industry as referred to in section (1), the Government and Regional Governments shall regulate the utilization of natural resources for the interests of the domestic Industry.
- (3) Further provisions concerning the ensuring of availability and distribution of natural resources as referred to in section (1) and the utilization of natural resources as referred to in section (2) shall be regulated in a Government Regulation.

#### Article 34

- (1) The Industrial Company and Industrial Estate Companies which utilize natural resources as their source of energy must conduct energy management in accordance with the laws and regulations.
- (2) The Industrial Company as referred to in section (1) shall be enacted by the Minister.

#### Article 35

- (1) The Industrial Company and the Industrial Estate Company which utilize distilled water must conduct water management in accordance with the laws and regulations.
- (2) The Industrial Company as referred to in section (1) shall be enacted by the Minister.



## Part Four

### Development and Utilization of the Industrial Technology

#### Article 36

- (1) The Government and Regional Governments are responsible for the development, enhancement of mastery and optimization and utilization of The Industrial Technology.
- (2) The development, enhancement of mastery and optimization of utilization of the Industrial Technology shall be undertaken to increase efficiency, productivity, value added, competitiveness and independency in Industry.
- (3) The development, enhancement of mastery and optimization and utilization of the Industrial Technology shall be conducted by the Minister upon coordinating with related ministers and considering the input of related stakeholders.

#### Article 37

The Minister shall enact policies on the selection, procurement and utilization of the Industrial Technology by observing the aspects of independency, Industrial resilience, security and preservation of environmental functions.

#### Article 38

- (1) The Government may procure the Industrial Technology.
- (2) The procurement of the Industrial Technology shall be conducted by way of research and development, research and development contract, business cooperation, assignment of rights by licensing and/or technology acquisition.
- (3) Further provisions concerning the procurement of the Industrial Technology as referred to in section (2) shall be regulated in a Ministerial Regulation.

#### Article 39

- (1) Under certain conditions, the Government may procure the Industrial Technology by way of a turnkey project.
- (2) Any provider of technology under a turnkey contract must transfer technology to domestic parties.
- (3) Further provisions concerning the procurement of the Industrial Technology by way of the turnkey project as referred to in section (1) shall be regulated in a Presidential Regulation.

- (4) Any provider of technology under the turnkey project which does not transfer technology as referred to in section (2) shall be imposed with administrative sanctions in the form of:
  - a. written warnings;
  - b. administrative fines; and/or
  - c. suspension.
- (5) Provisions concerning procedures for the imposition of administrative sanctions as referred to in section (4) shall be regulated in a Government Regulation.

#### Article 40

- (1) The government shall underwrite risks on the utilization of the Industrial Technology which is domestically developed.
- (2) Provisions concerning the underwriting of risks on the utilization of the Industrial Technology shall be regulated in a Government Regulation.

#### Article 41

- (1) To control the utilization of the Industrial Technology, the Government shall:
  - a. regulate Industrial Investments; and
  - b. conduct audits on the Industrial Technology.
- (2) The regulating of Industrial investments as referred to in section (1) point a shall be conducted in accordance with the laws and regulations.
- (3) In conducting audits on the Industrial Technology as referred to in section (1) point b, the Minister shall coordinate with the minister who undertakes governmental matters in research and technology.
- (4) Further provisions concerning the audits of the Industrial Technology as referred to in section (3) shall be regulated in a Ministerial Regulation.

#### Article 42

The Government and Regional Governments shall facilitate:

- a. cooperation in the research and development of science and technology in Industry between the Industrial Company and universities or Industrial research and development institutions, both domestically and internationally;
- b. promotions on transfer of technology from large-sized Industries, research and development institutions, universities and/or other institutions to small-sized and medium-sized Industries; and/or

- c. domestic research and development institutions and/or domestic Industrial Companies which develop technology in Industry.

#### Part Five

#### Development and Utilization of Creativity and Innovation

#### Article 43

- (1) The Government and Regional Governments shall facilitate the development and utilization of community creativity and innovation in Industrial development.
- (2) The development and utilization of community creativity and innovation as referred to in section (1) are conducted by empowering both Industrial culture and/or local wisdom thriving in the community.
- (3) For the purposes of development and utilization of community creativity and innovation as referred to in section (2), the Government and Regional Governments shall:
  - a. provide space and areas for the community to create and innovate;
  - b. develop centers for creative Industry;
  - c. hold trainings on technology and design;
  - d. hold consultations, counseling, advocacy on and facilitations for Intellectual Property Rights protection, particularly for small-sized Industries; and
  - e. facilitate the promotion and marketing of creative Industry products both domestically and internationally.

#### Part Six

#### Provision of Sources of Financing

#### Article 44

- (1) The Government shall facilitate the provision of competitive financing for Industrial development.
- (2) The financing as referred to in section (1) may derive from the Government, the Regional Government, enterprises and/or individuals.
- (3) Financing which is derived from the Government and/or the Regional Government as referred to in section (2) may only be granted to the Industrial Company in the form of state-owned enterprises and regionally-owned enterprises.

- (4) The financing as referred to in section (3) shall be granted in the form of:
  - a. loan;
  - b. grant; and/or
  - c. capital participation.

#### Article 45

- (1) The Government may allocate financing and/or grant financing facilities to private Industrial Companies.
- (2) The allocation of financing and/or the granting of facilities as referred to in section (1) are conducted in the form of:
  - a. capital participation;
  - b. granting of loan;
  - c. relief in interest rates;
  - d. reduction in purchase prices of machineries and equipment; and/or
  - e. granting of machineries and equipment.
- (3) The allocation of financing and/or the granting of financing facilities to private Industrial Companies as referred to in section (2) shall be imposed upon the State Budget.

#### Article 46

- (1) The allocation of financing and/or the granting of financing facilities to private Industrial Companies as referred to in Article 45 section (2) point a and point b may be undertaken to salvage the national economy.
- (2) The enactment of conditions for the salvaging of the national economy as referred to in section (1) shall be enacted by the President.
- (3) The allocation of financing and/or the granting of financing facilities as referred to in section (1) shall be temporary and conducted in accordance with the laws and regulations.

#### Article 47

- (1) The allocation of financing and/or the granting of financing facilities to private Industrial Companies as referred to in Article 45 section (2) point c, point d and point e shall be conducted to enhance competitiveness of the domestic Industry and/or to develop pioneer Industries.
- (2) The enactment of conditions to enhance competitiveness of the

domestic Industry and/or to develop pioneer Industries as referred to in section (1) shall be enacted by the Minister.

#### Article 48

- (1) For the financing of Industrial activities, financial institutions for Industrial development may be established.
- (2) The establishment of financial institutions for Industrial development as referred to in section (1) function as an institution for the financing of Industrial investments.
- (3) The establishment of financial institutions for Industrial development as referred to in section (1) shall be regulated in a Law.

### CHAPTER VII

#### DEVELOPMENT OF INDUSTRIAL FACILITIES AND INFRASTRUCTURE

##### Part One

##### General

#### Article 49

The development of Industrial facilities and infrastructure covers:

- a. Industrial Standardization;
- b. Industrial infrastructure; and
- c. the National Industrial Information System.

##### Part Two

##### Industrial Standardization

#### Article 50

- (1) The Minister shall conduct the planning, assistance, development and supervision of Industrial Standardization.
- (2) Industrial Standardization is undertaken in the form of SNI, technical specifications and/or code of practice.
- (3) SNI, technical specifications and/or code of practice are applied in all territories of the Unitary State of the Republic of Indonesia.

#### Article 51

- (1) The implementation of SNI by the Industrial Company is voluntary.
- (2) The Industrial Company as referred to in section (1) which has already implemented SNI may affix the SNI mark on its Industrial goods and/or Industrial Services.

- (3) For Industrial goods and/or the Industrial Services which have already been affixed with the SNI mark as referred to in section (2), the Industrial Company must consistently comply with the SNI requirements.

#### Article 52

- (1) The Minister may enact the enforcement of SNI, technical specifications and/or code of practice on a mandatory basis.
- (2) The enactment on the mandatory enforcement of SNI, technical specifications and/or code of practice as referred to in section (1) is conducted for:
  - a. the security, health and safety of humans, animals and plants;
  - b. preservation of environmental functions;
  - c. fair business competition;
  - d. enhancement of competitiveness; and/or
  - e. improvement of Industrial efficiency and performance.
- (3) The mandatory enforcement of SNI as referred to in section (1) shall be undertaken upon Industrial goods and/or the Industrial Service based on enacted SNI.
- (4) The mandatory enforcement of technical specifications as referred to in section (1) are undertaken upon Industrial goods and/or the Industrial Services based on certain parameters of enacted SNI and/or international standards.
- (5) The mandatory enforcement of code of practice as referred to in section (1) is undertaken upon Industrial goods and/or the Industrial Services based on good manufacturing practices.
- (6) Any Industrial goods and/or the Industrial Service which have already complied with:
  - a. mandatorily enforced SNI must be affixed with the SNI mark;
  - b. mandatorily enforced SNI and technical specifications and/or code of practice must be affixed with the conformity mark; or
  - c. mandatorily enforced technical specifications and/or code of practice must be affixed with the conformity mark.

#### Article 53

- (1) Any Person shall be prohibited from:
  - a. affixing the SNI mark or the conformity mark upon any Industrial goods and/or Industrial Services which do not comply with the provisions of SNI, technical specifications and/or code of practice;

- b. producing, importing and/or circulating any Industrial goods and/or the Industrial Service which do not comply with SNI, technical specifications and/or code of practice which have been enforced mandatorily.
- (2) The Minister may enact exceptions to SNI, technical specifications and/or code of practice which have been enforced mandatorily as referred to in section (1) point b for the import of certain goods.

#### Article 54

For any Industrial goods and/or the Industrial Service which do not comply with mandatorily enforced SNI, technical specifications and/or code of practice which have been enforced mandatorily, the business actor or owner of such Industrial goods and/or the Industrial Service must withdraw such goods and/or cease its Industrial Services activities.

#### Article 55

The Minister in coordination with the relevant ministers shall withdraw any circulated goods and/or cease any Industrial Service activities which do not comply with SNI, technical specifications and/or code of practice which have been mandatorily enforced as referred to in Article 53 section (1) point b.

#### Article 56

The obligation of importers to comply with the provisions of SNI, technical specifications and/or code of practice which have been mandatorily enforced as referred to in Article 52 shall be undertaken at the time of settlement of their customs obligations in accordance with the laws and regulations on customs.

#### Article 57

- (1) The voluntary implementation of SNI as referred to in Article 51 and the mandatory enforcement of SNI, technical specifications and/or code of practice as referred to in Article 52 shall be conducted by way of conformity assessments.
- (2) Conformity assessments of voluntarily implemented SNI as referred to in section (1) shall be conducted by accredited conformity assessment bodies.
- (3) Conformity assessments of SNI, technical specifications and/or code of practice which have been mandatorily enforced as referred to in section (1) shall be conducted by accredited conformity assessment bodies and designated by the Minister.
- (4) Assistance and supervision on the conformity of assessment bodies as referred to in section (3) shall be conducted by the Minister.

#### Article 58

For the continuity enforcement of SNI, technical specifications and/or code of practice on a mandatory basis, the Minister shall:

- a. provide, enhance and develop laboratory facilities and infrastructure for the testing of Industrial standards at Industrial growth center areas; and
- b. grant facilities to both small-sized and medium-sized Industries.

#### Article 59

The Minister shall supervise the implementation of the entire sequence of the implementation of SNI application as referred to in Article 51 section (2) and section (3) as well as the mandatory enforcement of SNI, technical specifications and/or code of practice as referred to in Article 52.

#### Article 60

- (1) Any Person that affixed the SNI mark or the conformity mark upon any Industrial goods and/or Industrial Services which do not comply with the requirements of SNI, technical specifications and/or code of practice as referred to in Article 53 section (1) point a shall be imposed with administrative sanctions.
- (2) Any business actor or owner of any Industrial goods and/or Industrial Services who does not withdraw such industrial goods and/nor cease its Industrial Service activities as referred to in Article 54 section (1) shall be imposed with administrative sanctions.
- (3) The administrative sanctions as referred to in section (1) and section (2) shall be in the form of:
  - a. written warnings;
  - b. administrative fines;
  - c. temporary closing;
  - d. suspension of Industrial Business Permit; and/or
  - e. revocation of Industrial Business Permit.

#### Article 61

Further provisions concerning the Industrial Standardization as referred to in Article 50 as well as procedures for the imposition of administrative sanctions and amounts of administrative fines as referred to in Article 60 shall be regulated in a Government Regulation.



Part Three  
Industrial Infrastructure

Article 62

- (1) The Government and Regional Governments ensure the provision of the Industrial infrastructure.
- (2) The provision of the Industrial infrastructure is conducted both within and/or outside of Industrial allocated zones.
- (3) The Industrial infrastructure as referred to in section (2) covers at least:
  - a. Industrial land in the form of the Industrial Estate and/or Industrial allocated zones;
  - b. energy and electricity network facilities;
  - c. telecommunication network facilities;
  - d. water supply network facilities;
  - e. sanitation facilities; and
  - f. transportation network facilities.
- (4) The provision of Industrial infrastructure as referred to in section (3) is conducted by way of:
  - a. procurement by the Government or Regional Governments, the financing of which is derived from the State Budget or Regional Budgets;
  - b. patterns of cooperation between the Government and/or Regional Governments as well as the private sector, state-owned enterprises or regionally-owned or privately-owned enterprises; or
  - c. procurement which is fully financed by the private sector.

Article 63

- (1) To support efficient and effective Industrial activities at Industrial growth center areas, the Industrial Estate is established as Industrial infrastructure.
- (2) The Industrial Estate as referred to in section (1) must be located at an Industrial allocated zone in accordance with the relevant regional spatial layout plan.
- (3) The establishment of Industrial Estate is undertaken by privately-owned enterprises, state-owned enterprises, regionally-owned enterprises or cooperatives;
- (4) In certain cases, the Government initiate the establishment of

Industrial estate.

- (5) Further regulations on the Industrial Estate shall be regulated in a Government Regulation.

#### Part Four

#### National Industrial Information System

#### Article 64

- (1) The Industrial Company must periodically submit the Industrial Data which are accurate, complete and timely to the Minister, governor(s) and regent(s)/ mayor(s).
- (2) The Industrial Data as referred to in section (1) is submitted through the National Industrial Information System.
- (3) The Governor and the regent/mayor as referred to in section (1) must periodically submit the processing results of the Industrial Data as Industrial Information to the Minister through the National Industrial Information System.
- (4) The Minister, governor and regent/mayor facilitate the Industrial Company in submitting the Industrial Data and in accessing information.

#### Article 65

- (1) The Industrial Estate Company must periodically submit the Industrial Estate Data which are accurate, complete and timely to the Minister, governor(s) and regent(s)/ mayor(s).
- (2) The Industrial Estate Data as referred to in section (1) is submitted through the National Industrial Information System.
- (3) The Governor and the regent/mayor as referred to in paragraph (1) must periodically submit the processing results of the Industrial Estate Data as the Industrial Information to the Minister through the National Industrial Information System.
- (4) The Minister, governor and regent/mayor facilitate the Industrial Estate Company in submitting the Industrial Estate Data and in accessing information.

#### Article 66

Upon the request of the Minister, the Industrial Company and the Industrial Estate Company must provide data other than the Industrial Data as referred to in Article 64 and the Industrial Estate Data as referred to in Article 65, namely those relating to:

- a. additional data;
- b. data clarification; and/or

- c. extraordinary occurrences at the Industrial Company or the Industrial Estate Company.

#### Article 67

- (1) The Minister shall procure data on market growth and market opportunities as well as on developments in the Industrial Technology.
- (2) The procurement of data as referred to in section (1) is conducted at least through:
  - a. census, data collection or survey;
  - b. data exchange;
  - c. technical cooperation;
  - d. purchase; and
  - e. Industrial intelligence.
- (3) The procurement of data as referred to in section (2) is conducted by working units under the Minister and state officials placed in all representative offices of the Republic of Indonesia in other countries.
- (4) The data as referred to in section (3) is submitted through the National Industrial Information System.

#### Article 68

- (1) The Minister establish and develop the National Industrial Information System.
- (2) The National Industrial Information System as referred to in section (1) contains at least:
  - a. the Industrial Data;
  - b. the Industrial Estate Data;
  - c. data on market growth and market opportunities; and
  - d. data on developments in Industrial Technology.
- (3) The National Industrial Information System as referred to in section (1) is linked to information systems developed by ministries or non-ministerial government institutions, provincial governments and regency/city governments, and may interact with the information systems of other countries or international organizations.
- (4) To ensure connection between the National Industrial Information System and information systems in regions, provincial governments

and regency/city governments establish the Industrial Information systems in provinces and regencies/cities.

#### Article 69

Officials from institutions of the Government and the Regional Government are prohibited from conveying and/or disclosing the Industrial Data as referred to in Article 64 section (1) and the Industrial Estate Data as referred to in Article 65 section (1) which may be harmful to the interests of any company in terms of protection of Intellectual Property Rights and unfair business competition.

#### Article 70

- (1) For the Industrial Company that does not submit the Industrial Data as referred to in Article 64 section (1) and the Industrial Estate Company that does not submit the Industrial Estate Data as referred to in Article 65 section (1), the Industrial Company and the Industrial Estate Company that do not provide the data as referred to in Article 66 shall be imposed with administrative sanctions in the form of:
  - a. written warnings;
  - b. administrative fines;
  - c. temporary closing;
  - d. suspension of Industrial business permits or Industrial Estate permits; and/or
  - e. revocation of Industrial business permits or Industrial Estate permits.
- (2) Any official from any institutions of the Government and the Regional Government that conveys and/or discloses the data as referred to in Article 69 shall be subject to administrative sanctions in the form of:
  - a. written warnings;
  - b. discharge from position;
  - c. decrease of salary, amounting to a one (1)-time periodical salary increase for no later than one (1) year;
  - d. demotion of rank to a lower level for no later than one (1) year;
  - e. honorable dismissal not at his/her own request; and/or
  - f. dishonorable dismissal.

#### Article 71

Further provisions concerning the National Industrial Information System as referred to in Article 68 as well as procedures for the imposition of administrative sanctions and amounts of administrative

finances as referred to in Article 70 shall be regulated in a Government Regulation.

## CHAPTER VIII EMPOWERMENT OF INDUSTRY

### Part One Small-Sized and Medium-Sized Industries

#### Article 72

- (1) The Government and/or the Regional Government develop and empower small-sized and medium-sized Industries to realize small-sized and medium-sized Industries which:
  - a. are competitive;
  - b. play a significant role in the strengthening of national Industrial structure;
  - c. play a role in poverty eradication through the expansion of working opportunities; and
  - d. produce Industrial goods and/or the Industrial Service for export purposes.
- (2) To realize small-sized and medium-sized Industries as referred to in section (1), the following are conducted:
  - a. policy formulation;
  - b. strengthening of institutional capacity; and
  - c. granting of facilities.

#### Article 73

To formulate the policies as referred to in Article 72 section (2) point a, the Minister determine priorities for the development of small-sized and medium-sized Industries by referring to at least:

- a. resources of regional Industries;
- b. strengthening and deepening of the national Industrial structure; and
- c. developments in the national and global economies.

#### Article 74

- (1) The strengthening of institutional capacity as referred to in Article 72 section (2) point b is conducted through at least:
  - a. enhancement of capacity of centers, technical service units, field advisors as well as consultants for small-sized Industries and medium-sized Industries; and

- b. cooperation with educational institutions, research and development institutions as well as Industrial associations and associations of related professions.
- (2) The Government and the Regional Government, in accordance with their authorities, conduct the strengthening of institutional capacity as referred to in section (1).

#### Article 75

- (1) The granting of facilities as referred to in Article 72 section (2) point c are granted in the form of:
- a. enhancement of human resource competence and certification of competence;
  - b. technical assistance and guidance;
  - c. assistance in Raw Materials and auxiliary materials;
  - d. assistance in machineries or equipment;
  - e. product development;
  - f. assistance in the prevention of environmental pollution to realize the Green Industry;
  - g. assistance in market information, promotion and marketing;
  - h. access to financing, including procurement of initial capital for new entrepreneurs;
  - i. provision of certain area within the Industrial Estate for small-sized Industries and medium-sized Industries which have the potential contaminating the environment; and/or
  - j. development, strengthening of linkages and partnership relations between small-sized Industries and medium-sized Industries, small-sized Industries and large-sized Industries as well as between small-sized Industries/medium-sized Industries and other economic sectors under the mutual benefit principle.
- (2) The Government and Regional Governments, in accordance with their authorities, grant the facilities as referred to in section (1).

#### Article 76

Further provisions concerning the implementation of strengthening of institutional capacity as referred to in Article 74 and the granting of facilities as referred to in Article 75 shall be regulated in or based on a Government Regulation.

Part Two  
Green Industry

Article 77

To realize the Green Industry as referred to in Article 3 point c, the Government shall conduct:

- a. policy formulation;
- b. strengthening of institutional capacities;
- c. Standardization; and
- d. granting of facilities.

Article 78

- (1) The strengthening of institutional capacities as referred to in Article 77 point b are conducted by enhancing capabilities in:
  - a. research and development;
  - b. testing;
  - c. certifications; and
  - d. promotion.
- (2) The strengthening of institutional capacities as referred to in section (1) are conducted by the Minister in coordination with relevant ministers, leaders of relevant non-ministerial government institutions and Regional Governments as well as by considering the input of relevant stakeholders.

Article 79

- (1) In conducting the Standardization as referred to in Article 77 point c, the Minister prepare and stipulate the Green Industry standard.
- (2) The Green Industry standards as referred to in section (1) are at least including provisions on:
  - a. Raw Materials, auxiliary materials and energy;
  - b. production process;
  - c. products;
  - d. exploitation management; and
  - e. waste management.
- (3) The formulation of the Green Industry standard is conducted by:
  - a. observing the national Standardization system and/or other prevailing standard systems; and
  - b. coordinating with ministries and/or non-ministerial government

institutions which conduct governmental affairs in the fields of environment, research and technology and Standardization as well as with Industrial associations, Industrial Companies and related institutions.

- (4) The already stipulated Green Industry standard as referred to in section (2) is served as guidelines for Industrial Companies.

#### Article 80

- (1) The application of the Green Industry standards as referred to in Article 79 section (2) may be gradually enforced on a mandatory basis.
- (2) The mandatory enforcement as referred to in section (1) shall be stipulated by the Minister.
- (3) Any Industrial Company must fulfill the mandatorily enforced Green Industry standards as referred to in section (2).
- (4) Any Industrial Company which does not fulfill the Green Industry standard as referred to in section (3) shall be subject to administrative sanctions in the form of:
  - a. written warnings;
  - b. administrative fines;
  - c. temporary closing;
  - d. suspension of Industrial business permit; and/or
  - e. revocation of Industrial business permit.

#### Article 81

- (1) Any Industrial Company is classified as Green Industry if it fulfills the Green Industry standard as referred to in Article 79.
- (2) Any Industrial Company which fulfills the Green Industry standards as referred to in section (1) is granted a Green Industry certificate.
- (3) Green Industry certification is conducted by a Green Industry certification institution which is accredited and appointed by the Minister.
- (4) In the event that there is no accredited Green Industry certification institution as referred to in section (3), the Minister may establish a Green Industry certification institution.
- (5) Further provisions concerning procedures for the obtaining of the Green Industry certificates as referred to in section (2) shall be regulated in a Ministerial Regulation.



## Article 82

To realize the Green Industry, any Industrial Company gradually:

- a. build mutual commitment and formulate company policies for Green Industry development;
- b. implement policies for Green Industry development;
- c. implement an environmentally friendly management system; and
- d. develop business networks to acquire Raw Materials, auxiliary materials and environmentally friendly technologies.

## Article 83

Further provisions concerning the Green Industry as referred to in Article 79 and procedures for the imposition of administrative sanctions and amounts of administrative fines as referred to in Article 80 section (4) shall be regulated in a Government Regulation.

## Part Three

### Strategic Industries

## Article 84

- (1) Strategic Industries are controlled by the state.
- (2) Strategic Industries as referred to in section (1) consist of Industries which:
  - a. meet needs which are important for the welfare of the people or which control their life necessities;
  - b. increase or produce added value to strategic natural resources; and/or
  - c. correlate with the interests of state defense and security.
- (3) Control over Strategic Industries by the state as referred to in section (1) is conducted through:
  - a. ownership arrangements;
  - b. policy stipulation;
  - c. licensing arrangements;
  - d. production, distribution and price arrangements; and
  - e. supervision.
- (4) Ownership arrangements over Strategic Industries as referred to in section (3) point a are conducted through:
  - a. total equity participation by the Government;
  - b. establishment of joint ventures between the Government and

- the private sector; or
- c. ownership restrictions for foreign investors.
- (5) The stipulation of Strategic Industrial policies as referred to in section (3) point b at least covers:
    - a. stipulation on types of Strategic Industries;
    - b. granting of facilities; and
    - c. granting of compensation for damages.
  - (6) The Strategic Industrial business permit as referred to in section (3) point c shall be issued by the Minister.
  - (7) Production, distribution and price arrangements as referred to in section (3) point d are at least stipulate the amounts of production and distribution and the prices of products.
  - (8) The supervision as referred to in section (3) point e include the stipulation of Strategic Industries as national vital objects and the supervision on distribution.
  - (9) Further provisions concerning Strategic Industries as referred to in section (1) shall be regulated in a Government Regulation.

#### Part Four

#### Increase in Domestic Products Utilization

#### Article 85

For the empowerment of the domestic industry, the Government increases domestic products utilization.

#### Article 86

- (1) The domestic products as referred to in Article 85 must be utilized by:
  - a. state institutions, ministries, non-ministerial government institutions and regional working units in the procurement of goods/services if their sources of financing come from state and regional budgets including domestic or offshore loans or grants; and
  - b. state-owned enterprises, regionally-owned enterprises and private enterprises of which financing for the procurement of goods/services comes from the state and regional budgets and/or of which work activities are conducted through any cooperation between the Government and private enterprises and/or which utilize resources controlled by the state.
- (2) Any official in the procurement of goods/services who violates the

provisions as referred to in section (1) shall be subject to administrative sanctions in the form of:

- a. written warnings;
  - b. administrative fines; and/or
  - c. dismissal from his/her position as an official for the procurement of goods/services.
- (3) Further provisions on procedures for the imposition of administrative sanctions and amounts of administrative fines as referred to in section (2) shall be regulated in a Government Regulation.
- (4) The imposition of sanctions as referred to in section (2) shall be excluded in case domestic products are neither available nor sufficient.

#### Article 87

- (1) The obligation to utilize domestic products as referred to in Article 86 section (1) is conducted in accordance with the amount of local content in any goods/services as indicated by the percentage of local content used.
- (2) Provisions on and procedures for the calculation of percentage of local content refer to the provisions stipulated by the Minister.
- (3) The percentage of local content used refers to the list of inventory of domestically produced goods/services as issued by the Minister.
- (4) The Minister may stipulate the minimum percentage of local content for certain Industries.

#### Article 88

For the purposes of utilization of domestic products as referred to in Article 86, the Government may provide facilities which are at least in the form of: price preferences and administrative incentives in the procurement of goods/services; and certification on local content value.

#### Article 89

The government encourages private enterprises and the community to increase the utilization of domestic products.

#### Article 90

Further provisions concerning the increase in domestic products utilization shall be regulated in a Government Regulation.

Part Five  
International Cooperation in Industry

Article 91

- (1) For the purposes of Industrial development, the Government undertakes international cooperation in Industry.
- (2) The objectives of International cooperation in Industry are:
  - a. to open access and development to international markets;
  - b. to open access to Industrial resources;
  - c. to utilize global supply chain networks as a source of increase in Industrial productivity; and
  - d. to increase investments.
- (3) In conducting international cooperation in Industry as referred to in section (1), the Government may:
  - a. prepare strategic plans;
  - b. stipulate steps for the salvaging of Industry; and/or
  - c. grant facilities.
- (4) In the event of international cooperation in Industry as referred to in section (2) has an impact on Industry, then consultations and coordination with and/or approval of the Minister shall first be held.

Article 92

The granting of facilities for international cooperation in Industry as referred to in Article 91 section (3) point c are at least cover:

- a. counseling, consultations and advocacy;
- b. assistance in negotiations;
- c. promotion of Industry; and
- d. incentives in the flow of goods and services.

Article 93

- (1) In enhancing international cooperation in Industry, the Government may place officials undertaking Industrial affairs overseas.
- (2) The placement of officials as referred to in section (1) is conducted based on the needs to enhance domestic Industrial resilience.
- (3) In the event that official undertaking Industry as referred to in section (1) is not available, the Government may assign representatives of the Republic of Indonesia overseas to enhance international cooperation in Industry.

- (4) The officials undertaking Industry as referred to in section (1) and the representatives of the Republic of Indonesia overseas as referred to in section (3) submit periodical reports to the Minister.

#### Article 94

The Government may promote, develop and supervise international cooperation in Industry as conducted by enterprises, community organizations or Indonesian nationals.

#### Article 95

Further provisions concerning international cooperation in Industry shall be regulated in a Government Regulation.

### CHAPTER IX

#### MEASURES FOR THE SECURING AND SALVAGING OF INDUSTRY

##### Part One

##### Industrial Securing Measures

#### Article 96

- (1) To enhance domestic Industrial resilience, the Government undertakes Industrial securing measures.
- (2) The Industrial securing measures as referred to in section (1) are including:
- a. securing against the impact of policies, regulations and/or business climates that threatens resilience and cause injury to the domestic Industry; and
  - b. securing against the impact of global competition that threaten resilience and cause injury to the domestic Industry.

#### Article 97

The Industrial securing measures as referred to in Article 56 section (2) point a are stipulated by the President by considering the Minister's proposal.

#### Article 98

- (1) The stipulation of securing measures against the impact of global competition as referred to in Article 96 section (2) point b are in the form of tariff and non-tariff measures.
- (2) The stipulation of securing measures in the form of tariff measures are undertaken by the minister who conducts governmental affairs in finance based on the Minister's proposal.

- (3) The stipulation of securing measures which are non-tariff measures are undertaken by the Minister upon coordinating with related ministers.
- (4) The securing measures as referred to in section (1) may be supported with Industrial adjustment programs.

#### Article 99

Further provisions concerning procedures for the imposition of Industrial securing measures as referred to in Article 96 are regulated in a Government Regulation.

### Part Two

#### Industrial Salvaging Measures

#### Article 100

- (1) The government may undertake industrial salvaging against the effects of global economic conjuncture that cause injury to the domestic Industry.
- (2) The industrial salvaging measures as referred to in section (1) are at least be conducted through:
  - a. the granting of fiscal incentives; and
  - b. the granting of credit of programs.
- (3) Further provisions concerning industrial salvaging measures shall be regulated in a Government Regulation.

### CHAPTER X

#### LICENSING, INVESTMENTS IN INDUSTRY AND FACILITIES

### Part One

#### Industrial Business Permit and Industrial Estate Permit

#### Article 101

- (1) Any Industrial business must own an Industrial business permit.
- (2) The Industrial business as referred to in section (1) cover:
  - a. small-sized Industries;
  - b. medium-sized Industries; and
  - c. large-sized Industries.
- (3) The Industrial business permit as referred to in section (1) is issued

by the Minister.

- (4) The Minister may delegate part of the authorities in issuing Industrial business permit to governors and regents/mayors.
- (5) The Industrial business permit as referred to in section (1) cover:
  - a. Small-Sized Industrial Business Permit;
  - b. Medium-Sized Industrial Business Permit; and
  - d. Large-Sized Industrial Business Permit.
- (6) Any Industrial Company which already owns the permit as referred to in section (5) must:
  - a. conduct Industrial business activities in accordance with the permit owned; and
  - b. warrant the security and safety of equipment, processes, production produces, storage and handling of materials.

#### Article 102

- (1) The small-sized Industry as referred to in Article 101 section (2) point a is stipulated based on the number of manpower and investment value, excluding land and buildings for its business location.
- (2) The medium-sized Industry as referred to in Article 101 section (2) point b shall be stipulated based on the number of manpower and/or investment value.
- (3) The large-sized Industry as referred to in Article 102 section (2) point c is stipulated based on the number of manpower and/or investment value.
- (4) The number of manpower and the investment value for small-sized, medium-sized and large-sized Industries shall be stipulated by the Minister.

#### Article 103

- (1) The Small-Sized Industries as referred to in Article 102 section (1) may only be owned by Indonesian nationals.
- (2) Any Industry which is unique and constitutes national cultural heritage may only be owned by Indonesian nationals.
- (3) Certain medium-sized Industries are reserved for ownership by Indonesian nationals.
- (4) The Industries as referred to in section (2) and section (3) shall be stipulated by the President.

#### Article 104

- (1) Any Industrial Company which already owns the Industrial business

permit as referred to in Article 101 section (2) may conduct expansion.

- (2) Any Industrial Company which conducts expansion by utilizing natural resources requiring Analysis of Environmental Impact Assessment must own an expansion permit.

#### Article 105

- (1) Any business in an Industrial Estate must own an Industrial Estate Permit.
- (2) The Industrial Estate Permit as referred to in section (1) is issued by the Minister.
- (3) The Minister may delegate part of the authorities in issuing Industrial Estate permits to governors and regents/mayors.
- (4) The Industrial Estate Company as referred to in section (1) fulfills the Industrial Estate standards as stipulated by the Minister.
- (5) Any Industrial Estate Company which conducts expansion must own an Industrial Estate Expansion permit.

#### Article 106

- (1) Any Industrial Company undertaking Industrial activities must be located in an Industrial Estate.
- (2) The obligation to be located in an Industrial Estate as referred to in section (1) does not apply to any Industrial Company which undertakes Industrial activities and locates at a regency/city area which:
  - a. does not yet have an Industrial Estate;
  - b. has an Industrial Estate but its Industrial blocks are fully occupied;
- (3) Exemptions from the obligation to be located in an Industrial Estate as referred to in section (1) are also apply to:
  - a. any small-sized and medium-sized Industries which do not potentially cause wide ranging environmental pollution; or
  - b. any Industry which utilizes specific Raw Materials and/or of which production process requires a specific location.
- (4) Any Industrial Company which has been exempted as referred to in section (2) and any medium-sized Industrial Company as referred to in section (3) point a must be located at industrial allocated zones.
- (5) The Industries as referred to in section (3) shall be stipulated by the Minister.



## Article 107

- (1) Any Industrial Company which does not own the Industrial business permit as referred to in Article 101 section (1), does not fulfill the provisions as referred to in Article 101 section (6) and/or does not own the expansion permit as referred to in Article 104 section (2) shall be imposed with administrative sanctions.
- (2) Any Industrial Estate Company which does not own the Industrial Estate Permit as referred to in Article 105 section (1), does not fulfill the Industrial Estate standards as referred to in Article 105 section (4), does not own the Industrial Estate Expansion Permit as referred to in Article 105 section (5), and any Industrial Company which is not located in the Industrial Estate as referred to in Article 106 section (1) and any exempted Industrial Company which is not located in an Industrial allocated zone as referred to in Article 106 section (4) shall be imposed with administrative sanctions.
- (3) The administrative sanctions as referred to in section (1) and section (2) are in the form of:
  - a. written warnings;
  - b. administrative fines;
  - c. temporary closing;
  - d. suspension of Industrial business permit or Industrial Estate Permit; and/or
  - e. revocation of Industrial business permit or Industrial Estate Permit.

## Article 108

Further provisions concerning the issuance of the Industrial business permit as referred to in Article 101, the expansion permit as referred to in Article 104, the Industrial Estate Permit as referred to in Article 105 and the obligation to be located in an Industrial Estate as referred to in Article 106 as well as procedures for the imposition of administrative sanctions and the amounts of administrative fines as referred to in Article 107 shall be regulated in a Government Regulation.

## Part Two

### Investments in Industry

## Article 109

- (1) The Government and Regional Governments promote investments in Industry to gain maximum added value in the utilization of national resources in deepening national Industrial structure and enhancing Industrial competitiveness.

- (2) To promote investments as referred to in section (1), the Minister shall stipulate policies which shall at least consist of:
- a. investment strategies;
  - b. investment priorities;
  - c. investment locations;
  - d. investment incentives; and
  - e. granting of facilities.

Part Three  
Industrial Facilities

Article 110

- (1) The Government and Regional Governments may grant facilities to accelerate Industrial development.
- (2) The facilities as referred to in section (1) are granted to:
- a. Any Industrial Company which undertakes investments to acquire and maximize added value in the utilization of national resources to deepen Industrial structure and enhance Industrial competitiveness;
  - b. any Industrial Company which undertakes research on and development of Industrial Technology and products;
  - c. any Industrial Company and/or Industrial Estate Company which are located in a border or a least developed area;
  - d. any Industrial Company and/or Industrial Estate Company which optimization the utilization of domestic goods and/or services;
  - e. any Industrial Company and/or Industrial Estate Company which develop human resources in Industry;
  - f. any export-oriented Industrial Company;
  - g. any small-sized Industrial and medium-sized Industrial companies which apply mandatorily imposed SNI, technical specifications and/or code of practice;
  - h. any small-sized Industrial and medium-sized Industrial companies which utilize natural resources in an efficient, environmentally friendly and sustainable manner;
  - i. any Industrial Company which exercises efforts to realize Green Industry; and
  - j. any Industrial Company which prioritizes the utilization of small

Industry products as part of its production process.

Article 111

- (1) The facilities as referred to in Article 110 section (1) are in the form of fiscal and non-fiscal facilities.
- (2) The fiscal facilities as referred to in section (1) are granted in accordance with the laws and regulations.
- (3) Further provisions on the forms of facilities and procedures for the granting of non-fiscal facilities shall be regulated in a Government Regulation.

CHAPTER XI

NATIONAL INDUSTRY COMMITTEE

Article 112

- (1) To support the achieving of Industrial development objectives as referred to in Article 3, a National Industry Committee are established.
- (2) The National Industry Committee as referred to in section (1) is chaired by a minister and consist of members of related ministers, chairmen of non-ministerial government institutions related to Industry and representatives from the business sector.
- (3) The National Industry Committee as referred to in section (1) have the following duties:
  - a. to undertake coordination and evaluations on Industrial development which require inter-sectoral and regional support in relation to:
    1. Industrial resources development;
    2. development of Industrial facilities and infrastructure;
    3. Industrial empowerment;
    4. Industrial region; and
    5. Industrial securing and salvaging;
  - b. to undertake further monitoring on the results of coordination as referred to in point a;
  - c. to undertake coordination on the implementation of technical regulatory authorities for certain industries in the framework of Industrial promoting, developing and regulating; and
  - d. to provide input on the monitoring of and evaluations on the implementation of the Master Plan for National Industrial Development, National Industrial Policies and Work Plan for

Industrial Development.

- (4) Provisions concerning the organizational structure and the working procedures of the National Industry Committee shall be regulated in Presidential Regulation.

Article 113

To support the implementation of duties as referred to in Article 112 section (3), the National Industry Committee may establish working groups which consist of related experts in Industry derived from the elements of government, Industrial associations, academics and/or the community.

Article 114

- (1) The implementation of duties of the National Industry Committee are supported by the ministry which undertakes governmental matters in Industrial Affairs.
- (2) The budget required for the implementation of duties of the National Industry Committee shall be imposed upon the state budget.

CHAPTER XII

COMMUNITY PARTICIPATION

Article 115

- (1) The community may participate in the planning, implementation and supervision of Industrial development.
- (2) Community participation as referred to in section (1) is realized in the form of:
  - a. suggestions, opinions and proposals; and/or
  - b. submission of information and/or reports.
- (3) Further provisions concerning community participation in Industrial development as referred to in section (1) shall be regulated in a Ministerial Regulation.

Article 116

- (1) The community is entitled to protection from the negative impact of Industrial business activities.
- (2) Any matters concerning the protection of the community as referred to in section (1) shall be implemented based on the laws and regulations.

CHAPTER XIII  
SUPERVISION AND CONTROL

Article 117

- (1) The Minister conducts supervision on and control of Industrial business activities and Industrial Estate activities.
- (2) The supervision and control as referred to in section (1) are conducted to ascertain the fulfillment of and compliance with regulations on Industrial Affairs by Industrial Companies and Industrial Estate Companies.
- (3) The fulfillment of and compliance with regulations on Industrial Affairs by Industrial Companies and Industrial Estate Companies as referred to in section (2) at least cover:
  - a. Industrial human resources;
  - b. natural resources utilization;
  - c. energy management;
  - d. water management;
  - e. SNI, technical specifications and/or code of practice;
  - f. Industrial Data and Industrial Estate Data;
  - g. Green Industry standard;
  - h. Industrial Estate standard;
  - i. Industrial licensing and Industrial Estate licensing; and
  - j. security and safety of equipment, processes, production produces, storage and handling of materials.
- (4) The implementation of supervision and control as referred to in section (1) shall be conducted by officials from a working unit under the Minister and/or an accredited institution as designated by the Minister.
- (5) The Government, provincial Regional Governments and reGENCY/city Regional Governments shall jointly or in accordance with their respective authorities conduct supervision and control pursuant to the laws and regulations.
- (6) Further provisions on procedures for the supervision on and control of Industrial business activities and Industrial Estate activities shall be regulated in a Ministerial Regulation.

Article 118

If in the implementation of supervision and control as referred to in Article 59 and Article 117 section (3) point e any crime is alleged to have taken

place, then the officials or the institution as referred to in Article 117 section (4) and section (5) shall report the matter to any Civil Servant Investigating Official on Industrial Affairs.

CHAPTER XIV  
INVESTIGATION

Article 119

- (1) Other than investigating officials of the State Police of the Republic of Indonesia, certain civil servant investigating officials within the auspices of a government institution with scope of duties and responsibilities in Industrial Affairs are accorded special authorities as Civil Servant Investigating Officials, as referred to in the Criminal Procedures Code, to conduct investigations pursuant to this Law.
- (2) The Civil Servant Investigating Official as referred to in paragraph (1) authorized:
  - a. to receive reports from any person on any alleged occurrence of crime concerning mandatorily enforced SNI, technical specifications and/or code of practice in Industry;
  - b. to conduct examinations on the truthfulness of reports or statements in relation to any crime concerning mandatorily enforced SNI, technical specifications and/or code of practice in Industry;
  - c. to summon persons to be heard and examined as witnesses in the case of any crime concerning mandatorily enforced SNI, technical specifications and/or code of practice in Industry;
  - d. to summon and conduct examinations on any person who is alleged to have conducted any crime concerning mandatorily enforced SNI, technical specifications and/or code of practice in Industry;
  - e. to request statements and evidence from any person in relation to any crime concerning mandatorily enforced SNI, technical specifications and/or code of practice in Industry;
  - f. to conduct examinations and searches at certain places which are alleged to have become places for the storage or obtaining of evidence, and to confiscate goods which may be used as evidence and/or proof in any crime concerning mandatorily enforced SNI, technical specifications and/or code of practice in Industry;
  - g. to request assistance from experts in the conducting of investigations on any crime concerning mandatorily enforced SNI, technical specifications and/or code of practice in Industry;
  - h. to arrest perpetrators in any crime concerning mandatorily enforced SNI, technical specifications and/or code of practice in

Industry;

- i. to cease investigation due to insufficient evidence on the occurrence of any crime concerning mandatorily enforced SNI, technical specifications and/or code of practice in Industry or such occurrence apparently does not constitute a crime, or the investigation is ceased by law.
- (3) The Civil Servant Investigating Official as referred to in paragraph section (1) shall notify the commencement of, report on the results of as well as notify on the cessation of any investigation to the public prosecutor through officials of the State Police of the Republic of Indonesia.
  - (4) In conducting the investigation as referred to in paragraph section (1), any Civil Servant Investigating Official may request assistance from law enforcement apparatus.

## CHAPTER XV

### PROVISIONS ON SANCTIONS

#### Article 120

- (1) Any Person which willfully produces, imports and/or circulates any Industrial goods and/or Services that do not comply with mandatorily imposed SNI, technical specifications and/or code of practice in Industry as referred to in Article 53 section (1) point b shall be subject to imprisonment of a maximum 5 (five) years and fines of a maximum Rp3,000,000,000.00 (three billion rupiah).
- (2) Any Person which due to his/her/its negligence produces, imports and/or circulates Industrial goods and/or Services that do not comply with mandatorily imposed SNI, technical specifications and/or code of practice in Industry as referred to in Article 53 section (1) point b shall be subject to imprisonment of a maximum 3 (three) years and fines of a maximum Rp1,000,000,000.00 (one billion rupiah).

#### Article 121

In the event the crime as referred to in Article 120 was conducted by a Cooperative, then the prosecution and imposition of sanctions therefore shall be imposed upon the Cooperative and/or its managers.

## CHAPTER XVI

### TRANSITIONAL PROVISIONS

#### Article 122

At the time of enactment of this Law, Industrial Companies and Industrial

Estate Companies which have already been operating in natural resources utilization as referred to in Article 30 must undergo adjustments to the provisions of this Law within a period of no later 3 (three) years as of the date of its enactment.

## CHAPTER XVII CLOSING PROVISIONS

### Article 123

At the time this Law comes into effect:

- a. Law Number 5 of 1984 concerning Industrial Affairs (State Gazette of the Republic of Indonesia of 1984 Number 22, Supplement to the State Gazette of the Republic of Indonesia Number 3274) shall be revoked and declared invalid;
- b. all laws and regulations which constitute the implementing regulations of Law Number 5 of 1984 concerning Industrial Affairs (State Gazette of the Republic of Indonesia of 1984 Number 22, Supplement to the State Gazette of the Republic of Indonesia Number 3274) shall be declared still valid insofar as they do not contravene with nor replaced with new regulations based on this Law; and
- c. Industrial Business Permits and/or Industrial Expansion Permits, Industrial Registration Certificates or similar permits which were already owned by Industrial Companies as well as Industrial Estate Permits and/or Industrial Estate Expansion Permits which were already owned by Industrial Estate Companies and issued based on Law Number 5 of 1984 concerning Industrial Affairs (State Gazette of the Republic of Indonesia of 1984 Number 22, Supplement to the State Gazette of the Republic of Indonesia Number 3274) and its implementing regulations shall be declared still valid insofar as the relevant Industrial Companies or Industrial Estate Companies are still operating pursuant to the permits granted.

### Article 124

The implementing regulations of this Law shall be stipulated within a period of no later than 2 (two) years as of its enactment.

### Article 125

This Law shall come into effect as of the date of its enactment.



In order that every person may know hereof, it is ordered to promulgate this Law by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta  
on 15 January 2014  
PRESIDENT OF THE REPUBLIC OF INDONESIA,

Signed

DR. H. SUSILO BAMBANG YUDHOYONO

Promulgated in Jakarta  
on 15 January 2014  
MINISTER OF LAW AND HUMAN RIGHTS OF  
THE REPUBLIC OF INDONESIA,

Signed

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2014  
NUMBER 4

Jakarta, 25 November 2015  
Has been translated as an Official Translation  
On behalf of Minister of Law and Human Rights  
of the Republic of Indonesia,  
DIRECTOR GENERAL OF LEGISLATION,



WISODO BRATJAHJANA

## ELUCIDATION OF

### LAW OF THE REPUBLIC INDONESIA

#### NUMBER 3 OF 2014

#### ON

#### INDUSTRIAL AFFAIRS

##### I. GENERAL

National development must provide maximum benefits to the welfare of the people to realize a just and prosperous society within the Unitary State of the Republic of Indonesia which is independent, united and sovereign based on Pancasila and the 1945 Constitution of the Republic of Indonesia. Such development has been undertaken based on the principles of economic democracy.

National development has been undertaken by utilizing the strengths and capabilities of solid resources, with the support of cultural heritage values, to realize national sovereignty, self-reliance and resilience for national interests. National economic development has been undertaken to create an economic structure which is self-reliant, healthy and strong by placing Industrial development as its Globalization and liberalization have resulted in dynamics of change which are highly accelerated and have a vast impact on the national economy. Although they have brought about ever tighter competition, globalization and liberalization have also opened many opportunities for collaboration. Industrial development therefore requires support in the form of a proper set of policies, integrated planning and efficient management with due observance of the principles of good corporate governance.

Industrial sector development has been legally based on Law Number 5 of 1984 concerning Industrial Affairs which served as an operational elaboration of the 1945 Constitution, in particular its Article 33. However, since such legal basis is deemed no longer sufficient, such Law needs to be replaced by a new law to anticipate the dynamics of internal and external changes to strategic climates.

One such internal change which has been highly influential was the enactment of Law Number 32 of 2004 concerning Regional Government. Such Law has resulted in changes to the roles and mission of the Central Government, Provincial Governments and Regency/City Governments in the formulation and implementation of national policies on Industrial development. On the other hand, external changes which have been influential to Industrial development were the ratifications of various bilateral, regional and multilateral international agreements which have influenced

national policies on Industry, investment and trade. Accordingly, the objectives behind the perfecting of the Law on Industrial Affairs are to strategically address needs and developments which result from such changes in climate as well as to serve as a legal basis for the growth, development and advancement of the national Industry.

The new Law concerning Industrial Affairs is hoped to become an effective regulatory instrument for Industrial development while still maintaining the aspects of human security, safety and health as well as the preservation of environmental functions. The main regulatory points of the new law include the Convening of Governmental Matters in Industrial Affairs, Master Plan for National Industrial Development, National Industrial Policies, Industrial Region, Industrial Resources Development, Development of Industrial Facilities and Infrastructure, Industrial Empowerment, Measures for the Securing and Salvaging of the National Industry, Licensing, Investments in Industry and Facilities, National Industry Committee, Community Participation as well as Supervision and Control.

## II. ARTICLE BY ARTICLE

### Article 1

Self explanatory.

### Article 2

#### Point a

The term “national interests” is used to refer to the interests of the nation, state and community which must be realized through cooperation between all elements of the nation.

#### Point b

The term “economic democracy” is used to refer to the spirit of togetherness, just efficiency, sustainability, environmental outlook and self-reliance as well as the maintaining of balance of advancement in national economic unity.

#### Point c

The term “business certainty” is used to refer to a conducive business climate that is formed through a legal system which ensures consistency between laws and regulations and their implementation.

Point d

The term “even distribution” is used to refer to the efforts of realizing Industrial development throughout all territories of the Unitary State of the Republic of Indonesia in accordance with the resources potential of each region.

Point e

The term “fair business competition” is used to refer to the competition between business actors in producing, distributing and marketing goods and/or services honestly and legally.

Point f

The term “Industrial linkages” is used to refer to relations between Industries within a chain for the adding or creating of value to realize a healthy and solid national Industrial structure. Industrial linkages may commence from the supply of Raw Materials, manufacturing processes, Industrial supporting services up to distribution to markets and customers, and/or linkages which involve small-sized Industries, medium-sized Industries and large-sized Industries.

Article 3

Point a

Self explanatory.

Point b

Self explanatory.

Point c

Self explanatory.

Point d

Self explanatory.

Point e

Self explanatory.

Point f

Self explanatory.

Point g

The term “prosperity and welfare of the community in a just manner” is used to refer to Industrial sector development as a driving motor of the national economy

must be enjoyed by all Indonesian people, particularly those from the weak economic group or group with income below the average national per capital income. The main objective of Industrial development is ultimately all efforts to realize an economic system which sides with the interests of the people, social justice and welfare and prosperity of the people instead of the interests of certain individuals, classes or groups, the production processes of which involve all people and the results of which may be enjoyed by all Indonesians.

Article 4

Self explanatory.

Article 5

Self explanatory.

Article 6

Self explanatory.

Article 7

Self explanatory.

Article 8

Self explanatory.

Article 9

Self explanatory.

Article 10

Self explanatory.

Article 11

Self explanatory.

Article 12

Self explanatory.

Article 13

Self explanatory.

Article 14

Section (1)

Self explanatory.

Section (2)

Point a

Self explanatory.

Point b

Self explanatory.

Point c

Self explanatory.

Point d

The term “value chain” is used to refer to a series of steps of main activities and supporting activities which are conducted by any Industrial Company to transform input (Raw Materials) into output (finished goods) of added value to its customers/consumers.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Article 15

Self explanatory.

Article 16

Section (1)

Self explanatory.

Section (2)

The term “Industrial human resources development” is used to refer to the preparing of competent Industrial human resources.

Section (3)

Self explanatory.

Section (4)

Point a

The term “Industrial entrepreneurs” is used to refer to Industrial business actors.

Point b

The term “Industrial manpower” is used to refer to professional manpower in Industry.

Point c

The term “Industrial administrators” is used to refer to state apparatus which have competence in Industry from both the central and regional governments.

Point d

The term “Industrial consultants” is used to refer to individuals or companies which provide the services of consultancy, advocacy and problem solving in Industry.

Article 17

Section (1)

Self explanatory.

Section (2)

Point a

Self explanatory.

Point b

The term “Industrial incubators” is used to refer to environments and programs of certain characteristics which offer technical and managerial assistance to individuals, companies or candidate companies to produce companies or candidate companies which are ready to engage in business professionally.

Point c

The term “partnerships” is used to refer to cooperation for the development of human resources between small-sized Industries and medium-sized Industries and/or large-sized Industries, by observing the principles of mutual interdependence and strengthening as well as mutual benefit.

Section (3)

Self explanatory.

Section (4)

Point a

The term “formal education” is used to refer to a structured and tiered course of education which consists of elementary education, secondary education and high education.

Point b

The term “non-formal education” is used to refer to a course of education outside of formal education which may be undertaken in a structured and tiered manner.

Point c

Self explanatory.

Section (5)

Self explanatory.

Article 18

Self explanatory.

Article 19

Self explanatory.

Article 20

Self explanatory.

Article 21

Self explanatory.

Article 22

Industrial associations are organizations which are established by Industrial business actors in certain Industrial business sectors to defend the rights and interests of their members.

Article 23

Self explanatory.

Article 24

Section (1)

The term “certain circumstances” is used to refer to conditions which indicate the unavailability or lack of availability of competent national Industrial manpower or Industrial consultants pursuant to the types of activities and skills required.

Section (2)

Self explanatory.

Article 25

Section (1)

Self explanatory.



Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Section (5)

The term “certain types of work” is used to refer to types of work which pose high risk to the security, safety, health and environment of both its workers and produced products, such as work involving: manufacturing of boilers, nuclear reactor operators, underwater welding, radiation use processes and operating of pressure vessels.

Section (6)

Self explanatory.

Section (7)

Self explanatory.

Section (8)

Self explanatory.

Article 26

Self explanatory.

Article 27

Section (1)

Self explanatory.

Section (2)

The term “certain conditions” is used to refer to a lack of availability of competent domestic Industrial manpower and/or Industrial consultants.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Article 28

Self explanatory.

Article 29

Self explanatory.

Article 30

Section (1)

Natural resources in this provision constitute resources which are utilized as Raw Materials, auxiliary materials, energy and distilled water for Industry.

These natural resources cover those which may be directly utilized from nature, such as minerals and coal, oil and natural gas, wood, water and geothermal energy as well as other resources.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Section (5)

Self explanatory.

Section (6)

Self explanatory.

Article 31

Self explanatory.

Article 32

Self explanatory.

Article 33

Section (1)

The term “ensure the availability and distribution of natural resources” is used to refer to efforts to meet the needs of the domestic Industry, both domestic and offshore.

Section (2)

The term “regulate on the utilization of natural resources for the interests of the domestic Industry” is used to refer to the controlling of exports of Raw Materials which derive from non-biological natural resources such as mine

minerals, metals and non-metals (iron ore, bauxite, iron-bearing sand, quartz and others) or biological natural resources such as forest products by placing priority on domestic needs. The export of Raw Materials may only be undertaken if the needs of the domestic Industry have already been fulfilled.

Section (3)

Self explanatory.

Article 34

Section (1)

The term “certain Industrial Companies” is used to refer to Industries which on average consume energy which is higher than or equal to the minimum limit of energy consumption as stipulated under the laws and regulations on energy conservation, such as the cement, iron and steel, textile, pulp and paper, petrochemical, fertilizer and ceramics Industries.

Section (2)

Self explanatory.

Article 35

Self explanatory.

Article 36

Self explanatory.

Article 37

The term the “aspect of independency” is used to refer to the selection, procurement and utilization of Industrial Technology must observe the right of all Industrial Companies to utilize technologies which accord with their respective Industrial characteristics without infringing or violating (the rights of) other parties.

The term “aspect of Industrial resilience” is used to refer to an Industry which is competitive, efficient, sustainable, clean and environmentally oriented.

Article 38

Section (1)

Self explanatory.

## Section (2)

The term “research and development” is used to refer to activities that produce new inventions which are beneficial to Industry or developments for the increase of Industrial efficiency and productivity.

The term “business cooperation” is used to refer to a joint venture.

## Section (3)

Self explanatory.

## Article 39

### Section (1)

The term “certain conditions” is used to refer to any condition whereby needs for the Industrial development are highly urgent while technology is not yet available in terms of design, engineering, procurement and construction.

The term a “turnkey contract” is used to refer to the procurement of technology by way of complete purchase of a technology project starting from its assessment, design and engineering, implementation (operations) and delivery in ready to use condition, or which is further known with the term turnkey project.

An agreement for the procurement of technology by way of a turnkey project also covers continued trainings and operational support.

Industrial design as referred to above means any Industrial activity related to planning for the establishment of an Industry/factory in whole or in part.

Industrial Engineering as referred to above means any Industrial activity related to the design and manufacturing of factory machineries/equipment and Industrial equipment.

### Section (2)

Self explanatory.

### Section (3)

Self explanatory.

### Section (4)

Self explanatory.

## Article 40

#### Section (1)

The term “underwrite risks on the utilization of Industrial Technology” is used to refer to an underwriting to Industries that utilize untested technologies which result from domestic research and development of technologies (by research institutions, companies, universities and so forth).

#### Section (2)

Self explanatory.

#### Article 41

##### Section (1)

The term “control the utilization of Industrial Technology” is used to refer to restrictions and prohibitions on the utilization of any technology that is deemed unfit for Industry, among others due to its energy wastefulness, risks to safety and security and adverse impact on the environment.

The term “audits on Industrial Technology” is used to refer to a means for identifying the strengths and weaknesses of technological assets (tangible and intangible assets) in the implementation of management of technologies, so that technological benefits may be perceived as a significant factor in enhancing the quality of human life and in enhancing Industrial competitiveness.

##### Section (2)

The term “the laws and regulations” is used to refer to provisions of laws and regulations on business fields which are closed and open with conditions to investment.

##### Section (3)

Self explanatory.

##### Section (4)

Self explanatory.

#### Article 42

Self explanatory.

#### Article 43

##### Section (1)

Self explanatory.

## Section (2)

The term “Industrial culture” is used to refer to a culture owned by an Industrial community which at least consists of the application of mental attitude and morality which are manifested in the values of efficiency, social responsibility, work discipline, compliance with rules, harmony and loyalty, economic democracy, nationalism and self confidence.

The term “local wisdom” is used to refer to prudent, wise, good and inbred local ideas followed by members of the community. Its examples include values, norms, ethics, beliefs, customs, customary law and specific rules.

## Section (3)

### Point a

Self explanatory.

### Point b

The term “creative Industry” is used to refer to any Industry which transforms and utilizes creativity, skills and intellectual property to produce goods and services.

### Point c

Self explanatory.

### Point d

Self explanatory.

### Point e

Self explanatory.

## Article 44

Self explanatory.

## Article 45

### Section (1)

The term “grant financing facilities” is used to refer to provide a relief of requirements in the obtaining of financing for Industrial development which promotes, among others, energy efficiency, reduction in gas emission and green house effect, use of Raw Materials and renewable fuel energy as well as the development of human resources and technology.

### Section (2)

#### Point a

Self explanatory.

Point b

Self explanatory.

Point c

The term “relief in interest rates” is used to refer to Government assistance to Industrial Companies in the form of assumption of part of interest fees for the purchase of equipment and machineries and/or working capital.

Point d

The term “price discount” is used to refer to Government assistance to Industrial Companies in the form of assumption of part of the fees for the purchase of equipment and machineries.

Point e

Self explanatory.

Section (3)

Self explanatory.

Article 46

Self explanatory.

Article 47

Section (1)

The term “pioneer Industries” is used to refer to Industries of vast interconnections which accord added value and high externality, introduce new technologies and bring strategic value to the national economy.

Section (2)

Self explanatory.

Article 48

Self explanatory.

Article 49

Self explanatory.

Article 50

Self explanatory.

Article 51

Self explanatory.

Article 52

Self explanatory.

Article 53

Self explanatory.

Article 54

Self explanatory.

Article 55

Self explanatory.

Article 56

Self explanatory.

Article 57

Self explanatory.

Article 58

Self explanatory.

Article 59

The term “entire sequence” is used to refer to the activities of supervision at factories and coordination of supervision at markets with relevant ministries and non-ministerial government institutions.

Article 60

Self explanatory.

Article 61

Self explanatory.

Article 62

Section (1)

The term “ensure the availability of Industrial infrastructure” is used to refer to prioritize programs for the supply of infrastructure for Industrial activities.

Section (2)

The term “Industrial allocated zones” is used to refer to a spread of land which is allocated for Industrial activities based on the Area Spatial Layout Plan and land layouts as stipulated pursuant to the laws and regulations.

Section (3)



Self explanatory.

Section (4)

Self explanatory.

Article 63

Section (1)

Self explanatory.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

The term “certain matters” is used to refer to conditions whereby the private sector is neither interested in nor not yet able to build Industrial estates, while the Government needs to accelerate Industrialization at regions which are central to Industrial growth by considering geoeconomical, geopolitical and geostrategic factors.

The term “initiate” is used to refer to make direct investments for the building of Industrial estates.

Section (5)

Self explanatory.

Article 64

Section (1)

Industrial Data include Industrial Data at the construction stage and Industrial Data at the production/commercial stage.

Industrial Data at the construction stage among others include company legality, planning aspect, construction aspect, technical aspect relating to construction and completeness of facilities and infrastructure as well as managerial aspect.

Industrial Data at the production/commercial stage among others include company legality, Industrial activities aspect, technical aspect and managerial aspect.

Managerial aspect among others includes the environment, social impact on the community, energy, resources, company

management and international cooperation in Industry.

Section (2)

Self explanatory.

Section (3)

The submission of Industrial Information to the Minister includes results on the undertaking of development, fostering and promotion of Industry at the relevant region.

Section (4)

Self explanatory.

Article 65

Section (1)

Industrial Estate Data include Industrial Estate Data at the construction stage and Industrial Estate Data at the commercial stage.

Industrial Estate Data at the construction stage among others include company legality, planning aspect, construction aspect, technical aspect relating to construction and completeness of facilities and infrastructure as well as managerial aspect.

Industrial Estate Data at the commercial stage among others include company legality and Industrial Estate activities aspect, technical aspect as well as managerial aspect.

Managerial aspect among others includes the environment, social impact on the community, energy, resources, company management and international cooperation in Industry.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Article 66

Point a

Self explanatory.

Point b

Self explanatory.

Point c

Extraordinary occurrences may be in the form of massive strikes and work accidents, changes in ownership which result in the centralization of or control over Industry by one group or certain persons, individuals or foreign parties.

Article 67

Self explanatory.

Article 68

Section (1)

The National Industrial Information System is among others developed online through the internet media to facilitate both Industrial business actors in submitting data on their business activities and Industrial Promotion Institutions and relevant ministers in submitting results of processing of Industrial Information.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Article 69

Industrial Data and/or Industrial Estate Data which are neither allowed to be submitted nor announced are unprocessed individual data of any Industrial Company and/or any Industrial Estate Company.

Article 70

Self explanatory.

Article 71

Self explanatory.

Article 72

Section (1)

Point a

Self explanatory.

Point b

The term “play a significant role in the strengthening of

national Industrial structure” is used to refer to make a significant contribution in changes to the Industrial structure and to strengthen the national economy.

Point c

Self explanatory.

Point d

Self explanatory.

Section (2)

Self explanatory.

Article 73

Self explanatory.

Article 74

Self explanatory.

Article 75

Self explanatory.

Article 76

Self explanatory.

Article 77

Point a

The formulation of policies for the development of Industry to become the Green Industry will be addressed to new Industrial Companies, while the fostering of Industry to become the Green Industry will be addressed to Industrial Companies which have already commenced production and/or will undertake expansion.

Point b

Self explanatory.

Point c

Self explanatory.

Point d

Self explanatory.

Article 78

Section (1)

The term “institutional” is used to refer to institutions which exist both within and outside of ministries.

The term “enhancing capabilities” is used to refer to the optimization of capabilities of software and hardware which support Green Industry development, including human resources.

Point a

Self explanatory.

Point b

Self explanatory.

Point c

Self explanatory.

Point d

The term “promotion” is used to refer to the activities of disseminating information to the Industrial community and consumers in order to increase awareness and knowledge on benefits of the Green Industry, participate in the implementation of the Green Industry and encourage the use of environmentally friendly products (eco products), including the granting of awards.

Section (2)

Self explanatory.

Article 79

Self explanatory.

Article 80

Self explanatory.

Article 81

Self explanatory.

Article 82

Point a

The term “build commitment” is used to refer to the determination to manifest the Green Industry as a working culture for all Industrial manpower.

Point b

The term “implement policies for Green Industry development” is used to refer to the conducting of production process by way of clean production and to reduce, reuse,

recycle and recover which is also known as 4R (reduce, reuse, recycle, recovery).

Point c

The term “implement an environmentally friendly management system” is used to refer to any Industrial Company which must observe and apply principles for the protection of environmental functions by conducting the continued activities of monitoring, evaluating and improving (continuous improvement).

Point d

The term an “environmentally friendly technology” is used to refer to any technology which is economical in the use of Raw Materials, auxiliary materials, energy and water in its production process and is also minimal in waste, including the optimization of energy diversification.

Article 83

Self explanatory.

Article 84

Section (1)

Self explanatory.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

Point a

Self explanatory.

Point b

Joint ventures between the Government and the private sector through majority capital participation by the Government.

Point c

The term “ownership restrictions” is used to refer to the prohibition of foreign investment.

Section (5)

Self explanatory.

Section (6)

Self explanatory.

Section (7)

The determination on amounts of production, distribution and prices of products is done to maintain the solid stability of the national economy and national resilience.

Section (8)

Self explanatory.

Section (9)

Self explanatory.

Article 85

The increase in use of domestic products is done to ensure higher self reliance and stability of the national economy as well as to enhance the empowerment of the community.

The term a “domestic product” is used to refer to any good/service with design and engineering being produced or conducted by companies which conduct investments or production in Indonesia, with manpower partly consisting of Indonesian manpower/nationals and with a process which utilizes domestic Raw Materials/components and or partly imported.

Article 86

Self explanatory.

Article 87

Self explanatory.

Article 88

Self explanatory.

Article 89

Self explanatory.

Article 90

Self explanatory.

Article 91

Section (1)

The term “international cooperation in Industry” is used to refer to cooperation which is conducted bilaterally, regionally or multilaterally in Industry.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Article 92

Self explanatory.

Article 93

Section (1)

Self explanatory.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

The reports will among others contain opportunities or potential for Industrial cooperation, profiles on the favored Industries of the relevant country and developments in the undertaking of international cooperation in Industry.

Article 94

Self explanatory.

Article 95

Self explanatory.

Article 96

Section (1)

Self explanatory.

Section (2)

Point a

The policies, regulations and/or business climates which threaten the domestic Industry may be both domestic and offshore.

Point b

Self explanatory.



Article 97

Self explanatory.

Article 98

Self explanatory.

Article 99

Self explanatory.

Article 100

Section (1)

The term “salvaging” is used to refer to any act or policy taken by the Government to restore the domestic Industry which has undergone losses due to the effects of highly dynamic changes (conjuncture) in the world economy, such as ever changing fluctuations in the progress and regress of the world economy which may have a systemic effect on the national economy.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Article 101

Self explanatory.

Article 102

The term “investment value” is used to refer to the value of land and buildings, equipment machineries, facilities and infrastructure, excluding working capital.

Article 103

Section (1)

Self explanatory.

Section (2)

The term “Industry which is used to refer to unique and constitutes national cultural heritage” is used to refer to an Industry which is characterized by certain types of patterns, product designs, manufacturing techniques, skills and Raw Materials based on local wisdom, such as batik (traditional clothing), wooden carvings from Jepara, Yogyakarta, silver handicrafts and asmat statues.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Article 104

Self explanatory.

Article 105

Self explanatory.

Article 106

Section (1)

The term “Industrial Company undertaking Industrial activities” is used to refer to a new Industry or a company which conducts expansion at a different location.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Section (5)

Self explanatory.

Article 107

Self explanatory.

Article 108

Self explanatory.

Article 109

Self explanatory.

Article 110

Self explanatory.

Article 111

Self explanatory.

Article 112

Section (1)

Self explanatory.

Section (2)

Representatives from the business sector at least include representatives from the Industrial Chamber of Commerce and related Industrial Associations.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Article 113

Self explanatory.

Article 114

Self explanatory.

Article 115

Self explanatory.

Article 116

Self explanatory.

Article 117

Section (1)

Self explanatory.

Section (2)

Supervision will among others be conducted through audit, inspection, surveillance or monitoring.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Section (5)

Self explanatory.

Section (6)

Self explanatory.

Article 118

Self explanatory.

Article 119

Section (1)

To the extent involving customs in accordance with the Laws and Regulations, Civil Servant Investigating Officials within the auspices of the Government institution with scope of duties and responsibilities in the field of customs will be authorized to conduct investigations on industrial affairs related to SNI, technical specifications and/or code of practice which have been mandatorily enforced in any customs zone by coordinating with Civil Servant Investigating Officials on Industrial Affairs.

Section (2)

Self explanatory.

Section (3)

Self explanatory.

Section (4)

Self explanatory.

Article 120

Self explanatory.

Article 121

Self explanatory.

Article 122

Self explanatory.

Article 123

Self explanatory.

Article 124

Self explanatory.

Article 125

Self explanatory.