

RECENT DEVELOPMENTS

Five RI state-owned companies to go public

Jakarta (ANTARA News) - State Enterprises Minister Dahlan Iskan has said five state-owned companies would conduct an initial public offering of stocks this year.

"One of the companies is cement producer PT Semen Baturaja," he said at the Indonesian Stock Exchange here on Wednesday.

Four other companies that are to go public are subsidiaries of state-owned companies.

"I could not as yet announce their names, but I could say with certainty they would conduct an IPO this year," he said.

He further said the decision to list the companies was made so that the parent companies would not have to tightly control them.

He added that through an IPO there would be other institutions that would control them, besides the parent companies.

"Control of them would be more open, so the parent companies need not control them as much since there will be other parties that would also manage them," he said.

The president director of the Indonesia Stock Exchange, Ito Warsito, had recently expressed hope that the government would encourage state-owned companies to list their shares at the stock exchange to draw foreign funds to the country.

"The IPO of state-owned companies is expected to become a way of collecting investment funds for infrastructure development," he said.

Research analyst of PT Panin Sekuritas Tbk., Purwoko Sartono, said investors generally prefer and target IPO shares of state-owned companies, as well as "shares of large state-owned companies."

Source: <http://www.antaraneews.com/en/news/81154/five-ris-state-owned-companies-to-go-public>



Revised Forest Moratorium Map

by S. Disca Ferli

With one of the highest rates of deforestation in the world, Indonesia announced a deal that may be the beginning of stopping forest loss. In May 2010, the Government of Indonesia entered into a Memorandum of Understanding (“**MoU**”) with the Government of Norway for a moratorium on granting new licenses for business development in respect of peat and natural forest lands for 2 years in exchange for USD 1 Billion in grants. However, such moratorium, which began in January 2011 as part of the National Long Term Development Plan Year 2010-2014, will not affect concessions already granted to companies.

The Government of Indonesia stated that the basic policy underlying the MoU was to reduce greenhouse gas emissions by 26% from the “business as usual” levels by 2020. In order to achieve this target, extensive repairing of peat lands and primary natural forests needs to be completed. Further, areas on which a moratorium may be imposed are primary natural forests and peat lands, and the policy is only for a moratorium on new licenses.

As an implementation of the MoU, on May 20, 2011 the President issued No. 10 of 2011, regarding Moratorium on Granting New Licenses and Perfection of Management of Primary Natural Forest and Peat Lands (“**Inpres No. 10/2011**”). Inpres No. 10/2011 instructs, among others, (i) the Minister of Forestry to postpone the granting of new licenses on primary forest areas and peat lands located on, among others, protected forest and production forests; and (ii) the Governors/Regents/Mayors to postpone the granting of new recommendations and location permits on forest and peat areas within 2 years as of the issuance of Inpres No. 10/2011, *i.e.* May 20, 2013.

Pursuant to Inpres No. 10/2011, the areas subject to the moratorium are stipulated by the Minister of Forestry in an Indicative Map for a Moratorium on New Licenses, which will be periodically adjusted based on surveys and gradual increasing definition. In relation thereto, Inpres No. 10/2011 is further implemented by Minister of Forestry Decree No. SK.323/Menhut-II/2011 dated June 17, 2011 (“**MoF Decree No. 323**”) which attached the first version of the Indicative Map. The first revision of such Indicative Map was made by virtue of Minister of Forestry Decree No. SK.7416/Menhut-VII/IPSDH/2011 dated November 22, 2011, regarding the Determination of Indicative Maps for a Moratorium on New Licenses, Forest Area Utilization and Designation Changes of Forest Areas and Other Designated Areas (First Revision) (“**MoF Decree No. 7416**”).

Based on Inpres No. 10/2011 and MoF Decree No. 7416, the moratorium shall apply to all new licenses for the utilization of primary natural forests and peat land. The exceptions to such provision are, among others, (i) applications which have obtained approval in principle from the Minister of Forestry; (ii) national development, which is vital in nature, *i.e.* geothermal, oil and gas, power plants, rice and sugarcane fields; (iii) extensions for the

existing use of forest areas; and (iv) changes in the designation of forest area related to a revision to the Provincial Terrestrial Spatial Planning.

The Indicative Map, which has a 1:250,000 scale and may be adjusted based on the ability of authorized technical units to provide the proper map scale, will be revised every 6 months to improve the details thereof, and it will be signed by the Director General of Forestry Planning on behalf of the Minister of Forestry. The revision of the Indicative Map shall be carried out with due consideration to (i) the results from the recent field survey, (ii) development in spatial zoning, (iii) recent data and information on land closure and (iv) input from the community. A survey could be conducted to verify the facts if there is any discrepancy between the Indicative Map and the actual condition in the field. Such survey will determine whether there will be a suspension of new licenses and whether new licenses will be issued. If, based on the field survey, the area concerned is not peat land and/or not primary natural forest, a new permit can then be granted for such area.

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