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LEGAL NEWSLETTER

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RECENT DEVELOPMENTS

Government to issue regulation to limit coal exports: Deputy Minister

Jakarta (Antara News) - Deputy Minister of Mineral and Energy Resources Susilo Siswoutomo said the government would soon issue a regulation that will limit the amount of coal exports. The policy is taken with consideration to preserve coal energy and reduce the number of shipments abroad which has been increasing over recent years.

"It is our effort to conserve non-renewable energy. We will issue the regulation as soon as possible," he said adding that other countries have implemented the same policy and prefer to import coal for the sake of the conservation of local coal.

The deputy minister argued if Indonesia continues exporting coal without limiting the amount, the country`s coal potential will be exhausted in the next 15 years.

Susilo added the government will also seek to have a better record on small-scale coal production. The concept will be that each head of province will be responsible for recording coal production in his area.

Earlier the Energy and Mineral Resource Ministry`s Coal Director Edy Prasodjo said in 2012 coal production is estimated to reach, or probably exceed, 330 million tons.

"As a result, in 2013 production could exceed 450 million tons or even reach 500 million tons," Edy stated.

"The consumption of coal in the domestic market was initially 30 percent, but now it is 25 percent, and it could become just 10 percent later," he added.

An energy analyst of ReforMiner Institute, Komaidi Notonegoro, supports the plan to control coal exports.

"I even hope coal exports are stopped, so coal can be fully used for domestic purposes," he said adding that coal production should be adjusted according to the domestic consumption rate.

Source: *http://www.antaranews.com/en/news/87319/govt-to-issue-regulation-to-limit-coal-export--deputy-minister*

New Banking Regulation, No. 14 on Forex Flow Reporting

by Ridha Sjartina

On December 21, 2012 Bank Indonesia issued a new regulation No. 14/21/2012 on Reporting of Foreign Exchange Flow Activities (“**Regulation**”), which came into force on 1 January 2013. The purpose of this Regulation is to improve the effectiveness and efficiency of foreign exchange flow monitoring; thus, there will be integration between the foreign exchange flow reporting system and the external debt reporting system.

This Regulation will revoke the following BI regulations: Bank Indonesia Regulation No. 13/15/PBI/2011 on Monitoring of Foreign Exchange Flow Activities for Non-Bank Institutions, as amended by Bank Indonesia Regulation No. 14/4/PBI/2012, effective as of January 1, 2013; and Bank Indonesia Regulation No. 12/1/PBI/2010 on External Debt of Non-Bank Institutions and Bank Indonesia Regulation No. 12/24/PBI/2010 on External Debt Reporting Obligation, both effective as ofAugust 1, 2013.

<u>Reporting Party</u>

The Regulation applies to the following types of reporting parties:

a. based on the type of business:

- financial institutions, i.e. bank and non-bank financial institutions;
- non-financial institutions.

b. based on business ownership:

- state-owned enterprises;
- regional-owned enterprises;
- private enterprises;
- other type of enterprises;
- individuals.

Types of Reporting

The foreign exchange flow report comprises the following:

a. Transactions for trade of goods, services, and other transactions between residents and non-residents;

   Transactions will cover all transactions where settlement is carried out through a local bank, foreign bank, intercompany account, and/or other means, whether with or without a cash flow. Other transaction shall mean, among others, interest and dividends received by residents from non-residents; and

b. Position of and amendment to foreign financial assets (*aset finansial luar negeri/AFLN*) and/or foreign financial obligations (*kewajiban finansial luar negeri/KFLN*) (either on or off balance sheet).