

RECENT DEVELOPMENTS

Six types of industries to play key role in future

Kuta, Bali (ANTARA News) - Six types of non-oil/non-gas industries will become key industries to make Indonesia a strong industrialized nation in the future, Secretary General of the Industry Ministry Anshari Bukhari said.

"There are six (types) of industries which are important to support the vision and mission of national industrial development," he said at the forum group discussion on the master plan of national industrial development .

The six groups of industries are food industry, pharmaceutical, cosmetic and footwear industry, textile, footwear and multifarious industry. Transportation means industry, electronic and telematic industry, and power generation industry make up the six, he said.

"The types of key industries are related to domestic needs in the long run and we have the potential to develop them," he said.

There are three main characteristics to create a strong industrialized nation; first, strong, in-depth, sound and just national industrial structure; second, highly competitive industry; and third, a technology-and innovation-based industry, he said.

"Food, textile and footwear industry, pharmaceutical and health instrument industry and power generation industry are badly needed to meet domestic needs," he said.

The same is also true with electronic and telematic industry and transportation means industry, which support connectivity among regions in the country, he said.

"The master plan of national industrial development gives businessmen certainty about the types of industries developed as well as the support and policy needed and input from other ministries," he said.



New Government Regulation to Accelerate Power Supply Development

by Ferdinand Jullaga

Indonesia's annual economic growth has now reached 6 percent, and this has led to an increased demand for power in the amount of 8.5 percent each year. The estimation is that Indonesia needs an additional 6,000MW power each year. In order to meet the growing demand for power, the government recently issued Government Regulation No. 23 of 2014 on Amendment of Government Regulation No. 14 of 2012 on Power Supply Business Activity ("**GR 23/2014**"). GR 23/2014 is meant to accelerate the procurement of power plant developers which in turn will provide electricity needed across the country.

Two articles were amended by GR 23/2014, namely Article 8 and Article 25 of Government Regulation No. 14 of 2012. Article 8 deals with the Electricity General Plan as the development plan for the power supply, including power generation, transmission and distribution. GR 23/2014 provides more detailed provisions on the Electricity General Plan which shall include the National and Regional Electricity General Plans. The National Electricity General Plan shall also be drafted pursuant to the National Energy Policy by taking into account the view of the Regional Government. The National Electricity General Plan shall be determined by the Minister of Energy and Mineral Resources following consultation with the House of Representatives.

Another amendment made by the new Regulation is an amendment to Article 25 which discusses the lease of the electricity network and purchase of electricity through the procurement of power plant developers. In principle, the purchase of power between holders of a power supply business license, including the purchase of power by PLN, shall be conducted through public auction.

The regulation previously provided that for expansion at the same location by an existing developer, the procurement of a developer may be conducted by way of direct appointment of the interested developers. Developer means the holder of a Power Supply Business License which operates an existing power plant.

Such provision has been expanded by GR 23/2014 which allows new business entities that have not obtained a power supply business license to participate in the direct appointment, provided that the entities are formed by a developer at the same location. It is noteworthy that the same location refers to an expansion of power capacity of a power plant located at a place with facilities that can be partly used together with other operating power plants.

GR 23/2014 stipulates that procurement can be carried out by way of direct selection for expansion at a different location, provided that it still operates within the same interconnected electrical system. Procurement by way of direct selection, instead of public auction, is

intended to accelerate the appointment of a developer with expertise and experience in the electricity industry.

Finally, GR 23/2014 also provides that the government may provide security (a government guarantee) for an expansion project at the same and also at a different location. The provision of a government guarantee shall be set forth in the applicable regulation of the Minister of Finance.

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