

Streamlining Business Licensing throughout Minister of Trade Regulation
Pursuant to Presidential Instruction No. 3 year 2006
By: Selviyani

As efforts to increase investment climate, Indonesian government, in this case, the Minister of Trade ("MoT") had promulgated 8 regulations to streamline business trade activity pertaining licensing, controlling, supervising and coordinating. These new policies issued as an implementation of the Presidential Instruction No. 3/2006 ("PI No.3/2006") dated February 27th 2006, regarding Policy Package to Improve Investment Climate. The package contains a set of programs and actions aimed to improve investment climate covering various aspects, particularly in investment, taxation, custom and excise's affairs, manpower and the development of small medium enterprises. The government had developed monitoring team in charge to supervise the implementation and its quality to proceed with this package. Furthermore, together with Indonesian Chamber of Commerce, the government also had developed self-governed team in charge for monitoring duty.

The MoT, Mari Elka Pangestu acknowledged that the issuance of new regulations is acceleration toward the perfection regulation system which was formulated in early December 2005, as well as an important result of a reviewing to 77 licensing forms and registration in trading area, both central and regional. Those 8 rules covers 4 rules concerning licensing, 2 rules concerning registration, rule concerning managing and scheming activity and rule concerning assembling. Those new rules namely:

8 New Rules on Business Licensing by Minister of Trade of Indonesia	
1	Streamlining the Provision and Guidelines of the Issuance of Trade Business License. The 6 requirement documents become 4 documents and clarifying the administrative sanction's procedure.
2	Completion of Direct Selling Trade Business License ("Surat Izin Usaha Perdagangan Langsung/SIUPL") from 10 days procedure becoming 5 days, and clarifying administrative sanction's procedure.
3	Streamlining the Issuance of Surveillance Service Business License. The 12 documents requirement becomes 9 documents within 5 days procedure.
4	Streamlining the Issuance of Representative Office for Foreign

	Trading Company License ("Surat Izin Usaha Perwakilan Perusahaan Perdagangan Asing/SIUP3A"). The 12 documents requirement becomes 9 documents within 5 days, as well as to clarify the administrative sanction's procedure.
5	Streamlining the Provision and Guideline on the Issuance of Franchising Registration Letter. From 8 documents required become 6 documents, the new rule also stipulate the clarification of administrative sanction's procedure.
6	Completion of Provision and Procedures of the Issuance of Goods and Service Distributor's Registration Letter. It opens the possibility for an agent/ distributor coming from numerous companies, within 5 working days procedure, as well as clarifying the administrative sanction's procedure.
7	Completion on Terms of Import Management and Supervision, Sales and Distribution, and Licensing for Alcoholic Beverage (TBL-AB). The Head of Regent/Mayor will be in charge in issuing TBL_MB according to this new rule.
8	Completion of the Arrangement and Development of Shipment. The issuance of Shipment Registration Certificate ("Tanda Daftar Gudang/TDG") will be delegated to Head of Regent or Mayor. 3 documents requirement become 2 documents, within in 5 working days procedure.

The essential part in this new regulation stressed on the provision in renewing trade business license (TBL) for local company with foreign ownership, provided that foreign party owned less than 49% shares. Such provision is collided with Government Regulation No.37 year 1977 ("GR No.37"), which stipulates for TBL to be given to national company only. Local company who planning for go public and having even 1 % foreign ownership will put the company without TBL. With the new regulation issued by Department of Trade (DoT), national companies with 51% shares owned by local are permitted renewing its TBL. And for the issuance of TBL, business location permit (BLP) is no longer required. However, the authorize official shall verify the company's validation.

MoT also emphasizes DoT will carry on the assessment process and perfection in April and May 2006 pertaining among others, the acknowledgment of sugar registered inter-island trade, inter-island sugar trade approval, and refined sugar inter-island trade approval. In

May, another 3 regulations will be verified regarding license on manual use and warranty card in Indonesian Language, approval letter for trade exhibition, convention or seminar, and recommendation on expatriate working permit.

As for the record, Assessment Team of DoT had performed in:

1. Revoking 2 rules pertaining licensing/ registration (Leasing Business Permit, and Registration of Trade Business Association, such authorization is granted to IKADIN;
2. Delegating the issuance of Appraisal Company's License to Minister of Finance;
3. Granting authorization to the Regency of Middle Aceh as publisher of Coffee Export Approval Letter;
4. Streamlining the requirements for companies' interest in applying Registered Exporter of Forestry Industry Products acknowledgement.

These rules are designed solely to grant convenience, to reduce production cost, and to provide public with primary services, and boosting the development and supervision of trading activity in creating legal certainty, as well as generating a prospective investment climate. The consistency to implement these rules, as part of policy package program expected will encourage Indonesian investment climate and will stimulate economic growth within 6 % in year 2006. Problem arose in licensing procedure often occurred in the implementation of the policy itself. The monitoring team shall work mutually with authorize officer to make the best effort so this policy is well comprehend by whomever is in-charge. Socialization need to be well organized so the purpose in inviting foreign investor will come to pass enormously as well as evaluation by monitoring team in specific period of time. Another concern that the government shall be deem with is the regional authority. Despite the regional authority, the government shall ensure so the regional regulation is in accordance with government regulation, among others in awarding accreditation status, overlapping requirements, transparency on time and licensing fee. The business people, legal practitioners are awaiting to see real

action from the government to enhancing investment climate in the country.