

## LICENSING GUIDANCE FOR PLANTATION BUSINESS

(Regulation of the Minister of Agriculture No. 26/Permentan/OT.140/2/2007 dated February 28, 2007)

BY GRACE OF GOD THE ALMIGHTY

THE MINISTER OF AGRICULTURE,

Considering:

- a. that Licensing Guidance for Plantation Business had been stipulated in Decree of the Minister of Agriculture No. 357/Kpts/HK.350/5/2002;
- b. that following business developments in the plantation sector and issuance of Law regarding Plantation, Decree of the Minister of Agriculture No. 357/Kpts/HK.350 /5/2002 is no longer suitable;
- c. that based on the above mentioned matters and in order to follow up the provision in Article 10 paragraph (1), Article 17 paragraph (3), Article 17 paragraph (7), and Article 22 paragraph (3) of Law No. 18/2004 on Plantation, it's deemed necessary to stipulate a regulation of the Minister of Agriculture on Licensing Guidance for Plantation Business;

In view of :

1. Law No. 5 Year 1960 on Agrarian Basic Principle Regulation (Statute Book of 1960 Nomor 104, Supplement to Statute Book No. 2043);
2. Law No. 5 Year 1984 on Industry (Statute Book of 1984 Nomor 22, Supplement to Statute Book No. 3274);
3. Law No. 23 Year 1997 on Environmental Management (Statute Book of 1997 Nomor 68, Supplement to Statute Book No. 3699);
4. Law No. 18 Year 2004 on Plantation (Statute Book of 2004 Nomor 85, Supplement to Statute Book No. 4411);
5. Law No. 32 Year 2004 on Regional Administration (Statute Book of 2004 Nomor 60, Supplement to Statute Book No. 3839);
6. Law No. 11 Year 2006 on Aceh Administration (Statute Book of 2006 Nomor 62, Supplement to Statute Book No. 4633);
7. Law No. 21 Year 2006 Special Autonomy for Papua Province (Statute Book of 2001 Nomor 135, Supplement to Statute Book No. 4151);
8. Government Regulation No. 17 Year 1986 on Authority to Regulate, Foster and Develop Industries (Statute Book of 1986 Nomor 23, Supplement to Statute Book No. 3330);
9. Government Regulation No. 40 Year 1996 on Right to Use Land for Business Purpose, Right to Use Land for Erecting Building and Land Management Title (Statute Book of 1996 Nomor 58, Supplement to Statute Book No. 3643);
10. Government Regulation No. 27 Year 1999 on Environmental Impact Analysis (Statute Book of 59 No, Supplement to Statute Book No. 3838);
11. Government Regulation No. 25 Year 2000 on Authority of the the Government and Authority of Province as Autonomous Regions (Statute Book of 2000 Nomor 54, Supplement to Statute Book No. 3952);
12. Government Regulation No. 79 Year 2005 on Guidance for Fostering and Supervising Regional Administration (Statute Book of 2005 Nomor 165, Supplement to Statute Book No. 4593);
13. Presidential Decree No. 187/M Year 2004 on the Establishment of the United Indonesia Cabinet;
14. Government Regulation No. 9 Year 2005 regarding Status, Tasks, Functions, Organizational Structures and Working Arrangements of State Ministries jo. Presidential Regulation No. 62 Year 2005;
15. Presidential Regulation No. 10 Year 2005 on First-Echelon Organizational Units and Tasks of State Ministries;
16. Presidential . . . . .

16. Presidential Regulation No. 5 Year 2006 on National Energy Policy;

17. Regulation of the Minister of Agriculture No. 299/KPTS/OT.140/ 7/2005 on the Organization and Working Arrangement of the Ministry of Agriculture jo. Regulation of the Minister of Agriculture No. 11/Permentan/OT.140 /2/2007;

18. Regulation of the Minister of Agriculture No. 341/Kpts/OT.140/ 9/2005 on Completeness of Organization and Working Arrangement of the Ministry of Agriculture jo. Regulation of the Minister of Agriculture 12/Permentan/OT.140/2/2007;

19. Decree of the Minister of Agriculture No. 511/Kpts/PD.310/9/2006 on Kinds of Plants Fostered by the Directorate General of Plantation, Directorate General of Food Crop and Directorate of Horticulture;

Observing:

Presidential Instruction No. 1 Year 2006 on Provision and Utilization of Bio-fuel as alternative fuel;

#### DECIDES :

To stipulate:

REGULATION OF THE MINISTER OF AGRICULTURE ON LICENSING GUIDANCE FOR PLANTATION BUSINESS.

#### CHAPTER I GENERAL PROVISION

##### Article 1

Referred to in this regulation as:

1. Plantation shall be all activities cultivating certain plants on land and/or other growth media in suitable ecosystem, processing and marketing goods and services resulting from the plants with the support of science and technology, capital as well as management to realize welfare for plantation business communities and the people.
2. Certain Plants shall be commodities of plants with the fostering resting on the Directorate General of Plantation.

3. Plantation Business shall be a business producing plantation products and/or services.

4. Cultivation of Plantation Plants shall be a series of activities to cultivate plantation plants, covering pre-planting, planting, maintenance and harvesting as well as sorting, including changes in kinds of plants and diversification of plants.

5. Plantation product manufacturing shall be a series of treatment and processing activities applied to plantation products with a view of obtaining higher added-value and extending durability.

6. Plantation business communities shall be plantations and plantation companies managing plantation business.

7. Planters shall be individual Indonesian citizens undertaking plantation business with business scale not reaching specified scale.

8. Plantation Companies shall be individual Indonesian citizens or statutory bodies established on the basis of the Indonesian Law and domiciled in Indonesia, which manage plantation business in a specified scale.

9. Specified Scale shall be a plantation business scale based on size of business area, kind of plants, technology, manpower, capital and/or factory capacity required for having business license.

10. Plantation Business License (IUP) shall be a written license from the authorized official and which must be owned by companies undertaking cultivation business of plantation and integrated with plantation product manufacturing.

11. Plantation Business License for Cultivation (IUP-B) shall be a written license from the authorized official and compulsorily owned by companies undertaking cultivation business of plantation.

12. Plantation Business License for Processing (IUP-P) shall be a written from the authorized official and

compulsorily owned by companies undertaking plantation product manufacturing.

13. Plantation Business Registry Certificate (STD-B) shall be a certificate issued by regents/mayors to business communities venturing in the plantation cultivating business with the size of land not less than 25 (twenty) five hectares.

14. Plantation Product Manufacture Registry Certificate (STD-P) shall be a certificate issued by regents/mayors to plantation product manufacturers with the capacity below the minimal limit.

15. Performance of Plantation Company shall be evaluation of success of plantation companies based on aspects of management, plantation cultivation, processing and marketing of plantation results, social economy and environment in a specified period.

16. Plantation Partnership shall be mutually beneficial, respecting, responsible, strengthening and inter-dependence relations between plantation companies and planters, employees and communities around the plantation.

#### Article 2

(1) The regulation shall be designed as guidance for providing licensing service and undertaking plantation business.

(2) The scope of this regulation shall cover:

- a. kind and licensing of plantation business;
- b. requirements and procedures for applying for plantation business license;
- c. partnership;
- d. change in size of land, kind of plant and/or change in processing capacity as well as business diversification;
- e. fostering and supervision; and
- f. administrative sanction.

### CHAPTER II

#### KIND AND LICENSING OF PLANTATION BUSINESS

##### Article 3

(1) Plantation businesses shall consist of cultivation busi-

ness of plantation plants and plantation product manufacture.

(2) The plantation businesses as meant in paragraph (1) can be executed by plantation business communities throughout Indonesia by observing macro plantation-development planning.

#### Article 4

Foreign statutory bodies or individual foreign citizens undertaking plantation businesses shall cooperate with domestic plantation business communities by establishing Indonesian statutory bodies and established in Indonesia.

#### Article 5

(1) The cultivation business of plantation plants as meant in Article 3 paragraph (1) with the size of land less than 25 (twenty five) hectares shall be registered by regents/mayors.

(2) Registration of the cultivation business as meant in paragraph (1) shall cover, among others, information, identity, domicile of owner, size of area, kind of plant, origin of seed, production rate and location of plantation.

(3) Regents/Mayor shall issue Plantation Cultivation Business Certificate (STD-B) to the registered cultivation businesses of plantation plants as meant in paragraph (1).

#### Article 6

(1) Cultivation businesses of plantation plants as meant Article 3 paragraph (1) with the size of land 25 (twenty five) hectares or more shall have license.

(2) The license as meant in paragraph (1) shall be issued to plantation companies.

#### Article 7

(1) The plantation product manufacturing business as meant Article 3 paragraph (1), having capacity below the minimal limit as contained in Attachment 1 to this regulation shall be registered by Regents/Mayor.

(2) Registration . . . . .

- (2) Registration of the plantation product manufacturing business as meant in paragraph (1) shall cover, among others, information about identity and domicile of owner, location of processing industry, kind of products becoming raw material, production capacity, kind of production and market destination.
- (3) Regents/Mayors shall issue Plantation Product Manufacturing Registration Certificate (STD-P) to the registered plantation product manufacturing business as meant in paragraph (1).

#### Article 8

- (1) The plantation product manufacturing businesses as meant in Article 3 paragraph (1), having capacity the same or exceeding the lowest capacity of the product processing unit as meant in Article 7 paragraph (1) shall have license.
- (2) The license as meant in paragraph (1) shall be given to plantation companies.

#### Article 9

- (1) The cultivation business of plantation having a size of 25 (twenty five) hectares or over as meant in Article 6 and having plantation processing unit with a capacity the same or exceeding the lowest capacity as meant in Article 8 paragraph (1) shall have Plantation Business License.
- (2) The cultivation business of plantation plant with a size of 25 (twenty five) hectares or over up to the limit as contained in Attachment 2 to this regulation and not having plantation product processing unit up to the lowest capacity as meant in Article 8 paragraph (1), shall have Plantation Business License for Cultivation (IUP-B).
- (3) Plantation product manufacturing business with a capacity the same or exceeding the lowest capacity as meant in Article 7 paragraph (1), shall have Plantation Business License for Processing (IUP-P).

#### Article 10

In order to obtain IUP-P as meant in Article 9 paragraph (3), palm oil manufacturing businesses shall

meet at least 20% (twenty percent) of the need for raw materials from plantations that they manage directly.

#### Article 11

- (1) Plantation companies having IUP or IUP-B shall build plantation for surrounding communities as wide as 20% (twenty percent) of the total size of plantation managed by the companies at the minimum.
- (2) Building of plantations for the communities as meant in paragraph (1) can be realized through, among others credit, grant or production sharing scheme.
- (3) Building of plantations for the communities as meant in paragraph (1) shall be realized simultaneously with the building of plantations managed by companies.
- (4) The plan for building plantations for the communities as meant in paragraph (1) shall be acknowledged by Regents/Mayors.

#### Article 12

- (1) IUP as meant in Article 9 paragraph (1), for a company shall be given with the limit of maximum size based on kinds of the commodities as contained in Attachment 3 to this regulation.
- (2) The limit of maximum size as meant in paragraph (1) shall not apply to:
- plantation companies wherein Plantation Business Cooperative is majority shareholder;
  - plantation companies whose shares are owned mostly or wholly by the state, be it the central, provincial or regental/municipal government; or
  - plantation companies whose shares are mostly owned by communities in the framework of going public.
- (3) The limit of size of plantation cultivation business area in Papua Province shall be twice of the limit as meant in paragraph (1) at the maximum.

#### Article 13

- (1) IUP, IUP-B or IUP-P as meant in Article 9 with the location of cultivation area or source of raw material in a regental/municipal territory shall be issued by regents/mayors.

(2) Regents/mayors in issuing IUP, IUP-B or IUP-P as meant in paragraph (1) shall observe provincial macro plantation-development plan.

(3) IUP, IUP-B or IUP-P as meant in Article 9 with the location of cultivation area and/or source of raw materials in inter-regental/municipal territory shall be issued by governors by observing recommendations from the regents/mayors in connection with regental/municipal layout plant.

#### Article 14

IUP, IUP-B and IUP-P as meant in Article 9 shall be valid as long as the companies still undertake their activities in accordance with the technical standards and provisions in force.

### CHAPTER III

#### REQUIREMENTS AND PROCEDURES FOR APPLYING FOR PLANTATION BUSINESS LICENSE

#### Article 15

In order to obtain IUP-B as meant in Article 9, plantation companies shall submit application in writing to regents/mayor or regents in accordance with the respective locations of area as meant in Article 13, by enclosing the following documents:

- a. Deed of establishment of company and the latest amendment;
- b. Taxpayer Code Number;
- c. Certificate of domicile ;
- d. Recommendation about conformance to regental/municipal layout plant from regents/mayors (in the case of IUP-B being issued by governors);
- e. Recommendation about conformance to provincial macro plantation development plan from governors (in the case of IUP-B being issued by regents/mayors);
- f. Location permit from regents/mayors, accompanied by site map of the would-be location with scale 1 : 100,000 or 1 : 50,000;

g. Technical considerations about the availability of land from forestry institution (in the case of the area resulting from forest area);

h. Action Plan of plantation development;

i. Results of Environmental Impact Analysis (AMDAL) or Environmental Management Program (UKL) and Environmental Monitoring Program (UPL) in accordance with legislation in force;

j. Commitment to having facilities, infrastructure and system to control organisms destructive to plants (OPT);

k. Commitment to having facilities infrastructure and systems to open land without burning as well as control fire;

l. Commitment to building plantations for communities in accordance with the provision in Article 11, accompanied by action plan; and

m. Commitment to promoting partnership:

#### Article 16

(1) In order to obtain IUP-P as meant in Article 9, plantation companies shall submit application in writing to regents/mayors or governors in accordance with location of the area as meant in Article 13 by enclosing the following requirements:

- a. Deed of establishment of company and the latest amendment;
- b. Taxpayer Code Number;
- c. Certificate of Domicile;
- d. Recommendation about conformance to regental/municipal layout plant from regents/mayors, in the case of IUP-P being issued by governors;
- e. Recommendation about conformance to provincial macro plantation plan from governors, in the case of IUP-P being issued by Regents/Mayors;
- f. Location permit from regents/mayors, accompanied by site map of would-be location with a scale 1 : 100,000 or 1 : 50,000;
- g. Recommendation about location from regional governments overseeing location of processing unit;

- h. Guarantee for supply of raw materials, acknowledged by regents/mayors;
- i. Action Plan for building plantation production processing unit;
- j. Results of Environmental Impact Analysis (AMDAL) or *Environmental Management Program (UKL)* and *Environmental Monitoring Program (UPL)* in accordance with legislation in force; and
- k. Commitment to promoting partnership.

(2) In the case of palm oil processing industry, besides fulfilling the requirements as meant in paragraph (1), technical consideration about the availability of land from forestry institution (in the case of plant cultivation area resulting from forest area) and action plan for cultivation of plantation plants shall be available.

#### Article 17

In order to secure IUP as meant in Article 9, plantation companies shall submit application in writing to *regents/mayors or governors* in accordance with location of areas as meant in Article 13, accompanied by the following requirements:

- a. Deed of establishment of company and the latest amendment;
- b. Taxpayer Code Number;
- c. Certificate of Domicile;
- d. Recommendation about conformance to *regental/municipal layout plan from regents/mayors*, in the case of IUP being issued by governors;
- e. Recommendation about conformance to *provincial macro plantation plan from governors*, in the case of IUP being issued by regents/mayors;
- f. Location permit from regents/mayors, accompanied by site map of would-be location in a scale of 1 : 100,000 or 1 : 50,000;
- g. Technical consideration about availability of land from forestry institution (in the case of area resulting from forest area);

- h. Guarantee for supply of raw materials, acknowledged by regents/mayors;
- i. Action Plan for development of plantation and plantation product processing unit;
- j. Results of Environmental Impact Analysis (AMDAL) or *Environmental Management Program (UKL)* and *Environmental Monitoring Program (UPL)* in accordance with legislation in force;
- k. Statement that the company has not controlled land exceeding the limit of maximum size;
- l. *Pernyataan kesanggupan memiliki sarana, prasarana dan sistem untuk melakukan pengendalian organisme pengganggu tumbuhan (OPT)*;
- m. Commitment to having facilities, infrastructure and system to open land without burning as well as control fires;
- n. Commitment and action plan for building plantation for communities in accordance with the provision in Article Article 11; and
- o. *Partnership commitment and action plan.*

#### Article 18

In the case of application for license of business using plants resulting from genetic engineering, besides fulfilling the requirements as meant in Article 15, Article 16, or Article 17, copy of recommendation about biological safety shall be enclosed.

#### Article 19

(1) Regents/Mayors or governors in not later than 30 (thirty) working days as from the date of receipt of the application as meant in Article 15, Article 16, or Article 17 shall give answer whether the application is postponed, denied or accepted.

(2) In the case of regents/mayors not yet giving answer in the period of 30 (thirty) working days as meant in paragraph (1), the application shall be deemed already complete.

(3) IUP, IUP-B or IUP-P shall be issued to the received application as meant in paragraph (1) or the application deemed complete as meant in (2).

#### Article 20

- (1) The application as meant in Article 19 paragraph (1) shall be postponed if the event that shortage of requirements must be fulfilled after the document is examined.
- (2) The postponement as meant in paragraph (1) shall be notified in writing to applicants, accompanied by reasons for postponing.
- (3) In the case of applicants being not yet able to complete the shortage of requirement in not later than 30 (thirty) working days as from the date of receipt of notification about postponement, the application shall be deemed withdrawn again.

#### Article 21

- (1) The application as meant in Article 19 paragraph (1) shall be denied in the case of the requirements turning out to be untrue, business contravening public order and/or macro plantation development plan after the documents are examined.
- (2) The rejection as meant in paragraph (1) shall be notified in writing to applicants, accompanied by reasons for rejection.

### CHAPTER IV PARTNERSHIP

#### Article 22

- (1) The partnership as meant in Article 15 letter m, Article 16 letter k, and Article 17 letter o can be realized through processing partnership and/or business partnership.
- (2) The partnership as meant in paragraph (1) shall be based on principles of benefit and sustainability which is mutually beneficial, respecting, responsible and strengthening.

(3) The partnership as meant in paragraph (1) shall be done to empower and increase added value for planters, employees and/or communities around plantation as well as guarantee sustainability of plantation business.

#### Article 23

- (1) The processing partnership as meant in Article Article 22 paragraph (1) shall be done to guarantee availability of raw materials, create a reasonable market price and realize an increase in added value for planters as part of efforts to empower planters.
- (2) The processing partnership as meant in paragraph (1) shall be done in writing in the form of an agreement containing rights and obligations, business fostering and development, funding, period and settlement of disputes, which is signed by both parties and acknowledged by regents/mayors.
- (3) The period of the processing partnership agreement as meant in paragraph (2) shall be 3 (three) years at the minimum.

#### Article 24

- (1) The business partnership as meant in Article 22 paragraph (1) shall be done by company and planters and/or communities around plantation.
- (2) The business partnership as meant in paragraph (1) shall be done in writing in the form of an agreement containing rights and obligations, business fostering and development, funding, period and settlement of disputes, which is signed by both parties and acknowledged by regents/mayors.
- (3) The period of the processing partnership agreement as meant in paragraph (2) shall be 3 (three) years at the minimum.

#### Article 25

The business partnership as meant in Article 24 paragraph (1) can be realized through the following models:

- a. provision of production facility;
- b. production cooperation;
- c. processing and marketing;
- d. transportation;
- e. operational cooperation;
- f. share ownership; and/or
- g. cooperation in provision of other supporting service.

- c. Recommendation from service in charge of plantation affairs in province or regency/city; and
- d. Action plan (proposal) regarding change in kind of plant.

- (3) Regents/mayors or governors in giving the approval of change in kind of plant as meant in paragraph (1) shall refer to macro plantation development plan.

**CHAPTER V  
CHANGE IN SIZE OF LAND, KIND OF PLANT AND/OR  
PROCESSING CAPACITY AS WELL AS  
BUSINESS DIVERSIFICATION**

**Article 26**

- (1) Plantation companies already securing license and planning to expand their land shall secure approval from the licensor as meant in Article 13.
- (2) In order to obtain the approval of land expansion as meant in paragraph (1), applicants shall submit application in writing to the licensor as meant in Article 13, accompanied by the requirements as meant in Article 15 and Article 17, as well as report on physical and financial progress of plantation companies.
- (3) The approval of land expansion as meant in paragraph (1) shall be given to plantation companies having evaluation class 1 or 2.
- (4) Regents/mayors or governors in giving the approval of land expansion as meant in (1) shall refer to macro plantation development plan.

**Article 27**

- (1) Plantation companies already securing license and planning to change kind of plant shall secure approval from the licensor as meant in Article 13.
- (2) In order to secure the approval as meant in paragraph (1), applicants shall submit application in writing to the licensor as meant in Article 13, by enclosing the following requirements:
  - a. IUP-B or IUP;
  - b. Deed of establishment of company and the latest amendment;

**Article 28**

- (1) Plantation companies already securing license to process product and planning to add capacity shall secure approval from the licensor as meant in Article 13.
- (2) The approval as meant in paragraph (1) shall be needed in the case of the addition to capacity exceeding 30% (thirty percent) of the permitted capacity.
- (3) In order to obtain approval of addition to the capacity as meant in paragraph (1), applicants shall submit application in writing to the licensor as meant in Article 13, accompanied by the requirements as meant in Article 16 and report on physical and financial progress of plantation businesses.
- (4) Regents/mayors or governors in giving the approval of addition to the capacity as meant in paragraph (1) shall refer to macro plantation development plan.

**Article 29**

- (1) Plantation companies already securing license and planning to diversify business shall secure approval from the licensor as meant in Article 13.
- (2) In order to secure approval of business diversification as meant in paragraph (1), applicants shall submit application in writing to the licensor as meant in Article 13, accompanied by the following requirements:
  - a. IUP-B or IUP;
  - b. Deed of establishment of company and the latest amendment;



- c. Recommendation from service in charge of plantation affairs in province or regency/city;
- d. Action plan (proposal) regarding kind of plant; and
- e. Document of support to business diversification from the institution concerned.

(3) Regents/mayors or governors in giving the approval of business diversification as meant in paragraph (1) shall refer to macro plantation development plan.

#### Article 30

- (1) Regents/mayors or governors, in not later than 30 (thirty) working days as from the date of receipt of the application as meant in Article 26, Article 27, Article 28, or Article 29 shall give answer whether the application is postponed, denied or accepted.
- (2) In the case of in the period of 30 (thirty) working days as meant in (1) Regents/mayors or governors not making answer to accept, postpone or deny, the application as meant in paragraph (1) shall be deemed already complete and approval of addition to size of land, change in kind of plant, addition to processing capacity or business diversification shall be issued.
- (3) Approval of addition to size of land plot, change in kind of plant, addition to processing capacity or business diversification to the accepted application as meant in paragraph (1) or application deemed complete as meant in paragraph (2).

#### Article 31

- (1) In the case of the application as meant in Article 30 paragraph (1) still containing shortcomings of requirements after the document is examined, the application shall be postponed.
- (2) The postponement as meant in paragraph (1) shall be notified in writing to applicants, accompanied by reasons for postponing.
- (3) In the case of the applicants being not yet able to

complete the shortcomings of requirements in not later than 30 (thirty) working days as from the date of receipt of application as meant in paragraph (2), the application shall be deemed withdrawn again.

#### Article 32

- (1) The application as meant in Article 30 paragraph (1) shall be denied in the case of requirements turning out to be untrue, the would-be executed business contravening public order and/or macro plantation development plan after the documents are examined.
- (2) The rejection as meant in paragraph (1) shall be notified in writing to applicants, accompanied by reason for rejection.

### CHAPTER VI

#### FOSTERING AND SUPERVISION

#### Article 33

- (1) Copy of the license issued by governors as meant in Article 13 shall be made available to Minister and Regents/mayors in the said provinces.
- (2) Copy of the license issued by Regents/mayors as meant in Article 13 shall be made available to minister and governor of the said province.

#### Article 34

Plantation companies already securing IUP, IUP-B or IUP-P as meant in Article 13, shall be obliged to:

- a. settle land title in not later than 2 (two) years as from the date of issuance of IUP-B, IUP-P, or IUP-P;
- b. realize development of plantation and/or processing unit in accordance with feasibility study, technical standards and provisions in force;
- c. have facilities, infrastructure and system to open land without burning as well as control fire;
- d. open land without burning and manage natural resources eternally;

- e. have facilities, infrastructure and system to control pest destructive to plant (OPT);
- f. apply Environmental Impact Analysis (AMDAL), or Environmental Management Program (UKL) and Environmental Monitoring Program (UPL) in accordance with legislation in force;
- g. promote and empower local communities/cooperatives; as well as
- h. report developments of plantation business to governors or Regents/mayors in accordance with the scopes of authority as meant in Article 13 periodically, every 6 (six) months.

**Article 35**

Plantation companies undertaking the business diversification as meant in Article 29. shall guarantee the continuity of core business, preserve environment conservation, micro-organism and prevent organism destructive to plants from contaminating.

**Article 36**

- (1)Fostering and supervision over plantation business shall be done by the provincial and regental/municipal governments in accordance with their respective scopes of authority.
- (2)In the framework of the fostering and supervision as meant in paragraph (1), periodical evaluation shall be based on the report on developments of plantation business as meant in Article 34 letter h.

**Article 37**

- (1)In the case of plantation companies already securing IUP, IUP-B or IUP-P as meant in Article 13, evaluation and fostering of the realization of development of plantations and/or plantation product manufacturing industry shall be done every year at the minimum.
- (2)The evaluation and fostering as meant in paragraph (1) shall be based on action plan for development

of plantation and/or plantation product processing industry, which is submitted upon applying for plantation business license.

- (3)In the case of plantation and/or plantation product processing industry being already built, evaluation and fostering shall be periodic, every 3 (three) years.
- (4)Evaluation and fostering of realization of development of plantation and/or plantation product processing industry as meant in paragraph (1) and paragraph (3) shall be done in accordance with Guidelines on Evaluation and Fostering of Plantation Companies.

**CHAPTER VII  
ADMINISTRATIVE SANCTION**

**Article 38**

- (1)Plantation companies already securing IUP, IUP-B, or IUP-P as meant in Article 13 and securing approval of addition to size of land, change in kind of plant. Addition to processing capacity or business diversification as meant in Article 30, which do fulfill the obligations as meant in Article 34 letters b, c, e, f, g and /or h shall be given warning maximally three times at a time interval of 4 (four) month each.
- (2)In the case of the warning as meant in paragraph (1) being already issued and not fulfilled, IUP, IUP-B or IUP-P of the companies shall be revoked and revocation of right to use land for business purposes shall be recommended to the authorized institution

**Article 39**

Unless plantation companies already securing IUP, IUP-B, or IUP-P as meant in Article 13, and securing approval of addition to size of land, change in kind of plant, addition to processing capacity or business diversification as meant in Article 30 fulfill the obligation as meant in Article 24 letter d, their business license shall be revoked and revocation of right to use land for business purpose shall be recommended to the authorized institution.

## Article 40

(1) Plantation companies securing IUP, IUP-B, or IUP-P as meant in Article 13, and securing approval of business diversification as meant in Article 30, which do not guarantee the continuity of core business, preserve environmental conservation, micro-organism and prevent organism destructive to plant from contaminating as meant in Article 35 shall be given warning three times at the maximum with a time interval of 4 (four) months.

(2) In the case of the warning as meant in paragraph (1) being already issued and not obeyed, IUP, IUP-B or IUP-P of the plantation companies shall be revoked and revocation of right to use land for business purpose shall be recommended to the authorized institution.

## Article 41

Recommendation about revocation of right to land for business purpose to the authorized institution as meant in Article 38, Article 39 and Article 40 shall be conveyed by the Minister of Agriculture on the basis of recommendation from governors or Regents/mayors.

## CHAPTER VIII

## TRANSITIONAL PROVISION

## Article 42

(1) Plantation Business License (IUP) or Plantation Business Registration Certificate (SPUP) already issue before this regulation is issued shall be declared to remain valid.

(2) In realizing plantation business, plantation companies already securing the license or Plantation Business Registration Certificate as meant in paragraph (1) shall abide by this regulation.

## CHAPTER IX

## CONCLUSION

## Article 43

Licensing service for plantation business in the Province of Nanggroe Aceh Darussalam and Province of Papua with special autonomy shall be provided by the provinces in accordance with legislation in force.

## Article 44

The issuance of business license of plantation cultivation business and/or license of plantation product manufacturing industry in the framework of foreign investments and/or domestic investments shall secure prior technical recommendation from the Director General of Plantation.

## Article 45

Following the stipulation of this regulation, Decree of the Minister of Agriculture No. 357/Kpts/HK.350/5/2002 regarding Licensing Guidance for Plantation Business shall be revoked and declared null and void.

## Article 46

The regulation shall come into force as from the date of stipulation.

Stipulated in Jakarta

On Februari 28, 2007

THE MINISTER OF AGRICULTURE,

sgd.

ANTON APRIYANTONO

Copy of this regulation is made available to:

1. The Coordinating Minister for Economy;
2. The Minister of Home Affairs;
3. The Minister of Industry;
4. The Minister of Trade;
5. The Minister of Forestry;
6. The State Minister for Cooperatives and Small and Medium-scale Businesses;
7. The State Minister for Environmental Affairs;
8. The State Minister for State-owned Enterprises;
9. The Head of the Investment Coordinating Board;
10. The Head of the National Land Affairs Agency;
11. Governors of Provinces throughout Indonesia;
12. Regents/mayors throughout Indonesia;

THE MINISTER OF AGRICULTURE

sgd

ANTON APRIYANTONO

## ATTACHMENT 1: REGULATION OF THE MINISTER OF AGRICULTURE

No. : 26/Permentan/OT.140/2/2007

Date : February 28,2007

## MINIMAL CAPACITY OF PLANTATION-PRODUCT PROCESSING UNIT NEEDING BUSINESS LICENSE

No.	Commodities	Capacities	Products
1	2	3	4
1	Coconut	5,000 coconuts/day	Copra/coconut oil and fibre, shell charcoal, dust, nata de coco
2	Palm Nut	5 tons of fresh nut bunch/hour	CPO
3	Tea	one ton of fresh sprout/day 10 tons of fresh sprout/day	Green tea Black tea
4	Rubber	600 litres of liquid latex/hour 16 tons of slab/day	Sheet/thick latex Crumb rubber
5	Cane	1,000 tons of cane/day (TCD)	Teak of cane, robust
6	Coffee	1.5 tons of wet bunch/day	Dry coffee seed
7	Cacao	2 tons of wet seed/one processing	Dry cacao seed
8	Cashew	1 - 2 tons of cashew bunch/day	Dry cashew
9	Pepper	4 tons of wet pepper seed/day 4 tons of wet pepper seed/day	Dry black-pepper seed Dry white pepper seed
10	Clove	4 tons of fresh clove flower/day	Dry clove flower
11	Jathropa	one ton of dry jathropa seed/hour	Crude castrol oil
12	Cotton	6,000 - 10,000 tons of mixed cotton/annum	Cotton fiber and cotton seed
13	Tobacco	35 - 70 tons of wet tobacco leaf	Dry tobacco leaf

## ATTACHMENT 2: REGULATION OF THE MINISTER OF AGRICULTURE

No. : 26/Permentan/OT.140/2/2007

Date : February 28,2007

## SIZE OF AREA REQUIRED FOR SECURING PLANTATION BUSINESS LICENSE OF CULTIVATION (IUP-B)

No	Commodities	Size of area (hectare)
1	Coconut	25 up to < 250
2	Palm nut	25 up to < 1,000
3	Rubber	25 up to < 2,800
4	Coffee	25 up to < 100
5	Cacao	25 up to < 100
6	Tea	25 up to < 240
7	Cashew	25 up to < 100
8	Cane	25 up to < 2,000
9	Pepper	25 up to < 200
10	Clove	25 up to < 1,000
11	Jathropa	25 up to < 1,000
12	Cotton	25 up to < 6,000
13	Tobacco	25 up to < 100

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## ATTACHMENT 3: REGULATION OF THE MINISTER OF AGRICULTURE

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Date : February 28,2007

## MAXIMUM LIMIT OF PLANTATION AREA USED BY ONE PLANTATION COMPANY

No	Commodities	Size of area (hectare)
1	2	3
1	Coconut	25,000
2	Palm nut	100,000
3	Rubber	25,000
4	Coffee	5,000
5	Cacao	5,000
6	Tea	10,000
7	Cashew	5,000
8	Cane	150,000
9	Pepper	1,000
10	Clove	1,000
11	Jathropa	50,000
12	Cotton	25,000
13	Tobacco	5,000

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