

*** OFFICIAL ANNOUNCEMENT ***

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GENERAL

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THE PRESIDENT OF THE REPUBLIC OF INDONESIA

**GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA
NUMBER : 6 OF 1998 ; DATED : JANUARY 27, 1999**

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**FOREST EXPLOITATION AND COLLECTION OF FOREST PRODUCTS
IN PRODUCTION FORESTS**

(Continuation From Warta CAFI No. 45)

**Third Part
Abolition of Forest Concessions Right
Article 21**

- (1) A forest concession shall be abolished because :
- a. the period of time allowed has expired;
 - b. it is revoked by the Minister as a sanction imposed to the forest concessionaire;
 - c. it is returned by a forest concessionaire to the governor prior to the expiration of its of time;
 - d. it is revoked by the Minister because the forest area is needed for public interests.
- (2) The abolition of a forest concession on the basis of the provision in paragraph (1) shall not exempt the forest concessionaire from the obligation to :
- a. settle of financial and other obligations stipulated by the government;
 - b. unconditionally surrender movable objects owned by the company if the company has not fulfilled its obligations to the government;
 - c. implement all provisions stipulated in the framework of the expiration of the forest concession pursuant to the prevailing provisions.
- (3) At the time of the abolition of a forest concession as meant in paragraph (1) :
- a. infrastructure, facilities and plants already established within the working area shall become the property of the state;
 - b. the Fund for Forest Concession Performance Guarantee shall belong to the government if a forest concession is revoked owing to a sanction;

- c. the government is exempted from the responsibility that the company bears if a forest concession is abolished because of a sanction or owing to its being returned to the government.
- (4) Further provisions as meant in paragraph (3) shall be regulated by the Minister.

CHAPTER V
THE RIGHT TO COLLECT FOREST PRODUCTS
First Part
The Right to Collect Forest Products
Article 22

- (1) The right to collect forest products as meant in Article 4 letter b shall be granted through an application.
- (2) The right to collect forest products shall be granted to individual Indonesia citizens or cooperatives or Indonesian statutory bodies the whole capital of which shall be owned by Indonesian citizens.
- (3) The right to collect forest products shall be granted by a district head/head of second-level region in accordance with the guideline stipulated by the Minister.

Article 23

A holder of the right to collect forest products can only collect and utilize forest products in an appointed area pursuant to the provision set forth in the right to collect forest products.

Article 24

- (1) The right to collect forest products shall be granted forest products under the following provision :
 - a. a maximum area of 100 (a hundred) hectares; or
 - b. in a certain quantity for a maximum period of 1 (one) year.
- (2) The right to collect forest products shall be prioritized to fulfill the need of the local community.

Article 25

- (1) Every holder of the right to collect forest products for timber shall be obligated to the resource royalty provision (PSDH) and the reforestation funds (DR).
- (1) Every holder of the right to collect forest products for non-timber forest products shall be obligated to pay the resource royalty provision (PSDH).

Second Part
Waiving of the Right to Collect Forest Products
Article 26

- (1) The eright to collect forest products shall be waived owing to the following :
 - a. the period of time allowed has expired;
 - b. revocation by a district head/head of a second-level region as a sanction imposed

- c. being returned by the right holder to the government before the period expire; or
 - d. the volume stipulated in the right has been fulfilled.
- (2) The determination of the right to collect forest products on the basis of the provision in paragraph (1) shall not exempt the license holder from his obligation to pay the resource royalty (PSDH), the reforestation funds (DR) and other obligations pursuant to the prevailing acts.

**CHAPTER VI
COMMUNITY'S RIGHT BASED ON CUSTOMARY ACT
Article 27**

- (1) Communities abiding by the customary act shall be granted the right to collect forest products to fulfill their daily needs as far as in actuality they still exist and their presence is recognized on the basis of this Government Regulation.
- (2) The collection of forest products as meant in paragraph (1) shall be conducted with account to be taken of environment sustainability.
- (3) Further provisions as meant in paragraphs (1) and (2) shall be regulated by the Minister.

**CHAPTER VII
PARTICIPATION OF THE COMMUNITY
Article 28**

- (1) The local community inside and or around a forest shall be given a priority to take part as broadly as possible in activities undertaken by business institutions as meant in Article 10 paragraphs (1) and (2).
- (2) The community inside and or around a forest as meant in paragraph (1) can :
 - a. be informed of the plan on forest designation and utilization;
 - b. provide information, suggestions and consideration in forest exploitation.
- (3) A guideline for the implementation of the participation of the community as meant in paragraph (2) shall be regulated by the Minister.

Article 29

- (1) The community may take part in forest exploitation activities either directly or indirectly.
- (2) The government shall be obligated to bolster the participation of the community through various activities in the forest exsector effectively and efficiently in order to promote the welfare of the community;
- (3) Further provisions as meant in paragraph (1) and paragraph (2) shall be regulated by the Minister.

**CHAPTER VIII
PARTNERSHIP
Article 30**

- (1) A forest concessionaire as meant in Article 10 shall be obligated to foster the capability of cooperatives or small-scale businesses located in his territory through the provision of business opportunities in the forest exploitation activity.
- (2) Further implementation as meant in paragraph (1) shall be regulated by the Minister.

**CHAPTER IX
FOSTERING
Article 31**

To guarantee order in and facilitate not only the execution of forest exploitation and collection of forest products but also the customary-law-abiding community collecting forest products, the government shall undertake fostering in the form of supervision, guidance and counselling.

Article 32

In the framework of empowering the local community or other social groups whose main livelihood depends on or is directly connected with forests and forest products, the government may stipulate that :

- a. the exploitation of forests in a particular forest area should be granted only to the local community or other social groups through cooperatives.
- b. facilities in services and requirement concessions should be allowed to cooperatives in order that they may obtain a forest concession.

**CHAPTER X
SANCTIONS
Article 33**

The types of sanctions may be distinguished into 3 (three) forms, namely :

- a. revocation of a forest concession or a right to collect forest products;
- b. reduction in the extent of a working area covered by a forest concession;
- c. administrative fines.

Article 34

- (1) A forest concession may be revoked because :
 - a. a concessionaire fails to actually undertake his business within 180 (a hundred and eighty) days as from the day of the issuance of the decree on the granting of the forest concession as regulated in Article 19 letter j;
 - b. a concessionaire fail to pay his financial obligations in the forest exploitation sector as regulated in Article 19 letter g;
 - c. a concessionaire fails to submit an annual work plan, a five-year work plan and a forest exploitation work plan as meant in Article 19 letters a, b, and c;

- d. a concessionaire abandons the area and his work to the expiration of the concession;
 - e. a concessionaire is penalized by virtue of a ruling of a court of act with a minimum of 5 (five) years in prison because of damaging the environment or the function of conservation pursuant prevailing acts;
 - f. a concessionaire fails to comply with all the provisions prevailing in the forest exploitation sector as meant in Article 19 letter i; or
 - g. a concessionaire fails to empower and involve the local community around and in the forest in the forest concession activities as meant in Article 19 letter i.
- (2) The revocation of a forest concession because of the violation of one of the provisions as meant in paragraph (1) shall be undertaken after 3 (three) consecutive warnings have been given by the Minister with an interval of 30 (thirty) days each time.
- (3) The revocation of a forest concession as meant in paragraph (1) shall be regulated further by the Minister.

Article 35

- (1) The extent of a working area covered by a forest concession shall be reduced because :
- a. a concessionaire leaves all forest exploitation activities to another party without reporting this to the Minister; or
 - b. a concessionaire transfer his forest concession to another party without reporting this to the Minister as required in Article 20 paragraph (1); or
 - c. a concessionaire fails to plant at least 50% of the trees that should be planted on the basis of the planting cycle and the extent of the area within a period of 5 (five) years as meant in Article 19 letter k; or
 - d. a concessionaire does not employ enough professionals and other qualified personnel in accordance with the need as meant in Article 19 letter m; or
 - e. a concessionaire fails to implement the guideline for financial accounting standard 32 as meant in Article 19 letter n; or
 - f. a concessionaire fails to foster the cooperatives as meant in Article 30 paragraph (1).
- (2) The reduction in the extent of the working area covered by a forest concession owing to the violation of one of the provisions as meant in paragraph (1) shall be undertaken after 3 (three) consecutive warnings have been given by the Minister with an interval of 30 (thirty) days each.
- (3) The reduction in the extent of a working area covered by a forest concession as meant in paragraph (1) shall be regulated further by the Minister.

Article 36

- (1) Acts violating the prevailing provisions and negligent acts by a concessionaire beyond the provisions as meant in Article 35 and beyond the criminal provisions which have resulted in forest damage and failure to meet the standard of performance stipulated by the Minister in exploiting the forest be subject to a fine in conformity with the seriousness and the intensity of the damage brought about and the negligence shown.
- (2) Provisions on acts, negligence and the imposition of a sanction as meant paragraph (1) shall be regulated by the Minister.

Article 37

A forest concession shall be revoked because :

- a. a concessionaire fails to pay his financial obligation in the sector of forest product collection as regulated in Article 25;
- b. a concessionaire damages the environment or the function of conservation pursuant to the prevailing acts;
- c. a concessionaire transfers the right to collect forest products to another party without first reporting this to the district head/head of a second-level region; or
- d. a concessionaire collects forest products not in keeping with the license granted.

Article 38

- (1) Acts violating the prevailing provisions and negligent acts on the part of a concessionaire beyond the provisions as meant in Article 37 and beyond the criminal provisions which have resulted in forest damage and failure to meet the standard of performance stipulated by the Minister in the collection of forest products shall be subject to a fine in keeping with the seriousness and intensity of the damage brought about and the negligence shown.

**CHAPTER XI
TRANSITIONAL PROVISIONS**

Article 39

With respect to forest concessionaires which are granted on the basis of Government Regulation No. 21/1970 jo Government Regulation No. 18/1975 on forest concessions and the right to collect forest products and regarding the timber estate concessions granted on the basis of Government Regulation No. 7/1990 on timber estate concessions existing prior to the stipulation of this Government Regulation :

- a. they shall remain valid as long as they have not expired;
- b. they may be renewed after their expiration as long as the performance is good for the extent and the period of time as stipulated in Articles 8, 11 and 15.

Article 40

With the stipulation of this Government Regulation, the enforcement regulation of Government Regulation No. 21/1970 jo. Government Regulation No. 18/1975 and Government

Regulation No. 7/1980 shall remain valid as long as it does not contradict this government regulation or has not been revoked or replaced on the basis of this government regulation.

**CHAPTER XII
CLOSING PROVISIONS
Article 41**

With the stipulation of this Government Regulation, Government Regulation No. 21/1975 jo. Government Regulation No. 18 of 1975 on Forest Concessions and the Right to Collect Forest Products and Government Regulation No. 7/1990 on Timber Estate concessions shall be declared null and void.

Article 42

This Government Regulation shall take effect as from the date of promulgation. For public cognizance this government regulation shall be promulgated by publishing in in the State Gazette of the Republic of Indonesia.

Stipulated in : Jakarta
On : January 27, 1999
THE PRESIDENT OF THE REPUBLIC OF INDONESIA
sgd.
BACHARUDDIN JUSUF HABIBIE

Promulgated in : Jakarta
on : January 27, 1999
THE STATE MINISTER/STATE SECRETARY
sgd.

AKBAR MUNDUNG

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NO. 13/1999

Elucidation
To be continue

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

**GOVERNMENT REGULATION OF THE REPUBLIC OF INDONESIA
NUMBER : 6 OF 1999 ; DATED : JANUARY 27, 1999**

R E

**FOREST EXPLOITATION AND COLLECTION OF FOREST PRODUCTS
IN PRODUCTION FORESTS**

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

- Considering** :
- a. that production forests in Indonesia constitute God's endowment and natural wealth inheritance which must be utilized on a planned, rational, optimum and responsible manner in accordance with the capacity of their supporting power and with account being taken of the sustainability of the functions and balance of the environment in order to support sustainable forest management and forest development geared towards the maximum benefit to the people today and tomorrow;
 - b. that in the framework of a obtaining increasing benefits for maximum prosperity of the people, most of forest management activities must be adjusted to the development of local, national and global startegic environments for the sake of the independence, reliability, progress and competitiveness of the national economy, the productivity and sustainability of the environment and national

resilience in the social and cultural sectors on the basis of the empowerment of the people's economy;

- c. that the empowerment of the people's economy in general and of the community around and inside forest areas in particular must be conducted among other things through the promotion of the role of cooperatives and small-scale and medium-scale enterprises in the forestry business;
- d. that Government Regulation No. 21/1970 on Forest concessions and the right to collect forest products jo. Government Regulation No. 18/1975 and Government Regulation No. 7/1990 on Timber estate concessions is deemed to be no longer compatible with the development of forestry upbuilding and must therefore be reformed and improved;
- e. that in connection with the above-mentioned matters, it is deemed necessary to stipulate a Government Regulation on Forest Exploitation and the collection of forest products in production forests.

**Bearing
in mind**

- :
1. Article 5 paragraph (2) and Article 33 Paragraph (3) of the Constitution 1945;
 2. Act No. 5 of 1967 on Basic Provisions on Forestry (State Gazette No. 8/1967, Supplementary State Gazette No. 2863);
 3. Act No. 5 of 1990 on the Conservation of biological natural resources and their ecosystem (State Gazette No. 49/1990, Supplementary State Gazette No. 3419);
 4. Act No. 12 of 1992 on the system of plant cultivation (State Gazette of No. 46/1992, Supplementary State Gazette No. 3478);
 5. Act No. 24 of 1992 on spatial layout (State Gazette of No. 115/1992, Supplementary State Gazette No. 3501);
 6. Act No. 25 of 1992 on cooperatives (State Gazette of No. 116/1992, Supplementary State Gazette No. 3502);
 7. Act No. 9 of 1995 on small-scale enterprises (State Gazette of No. 74/1995, Supplementary State Gazette No. 3611);
 8. Act No. 20 of 1977 on non-tax state receipts (State Gazette No. 43/1997, Supplementary State Gazette No. 3687);
 9. Act No. 23 of 1997 on non-tax state receipts (State Gazette No. 68/1997, Supplementary State Gazette No. 3699);

HAS DECIDED :

To stipulate : **THE GOVERNMENT REGULATION ON FOREST EXPLOITATION AND COLLECTION OF FOREST PRODUCTS.**

**CHAPTER I
GENERAL PROVISIONS**

Article I

Referred to in this government regulation as :

1. A forest shall be a field with trees growing on it, constituting in its entirety a living union of the biological nature along with its surrounding nature and stipulated by the government as a forest.
2. State forest shall be forest areas and forests growing on the land on which a proprietorship right is not conveyed.
3. Forest products shall be biological objects that a forest produces.
4. Forest areas shall be certain territories which the Minister has stipulated to be maintained as permanent forests.
5. A production forest shall be a forest area designated for the production of forest products to fulfill the needs of the community in general and meet the demand for construction, industry and exports, in particular.
6. A natural forest shall be a field with naturally growing trees which in its entirety constitutes a living union of the biological nature along with the surrounding nature.
7. An estate forest shall be a forest developed in the framework of promoting the potential and quality of a production forest with the application of intensive silviculture.
8. Forest exploitation shall be an activity of utilizing forests based on the principle of sustainable functions and the corporate principle encompassing planting, maintenance and safeguarding, product harvests, processing and marketing of forest products.
9. A forest concession shall be the right to exploit a forest within the area of a production forest, with activities comprising planting, maintenance, product harvests, processing and marketing of forest products.
10. The working area of a forest concession shall be a production forest area on which a forest concession is conveyed.
11. The right to collect forest products shall be the right to collect timber and non-timber forest products in a production forest in quantities and types already stipulated in the permit.
12. The working area of the right to collect forest products shall be the area of a production forest on which the right to collect forest products is conveyed.
13. A production forest exploitation unit shall be the smallest forest exploitation unit in a production forest are which is fit for being sustainably and economically exploited.

14. Main plants shall be the types of forest plants covering a dominant extent and or having a dominant economic value.
15. A plant cycle shall be a period of time belonging to a particular kind of plant from the planting time up to the time it is good for felling.
16. A decree on the granting of a forest concession shall be a permit granted by the Minister for forest exploitation.
17. A decision on the granting of the right to collect forest products shall be a permit granted by a district head/head of a second-level region, for the implementation of forest product collection.
18. A local community shall be groups of citizens of the Republic of Indonesia residing inside or around a forest and having the characteristics of a community, based on kinship, similarity in forest-related means of livelihood (profession), prosperity, a bond to common dwelling places and other factors of social bonds.
19. Reforestation Fund (DR) shall be the fund collected from forest concessionaires and community forest concessionaires in relation to natural forests in the form of timber in the framework of reforestation and land rehabilitation.
20. Resource royalty provision (PSDH) shall be a levy imposed as replacement for the intrinsic value of forest products collected from state forests.
21. Forest concession performance guarantee fund shall be a guarantee for the implementation of a forest concession the disbursement of which shall be based on an evaluation of the success or failure in fulfilling the provision on sustainable forest exploitation.
22. A forest concession contribution fee shall be a levy imposed on forest concessionaires in relation to a particular forest compound and shall be imposed once, i.e. when the said concession is granted.
23. A cooperative shall be a business undertaking with membership comprising individuals or cooperatives as statutory bodies and with activities being based on the principle of cooperative and at the same time constituting a popular economic drive based on the principle of family-like togetherness.
24. The Minister shall be the Minister responsible in the forestry area.

CHAPTER II
PRINCIPLE AND GOALS
Article 2

Forest exploitation and the collection of forest products shall be undertaken on the basis of the principles of rationality, optimum results, forest sustainability and balance in the function of the ecosystem with account being taken of justice and benefits to the community.

Article 3

The goals of forest exploitation and the collection of forest products shall be to establish resources with a high quality, obtain maximum and sustainable economic, social and ecological

benefits and guarantee the distribution of the benefits fairly and equitably, particularly with respect to the community living inside and or around a forest.

**CHAPTER III
UTILIZATION OF PRODUCTION FORESTS
Article 4**

In taking the benefits from a production forest the government may grant :

- a. a forest concession;
- b. the right to collect forest products.

**CHAPTER IV
FOREST CONCESSIONS
First Part
The Form of a Forest Concession
Article 5**

- (1) A forest concession in a production forest may be in the form of the following :
 - a. a natural forest concession; or
 - b. an estate forest concession
- (2) The activities related to natural forest concessions shall encompass tree-felling, forest rejuvenation and maintenance and processing and marketing of forest products.
- (3) The activities related to estate forest concessions shall encompass planting, maintenance, collection of products and processing and marketing of forest products.

Article 6

- (1) Forest concessions as meant in Article 5 paragraph (1) shall be granted by means of bidding in a tender.
- (2) Forest concessions may be granted by means of an application in the case of forest areas being less than 50,000 (fifty thousand) hectares.

Article 7

- (1) Bidding in the tender of a forest concession as meant in Article 6 paragraph (1) shall be arranged as follows :
 - a. the government shall determine the criteria of production forests which can be put on a tender, the status of the area and the criteria for tender participants;
 - b. the government shall announce widely the area of the forest area to be put on a tender;
 - c. parties interested in the tender shall be file a letter of application for becoming a tender participant;
 - d. tender participants shall be given an opportunity for a site inspection and for the collection of the necessary data;

- e. the government shall determine the winner of the tender from among all the biddings entered.
- (2) An application for a forest concession as meant in Article 6 paragraph (2) shall be arranged as follows :
- a. an interested party shall file an application to the government;
 - b. the government shall approve or reject the application for a forest concession;
- (3) The provision on the procedure for bidding in the tender or for the application as meant in paragraph (1) and (2) shall be arranged further by the Minister.

Article 8

- (1) The provision on the maximum area for a forest concession as meant in Article 5 paragraph (1) shall be arranged as follows :
- a. for one province every concessionaire may control a maximum area of 100,000 (a hundred thousand) hectares;
 - b. for the entire Indonesia every concessionaire may control a maximum area of 400,000 (four hundred thousands) hectares;
 - c. specifically with respect to the province of Irian Jaya, every concessionaire may control a maximum area of 200,000 (two hundred thousand) hectares;
- (2) The provision on the maximum area for a forest concessionaire as meant in paragraph (1) shall apply for one company and its group.

Article 9

- (1) Sustainable forest exploitation shall be implemented in the form of a production forest exploitation unit.
- (2) Further implementation of the provision as meant paragraph (1) shall be regulated by the Minister.

Article 10

- (1) A natural forest concession as meant in Article 5 paragraph (1) letter a shall be granted to:
- a. state-owned enterprises; or
 - b. enterprises owned by regional administrations; or
 - c. national private companies and cooperatives.
- (2) An estate forest concession as meant in Article 5 paragraph (1) letter b shall be granted to :
- a. state-owned enterprises; or
 - b. enterprises owned by regional administrations; or
 - c. national private companies and cooperatives; or
 - d. foreign private companies in the form of limited liability companies as Indonesian

statutory bodies.

- (3) Further provisions on the procedure for the granting of forest concessions as meant in paragraph (1) and (2) shall be regulated by the Minister.

Article 11

- (1) Forest concessions shall be granted by the Minister with account being taken of the opinions of governors/heads of first-level regions.
- (2) The authority to grant forest concessions for areas measuring less than 10,000 (ten thousand) hectares may be delegated to governors/heads of first-level regions.
- (3) Further provisions regarding the delegation of the authority to governors' heads of first-level regions as meant in paragraph (2) shall be regulated by the Minister.

Article 12

If there are non-forestry activities in a forest area on which a forest concession shall be granted as meant in Article 11 paragraph (1), the Minister shall establish coordination with relevant government agencies.

Article 13

Forest concessions cannot be granted in a forest area on which a previously-existing right has been conveyed.

Second Part Rights and Obligations Article 14

- (1) Plants grown in areas with an estate forest concession shall become the assets of the company as long as the said right is still valid.
- (2) A forest concession shall be not constitute proprietorship of a right over forest land.

Article 15

- (1) A natural forest concession shall be granted for a maximum period of 20 years plus the cycle of main plants.
- (2) An estate forest concession shall be granted for a maximum period of 35 (thirty five) years plus the cycle of main plants.
- (3) If a forest concession as meant in paragraph (1) and (2) expires, the right may be renewed to an old company whose performance is good or granted to another statutory body.
- (4) The provision on the cycle of main plants as meant in paragraph (1) and the procedure for renewal as meant in paragraph (3) shall be regulated further by the Minister.

Article 16

- (1) A forest concessionaire is obligated to implement a silviculture system stipulated by the Minister in accordance with the location and the types of the plants to be developed.
- (2) The implementation of the provision as meant paragraph (1) shall be regulated by the Minister.

Article 17

- (1) Every natural forest concessionaire shall be obligated to pay :
 - a. forest concession contribution fees (IHPH);
 - b. resource royalty provision (PSDH);
 - c. reforestation fund (DR).
- (2) Every estate forest concessionaire shall be obligated to pay :
 - a. IHPH;
 - b. PSDH.
- (3) The procedure for imposition, collection, remittance and utilization of the levies as meant in paragraphs (1) and (2) shall be regulated in a separate Government Regulation.

Article 18

- (1) To guarantee the implementation of natural forest exploitation in a sustainable manner, a natural forest concessionaire shall be obligated to make available the Fund for natural Forest Concession Performance Guarantee.
- (2) The Fund for natural Forest Concession Performance Guarantee as meant in paragraph (1) shall be disbursed gain by a forest concessionaire if the implementation of forest exploitation concerned is considered good pursuant to the prevailing provisions.
- (3) The procedure for the provision of the Fund for Natural Forest Concession Performance Guarantee, the evaluation of the implementation of natural forest exploitation and the disbursement of the Fund for Natural Forest Concession Performance Guarantee as meant Paragraphs (1) and (2) shall be regulated by the Minister.

Article 19

- (1) A forest concessionaire shall be obligated to implement the following provisions :
 - a. to make a forest exploitation work plan (RKPH) at the latest 18 (eighteen) months as from the issuance of a decree on forest concession encompassing the entire working area of a forest concession during the period of forest exploitation.
 - b. to make a five-year work plan (RKL);
 - c. to make an annual work plan (RKT) or a work chart;
 - d. to make an analysis on environmental impacts (Amdal);

- e. to implement the arrangement of working area boundaries and forest arrangement through compartementalization;
 - f. to implement forest exploitation on the basis of the work plan and comply with all prevailing provisions in the forestry sector;
 - g. to pay IHPH, PSDH and DR collected in his working area;
 - h. to provide the Fund for Forest Concession Performance Guarantee;
 - i. to empower the rural community around and inside the forest;
 - j. to undertake actual filed activities based on the work chart within 180 (a hundred and eighty) day as from the issuance of a decree on the forest concession;
 - k. to plant at least 50% of the plants which should be grown on the basis of the plant cycle and the extent of the area, in the case of an estate forest concession, at the latest within 5 (five) years as from the issuance of the decree on the forest concession;
 - l. to comply with all prevailing provisions in forest exploitation pursuant to the prevailing regulations;
 - m. to employ in a sufficient number professionals in the forest exploitation sector and other personnel who fulfill the requirements in accordance with the need of forest exploitation;
 - n. to undertake good administrative work regarding the activities related to a forest concession pursuant to the provisions of the prevailing Financial Accounting Standard.
- (2) A forest concessionaire shall be obligated to manage the working area of a forest concession in the basis of the work plans referred to in paragraph (1) and comply with the prevailing acts.
- (3) Further implementation provisions as meant in paragraph (1) shall be regulated by the Minister.

Article 20

- (1) A Forest concession can be transferred or pledged as collateral to another party after first reporting this to the Minister.
- (2) The transfer or pledging as collateral as meant in paragraph (1) can be conducted only as long as the concession is still valid.
- (3) An area of forest concession cannot be used as collateral.
- (4) The plants in an area with an estate forest concession as the assets of the company as meant in Article 14 paragraph (1) may be used as collateral as long as the concession is still valid and the implementation must be reported to the Minister.

- (5) Further implementation of the provision as meant in paragraphs (1) and (3) shall be regulated by the Minister.

Third Part
Abolition of Forest Concessions
Article 21

- (1) A forest concession shall be abolished because :
- a. the period of time allowed has expired;
 - b. it is revoked by the Minister as a sanction imposed to the forest concessionaire;
 - c. it is returned by a forest concessionaire to the governor prior to the expiration of its period of time;
 - d. it is revoked by the Minister because the forest area is needed for public interests.
- (2) The abolition of a forest concession on the basis of the provision in paragraph (1) shall not exempt the forest concessionaire from the obligation to :
- a. settle of financial and other obligations stipulated by the government;
 - b. unconditionally surrender movable objects owned by the company if the company has not fulfilled its obligations to the government;
 - c. implement all provisions stipulated in the framework of the expiration of the forest concession pursuant to the prevailing provisions.
- (3) At the time of the abolition of a forest concession as meant in paragraph (1) :
- a. infrastructure, facilities and plants already established within the working area shall become the property of the state;
 - b. the Fund for Forest Concession Performance Guarantee shall belong to the government if a forest concession is revoked owing to a sanction;
 - c. the government is exempted from the responsibility that the company bears if a forest concession is abolished because of a sanction or owing to its being returned to the government.
- (4) Further provisions as meant in paragraph (3) shall be regulated by the Minister.

CHAPTER V
To be Continue