

(Decree of the Minister of Forestry No.SK.46/Menhut-II/2004 dated January 23, 2004)

THE MINISTER OF FORESTRY,

Considering:

- a. that given a policy on the discontinuance of reforestation fund loans for wood forest exploitation companies in timber estates/joint timber estate concessions, the financing of wood forest exploitation activities in timber estates/joint timber estate concessions have been disrupted;
- b. that to ensure the smooth financing of wood forest exploitation activities in timber estates/joint timber estate concessions, bailout funds originating from holding companies/affiliated companies from private shareholders in wood forest exploitation companies in joint timber estate concessions are made available;
- c. that to ensure legal certainty about bailout funds for wood forest exploitation activities in joint timber estate concessions as meant in letter b above, the said bailout funds can be compensated for the addition of private shareholders' capital in wood forest exploitation companies operating in timber estates/joint timber estate concessions;
- d. that based on the above considerations, it is deemed necessary to stipulate the addition of private capital in wood forest exploitation companies operating in timber estates/joint timber estate concessions by means of a decree of the Minister of Forestry;

In view of :

1. Law No.1/1995 on Limited Liability Company;
2. Law No.41/1999 on Forestry;
3. Government Regulation No. 27/1998 on the Merger, Fusion and Taking Over of Limited Liability Company;
4. Government Regulation No.34/2002 on Forest Management and Plans for the Management and Exploitation of Forest and the Use of Forested Land;
5. Government Regulation No.35/2002 on Reforestation Funds;
6. Presidential Decree No.29/1990 as has been amended

the latest by Presidential Decree No.32/1998 on Reforestation Funds;

7. Presidential Decree No.102/2001 on the Position, Task, Organisational Structure and Work Mechanism of the Ministry of Forestry;
8. Presidential Decree No. 228/M/2001 on the Formation of the Mutual-Help Cabinet;
9. Joint Decree of the Minister of Forestry and the Minister of Finance No.446/Kpts-II/1994 and No.533/KMK.017/1994 on Provisions on the Capital Participation of the Republic of Indonesia and Loans from Reforestation Funds for the Development of Timber Estates;
10. Decree of the Minister of Forestry No.375/Kpts-II/1996 jo. No.098/Kpts-II/1998 on the Procedure for Channeling Reforestation Funds Within the Frame of Capital Participation of the Republic of Indonesia and Loans for the Development of Timber Estates by Joint Venture Companies;
11. Decree of the Minister of Forestry No.123/Kpts-II/2001 on the Organisation and Work Mechanism of the Ministry of Forestry;
12. Decree of the Minister of Forestry No.4895/Kpts-II/2002 on the Criteria and Indicator for the Appraisal of the Continuation of Joint Timber Estate Companies and State Timber Estate Companies;
13. Decree of the Minister of Forestry No.4896/Kpts-II/2002 on the Control of Joint Timber Estate Companies and State Timber Estate Companies;

D E C I D E S :

To stipulate :

DECREE OF THE MINISTER OF FORESTRY ON THE ADDITION OF PRIVATE CAPITAL IN WOOD FOREST EXPLOITATION COMPANIES OPERATING IN TIMBER ESTATES/JOINT TIMBER ESTATE CONCESSIONS.

Article 1

Hereinafter referred to as:

1. Wood forest exploitation permit (IUPHHK) in the timber estate, previously called as forest concession (HPHT) or timber estate concession (HPHTI), shall be a business

permit to exploit production forests, consisting of land preparation, seedling, planting, maintenance, safeguarding, harvesting or felling, processing and marketing;

2. Share restructuring or share recomposition shall be the restructuring of capital/share ownership;
3. Private company shall be a private limited liability company as the shareholder of a wood forest exploitation business in a joint forest concession;
4. Bailout funds shall be funds originating from a private company's loans paid to the wood forest exploitation company (IUPHHK) operating in forest concession/joint timber estate concession;
5. State capital participation, hereinafter referred to as PMP, shall be the payment of state capital originating from reforestation funds (DR) to state-owned company (BUMN) or through BUMN to a wood forest exploitation company operating in joint forest concession as capital participation;
6. Private capital participation, hereinafter referred to as PMS, shall be the payment of private capital to a wood forest exploitation company operating in joint forest concession as capital participation;
7. Director General shall be the Director General assigned in and responsible for forest production.
8. Minister shall be the Minister assigned in and responsible for the forestry sector.

Article 2

Any wood forest exploitation company operating in a forest concession/joint timber estate concession that receives bailout loans from the holding company/private affiliate as a shareholder in the wood forest exploitation company can restructure shares in connection with bailout loans through the addition of private capital participation in the wood forest exploitation company.

Article 3

Any application for the restructuring of shares in connection with bailout loans through the addition of private capital participation in a wood forest exploitation com-

pany operating in a forest concession/joint timber estate concession, shall be filed by the company's board of executive directors to the Minister, with copies addressed to the Director General, the holding company and the relevant state-owned company, complete with a decision of shareholders' general meeting approving the addition of capital participation.

Article 4

The Director General shall study the application for the restructuring of shares in connection with bailout loans through the addition of private capital participation in a wood forest exploitation company operating in a forest concession/joint timber estate concession.

Article 5

The result of a study as meant in Article 4 shall be conveyed to the Minister, complete with the concept of a letter of approval or rejection of the application for the restructuring of shares in the wood forest exploitation company operating in the forest concession/joint timber estate concession.

Article 6

Based on the result of a study as meant in Article 5, the Minister shall accept or reject the application for the restructuring of shares in the wood forest exploitation company operating in the forest concession/joint timber estate concession.

Article 7

Any application for the restructuring of shares in the wood forest exploitation company operating in the forest concession/timber estate concession, which is filed before the issuance date of this decree shall be adjusted to requirements in this decree.

Article 8

This decree shall take effect as from the date of stipulation.

Stipulated in Jakarta

on January 23, 2004

THE MINISTER OF FORESTRY,

sgd.

MUHAMMAD PRAKOSA

---==(S)===---