

**PROCEDURE FOR LICENSING OF EXTENSION OF FOREST AREA FOR
JOINT UTILIZATION OF FOREST TIMBER IN INDUSTRIAL TIMBER ESTATE
WITHIN PRODUCTION FOREST**

(Regulation of Minister of Forestry No.P.19/Menhut-II/2007, dated May 28, 2007)

THE MINISTER OF FORESTRY,

Considering:

That to in implement the provisions in Article 68 and Article 70 of Government Regulation no.6 Year 2007 concerning Forest System and Preparation of Forest Management Program, and Forest Crop Utilization, it is necessary to stipulated Regulation of the Minister of Forestry on the Procedure to Grant Permit for Expansion of Work Area for Forest Crop Utilization Business in Industrial Vegetated Forest within Producing Forest Area.

In view of:

1. Law No.5 Year 1990, concerning Conservation of Biological Resources and Ecosystem thereof;
2. Law No.24 Year 1992 (*BN No. 5331 pages 2A-8A and so forth*) concerning Layout;
3. Law No.23 Year 1997 (*BN No. 6092 pages 19A - 21A and so forth*) concerning Environmental Management;
4. Law No.41 Year 1999 (*BN No. 6412 pages 1A-11A and so forth*), concerning Forestry in conjunction with Law No.19 Year 2004;
5. Law No.32 Year 2004 (*BN No. 7183 pages 1A-6A and so forth*) concerning Regional Administration;
6. Government Regulation No.6 Year 2007, concerning Forest System and Preparation of Forest Management Program and Forest Crop Utilization;
7. Presidential Decree No.187/M Year 2004 (*BN No. 7128 pages 30A-31A*), concerning the Establishment of the United Indonesia Cabinet in conjunction with No.171/ M Year 2005;
8. Presidential Regulation No.9 Year 2005 (*BN No. 7182 pages 2A-23A*), concerning Capacity, Duty, Function, Organizational Structure and Work Procedure of the State Ministry of the Republic of Indonesia, as amended several time and lately amended by No.66 Year 2006;
9. Presidential Regulation No.10 Year 2005, concerning Organization Unit and Duty of Echelon I of State Ministries of the Republic of Indonesia, as amended several times and lately amended by No.91 Year 2006;
10. Decree of the Minister of Forestry No.177/Kpts-II/2003 (*BN No. 7017 pages 26A-28A*), concerning Criteria and Indicator for Forest Management by Preservation in Business Management Unit of Vegetated Forest Crop Utilization;
11. Decree of the Minister of Forestry No.SK.101/Menhut-II/2005 as amended several times and latest amended by Number P.43/Menhut-II/2005, concerning Accelerated Development of Vegetated Forest for Fulfillment of the Need for Pulp and Paper Industry Basic Material.
12. Regulation of the Minister of Forestry No.P.13/Menhut-II/2005, concerning Organization Structure and Work Procedure of the Department of Forestry, as amended several times and lately amended by No.P.17/menhut-II/2006.

D E C I D E S:

To stipulate:

THE REGULATION OF THE MINISTER OF FORESTRY ON
PROCEDURE FOR LICENSING OF EXPANSION OF BUSINESS
WORK AREA FOR UTILIZATION OF FOREST CROP WITHIN
INDUSTRIAL TIMBER ESTATE IN PRODUCTION FOREST.

CHAPTER I

GENERAL PROVISION

Article 1

What is meant in this Regulation by:

1. Producing forest shall be forest zone that functions to produce forest crop.
2. Utilization of forest timber crop shall be utilization and exploitation of forest timber crop without damaging the environment and without minimizing its main function.
3. Business License for Utilization of Forest Timber Crop in Industrial Vegetated Forest in Producing Forest hereinafter referred to as IUPHHK-HTI previously referred to as Right to Exploit Timber Estate (HPHT) or Right to Exploit Industrial Timber Estate (HPHTI) of Business License for Utilization of Forest Timber Crop in Timber Estate (IUPHHK-HT) shall be business license for development of forest vegetation in producing forest developed by industrial group for the improvement of potentiality and quality of producing forest in the context of complying with the need for industrial basic material.
4. Cooperatives shall be business entity which members comprise one person or cooperative legal entity based on its activities carried out under the principle of cooperatives and at the same time as the people economic movement based on the principle of family matters.

5. Additional work area (expansion) shall be provision of additional work area (expansion) requested by the holder of IUPHHK-HTI.
6. Minister shall be Minister assigned the duty and responsibility in forestry matter.
7. Director General shall be Director General assigned the duty and responsibility in the management of forestry crop.
8. Head of Service Office of Province shall be Head of Provincial Service Office assigned the duty and responsibility in forestry matter.
9. Head of Regency/Municipality shall be Head of Regency/Municipality assigned the duty and responsibility in forestry matter in Regency/Municipality regions.

Article 2

This Regulation shall mean to govern procedure for grant of new license, and grant of permit for expansion for IUPHHK-HTI.

CHAPTER II

REQUIREMENTS FOR APPLICATION FOR AREA

Part One

Area Requirements

Article 3

- (1) Area for development of vegetation forest shall be unproductive producing forest and free from other obligatory right/permits.
- (2) To grant permit for expansion other than complying with paragraph (1), area for expansion may be located surrounding the IUPHHK-HTI area.

Part Two
Applicant's Requirements
Article 4

Only those mentioned below may apply for IUPHHK-

HTI:

- a. Cooperatives;
- b. Indonesian Private-Owned Business Entity;
- c. State-owned Business Entity (BUMN); or
- d. Regional-owned Business Entity.

Part Three
Requirements for Application
Article 5

- (1) Requirements for application for IUPHHK-HTI shall consist of:
 - a. administrative matter; and
 - b. technical matter.
- (2) The administrative requirement referred to paragraph (1), letter a shall consist of:
 - a. recommendation of the Governor if the proposed area is located cross Regency, shall be free from other obligatory rights supported by Location Map with Scale 1: 100.000;
 - b. recommendation of the Regent/Mayor if the proposed area is located in the same Regency/Municipality region, shall be free from other obligatory rights supported by Location Map with Scale 1: 100,000;
 - c. statement of commitment to open branch office in the province and/or regency/municipality;
 - d. Deed of Establishment of cooperatives or business entity and its amendments ratified by the competent authorities;
 - e. operates business in the fields of forestry/agriculture/plantation;

- f. business license certificate from the competent authority;
- g. Taxpayer Identification Number (NPWP);

- (3) The recommendation of the Governor or Regent/Mayor referred to in paragraph (2) a and b, shall be based on analysis of zonal function conducted by the forestry service office and Forest Zone Utilization Body, license to utilize forest zone and zone mutation as set forth in separate data.
- (4) The technical requirements referred to in paragraph (1), letter b in the form of technical proposal containing among other things:
 - a. general condition consisting of the condition of the proposed area and the condition of the company;
 - b. Technical proposal of business activities consisting of objectives and utilization planning;

Article 6

Application for IUPHHK-HTI shall be submitted by the applicant to the Minister with copy to:

- a. the Director General;
- b. the Head of Forest Planning;
- c. the Head of Provincial Service Office;
- d. the Head Regency/Municipality Service Office.

Part Four
Evaluation of Application
Article 7

- (1) Based on the copy referred to in Article 6, letter b, the Forest Planning Agency shall verify the analysis result referred to in Article 5, paragraph (3) on the map attached to the application within ten (10) working days at the latest and the result thereof shall be submitted to the Director General.

- (2) based on the application that has complied with the requirements referred to in Article 5, paragraphs (2) and (3) and the area map that has been verified referred to in paragraph (1), the Director General shall evaluate both the administrative and technical matters.
- (3) If the application fails to comply with the complete requirements referred to in Article 5, paragraphs (2) and (3) the Director General on behalf of the Minister shall issue rejection letter.

Article 8

- (1) If the application complies with the complete requirements referred to in Article 5, paragraphs (2) and (3) the Director General shall evaluate the technical proposal within seven (7) working days and the result thereof shall be submitted to the Minister.
- (2) Based on the evaluation result referred to in paragraph (1), the Minister may accept or reject the application.

Article 9

- (1) If the application is rejected as referred to in Article 8, paragraph (2), the Minister shall issue rejection letter within seven (7) working days as of the date of evaluation of the technical proposal.
- (2) If the application is approved, the Minister shall, within seven (7) working days as of the date the approval to application is received, Issue instruction letter to the applicant to prepare and submit Analysis on Environmental Impact (AMDAL) or Environmental Management Effort and Environmental Monitoring Effort (UPL) in accordance with the prevailing statutory regulation.

- (3) AMDAL shall be prepared for an area exceeding 10.000 (ten thousand) hectares or UKL and UPL for an area of less than 10.000 (ten thousand) hectares.
- (4) AMDAL or UKL and UPL that has obtained approval from the competent authority shall be further submitted by the applicant to the Minister through the Director General.

Article 10

- (1) Failure to prepare the obligatory AMDAL within 150 (one hundred fifty) days at the latest or UKL and UPL within 60 (sixty) days at the latest the approval letter referred to in Article 9, paragraph (2) shall be revoked by the Minister.
- (2) The Director General on behalf of the Minister shall revoke the approval referred to in paragraph (1).

Article 11

- (1) Based on the AMDAL report or UKL and UPL referred to in Article 9, paragraph (4), the Director General shall submit report to the Minister through the Secretary General of the Department of Forestry by attaching the draft of the Decision and its supporting document.
- (2) The Secretary General shall review the legal aspect and submit the draft of Decision of the Minister of Forestry on the Grant of IUPHHK-HTI to the Minister of Forestry within five (5) working days.

Article 12

- (1) Based on the proposal of the Secretary General referred to in Article 11, paragraph (2), within a period of seven (7) working days, the Minister shall sign the Decision on the Grant of IUPHHK-HTI.

- (2) The Director General shall, within six (6) working days as of receipt of the decision for grant of IUPHHK-HTI, issue Instruction Letter for Payment of Contribution for Business License for Forest Utilization (SPP-IUPH).
- (3) Decision on the grant of IUPHHK-HTI shall be delivered by mail service to the applicant after the applicant has paid the IUPH.
- (4) The Decision on the grant of IUPHHK-HTI may be revoked by the Minister if the holder of license fails to pay the IUPH within the period stipulated in Regulation of the Minister of Forestry concerning Payment of IUPH.

Part Five

Licensing Of Expansion

Article 13

- (1) The holder of IUPHHK-HTI having performance certificate from independent assessment institution accredited by the Minister shall have the right to submit application for expansion of work area.
- (2) The application for expansion of IUPHHK-HTI work area referred to in paragraph (1) shall be submitted to the Minister with copy to:
 - a. the Director General;
 - b. the Head of Forest Planning Agency;
 - c. the Head of Regency/Municipality Service Office.
- (3) The application referred to in paragraph (1) shall be supported by:
 - a. Decision of the Minister concerning Grant or Renewal of IUPHHK-HTI;
 - b. Recommendation of the Governor if the proposed area is located cross Regency, shall be free from other obligatory rights supported by Location Map of the Scale 1: 100.000;

- c. Recommendation of the Regent/Mayor if the proposed area is located in the same region of the Regency/Municipality region, shall be free from other obligatory rights supported by Location Map of the Scale 1: 100.000;-
- d. Copy of valid certificate of good performance;
- e. Location Map of the work area requested for resulting from consultation with the Forestry Planning Agency; and
- f. The result of survey on the area potentiality.

Article 14

Application for area expansion referred to in Article 13 shall submitted in accordance with the provision in Article 6 through Article 12 of this Regulation.

CHAPTER III

TRANSITIONAL PROVISION

Article 15

- (1) Application if IUPHHK-HTI bid that has decided the winner prior to the stipulation of this Regulation shall be further processed by complying with this Regulation.
- (2) Application and application for expansion of IUPHHK-HTI work area that has obtained SP-1 and/or SP-2 prior to the stipulation of this Regulation may be further processed based on this Regulation.
- (3) For applicant who has submitted prior to enforcement of this Regulation shall be further processed by complying with the obligation referred to in the provision in Article 5, paragraph (3).

CHAPTER IV
MISCELLANEOUS PROVISIONS

Article 16

If forest area in producing forest referred to in Article 3 if forest system has been decided in one (1) KPH, the area/location in the application for new permit or expansion for UPHHK area should be located in the block allocated for utilization business of forest timber crop in vegetation forest.

CHAPTER V
CLOSING PROVISION

Article 17

With the stipulation of this Regulation, Regulation of the Minister of Forestry No.P.05/Menhut-II-2004 and its

amended regulations and Regulation of the Minister of Forestry No.P.78/Menhut-II/2006, is hereby declared null and void.

Article 18

This Regulation takes effect on the date it is stipulated.

Stipulated in Jakarta

On May 28, 2007

THE MINISTER OF FORESTRY

Sgd.

H.M.S. KABAN

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