

# The Reform of Tin Export Provisions

by Vinton Rasil Taris

Tin is a good that is used for metal coating, soldering, or in electronic equipment. Industrial countries like the United States, Japan, Germany, and the United Kingdom are major tin consumers, however these countries produce less tin than developing countries such as Brazil, Bolivia, Thailand, Malaysia, Indonesia, and others, which actually consume less tin. Indonesia as a developing country has had its own problems in expanding its tin industry. One of these problems is its weakness in controlling the export of tin.

The Indonesian Ministry of Trade has issued regulation No. 44/M-DAG/PER/7/2014 (“**Permendag 44/2014**”) regarding tin export, which replaces the Indonesian Ministry of Trade regulation No. 78.M-DAG/PER/12/2012, as revised by regulation No. 32/M-DAG/PER/6/2013. With this provision to regulate the export of tin, the government expects to achieve a number of things: to create legal certainty, a better domestic tin market, the ability to control tin exports, to fulfil the domestic tin demand, and to increase the value of tin itself. In general, Permendag 44/2014 stipulates tin classifications, tin export specifications, and tin export mechanisms.

In Permendag 44/2014, tin is classified into 4 categories (Article 2 Permendag 44/2014):

1. Timah Murni Batangan: Tin with a minimum 99.9% Stannum (the technical term for tin, also referring to how easily tin melts) uncertainty produced by the smelting process, in the form of bars;
2. Timah Murni Bukan Batangan: Tin with a minimum 99.93% Stannum uncertainty, in addition to the bar's form;
3. Timah Solder: Tin with a maximum 99.7% Stannum uncertainty in the form of bars or other forms, which is used for soldering and welding;
4. Timah Paduan Bukan Solder: Tin with a maximum 96% Stannum uncertainty in the form of bars or other forms, which is used for soldering and welding.

This new classification upgrades the quality requirement for tin goods to a higher standard. This may affect the value of tin, since better quality tin is mandatory.



Exported tin must also satisfy these technical specifications as required (Article 3 Permendag 44/2014) namely, that it contains the right Stannum uncertainty in accordance with the above tin classifications, subject to Article 2 Permendag 44/2014; that it fulfils the tin size and standard form; and, the tin has to be packaged and labeled. When the technical specifications are satisfied, the registered exporter has to pay royalties to the Directorate of Customs and Excise due to export tin. The Indonesian Ministry of Trade also stipulates that the Timah Murni Batangan (red: pure tin) must trade through the Indonesian Commodity Exchange before exportation (Article 12 Paragraph (1) Permendag 44/2014).

The implementation of this regulation, which will come into effect on 1 November 2014, may affect some aspects of the industry. Firstly, an increase in the price of exported tin: it may increase as a result of the requirement to produce a higher quality tin standard. Secondly, the coordination of several institutions will now be needed in order to implement this regulation, such as the Indonesian Ministry of Trade, the Indonesian Commodity Exchange, the Indonesian Maritime Institution, the Directorate of Customs and Excise, the Indonesian Surveyors Institution, and other relevant institutions. However, there ought to be an increase in national income through exported tin royalties.

# Supervision and Control of the Industry in Alcoholic Beverages and their Quality

by Rio Rahmat Hidayat

The Government has issued Minister of Industry Regulation No. 63/M-IND/PER/7/2014 entitled Supervision and Control of the Industry in Alcoholic Beverages and their Quality ("The Regulation"). It has been effective from 4 July 2014, and revokes the Minister of Industry Regulation No. 71/M-IND/PER/ 7/2012.

This Regulation has been enacted to implement the provisions of Article 9 of the Regulation of the President of the Republic of Indonesia, No. 74, 2013, regarding the Control and Supervisions of Alcoholic Beverages.

The Regulation of the President of the Republic of Indonesia No. 39, 2014, with reference to the List of Business Fields Closed to Investment and Business Fields Conditionally Open for Investment, categorizes alcoholic beverages as a business field closed to Investment.

According to Article 2 of this Regulation, alcoholic beverages are classified into three categories, namely: (i) group A - alcoholic drinks containing up to 5% (five percent) ethyl alcohol or ethanol (C<sub>2</sub>H<sub>5</sub>OH); (ii) group B - contains more than 20% (twenty percent) ethyl alcohol or ethanol (C<sub>2</sub>H<sub>5</sub>OH); (iii) group C - contains 20% (twenty percent) to 55% (fifty five percent) ethyl alcohol or ethanol (C<sub>2</sub>H<sub>5</sub>OH). Furthermore, companies involved in the alcoholic beverage industry ("**companies**") are required to have an industry business license ("IUI") issued by the Head of the Indonesian Investment Coordinating Board (BKPM) having previously obtained recommendation from the Director General, in accordance with the provisions of the Indonesian Negative Investment List.

However, IUI changes may occur in circumstances such as where there is a change in the Company's location, ownership, alcoholic beverages group, company's name, plant location address, as well as in the event of an expansion to increase production capacity and the merging of Companies to operate in one location. With exceptions, changes in an alcoholic beverages group can only be performed by companies when production is gearing down from a higher to a lower class, therefore not involving any increase in production capacity, as stipulated in the IUI.

On the other hand, a company may also expand their production capacity and change their IUI if:



1. it has been utilizing its maximum capacity according to the IUI;
2. it has been audited by an independent agency;
3. it possesses the registration number of an excisable goods company (NPPBKC) and uses tape tax on all alcoholic beverages produced, as evidenced by the purchase of excise stamp documents.

Companies are required to submit their production report as industrial activities data every semester. BKPM will revoke the IUI and its changes if no production activities are performed for 2 years in a row. As a minimum, these supervision and control efforts of the alcoholic beverages industry will now be exercised in relation to licensing, machinery or production equipment, raw materials, production processes, production results and the quality of alcoholic beverages.

Supervisory and control activities are carried out by the Directorate General, its provincial agency and District Office, together or in agreement with the relevant authorities. An IUI revocation and/or other sanction in accordance to the applicable law shall be imposed on companies who violate this Regulation.

# Guidelines and Requirements for the Extension of Forest Timber Products Utilization Business Licenses in Natural Forests located within Production Forests

by Athalia Devina



To enhance the competitiveness and to improve forestry governance, in order to reduce the high cost of timber business mentioned in the review of the Corruption Eradication Commission in 2013, a need has been seen for the reorganization of the guidelines and requirements for the extension of Forest Timber Products Utilization Business Licenses in Natural Forests located within Production Forests (“IUPHHK-HA”) located within production forests. The Minister of Forestry has therefore enacted Minister Regulation No. P.51/Menhut-II/2014, entitled Guidelines and Requirements for the Extension of Forest Timber Products Utilization Business Licenses in Natural Forests located within Production Forests (“**Regulation No. P.51/Menhut-II/2014**”). Regulation No. P.51/Menhut-II/2014 replaces Minister Regulation No. P.52/Menhut-II/2008 jo. P.29/Menhut-II/2009.

The area requested for the extension of an IUPHHK-HA is the working area of the holder of an expired IUPHHK-HA. In the event that the requested area for the extension of an IUPHHK-HA is included in an area of Convertible Production Forest (“HPK”), the applicant is required to obtain a recommendation from a Regent or a Mayor and a Governor in accordance with the prevailing laws and regulations, to change or convert the HPK to a Permanent Production Forest (“HP”) or a Limited Production Forest. (“HPT”).

Applications to extend an IUPHHK-HA are made by the holders of the IUPHHK-HA with the following documents: (i) a technical consideration by a Regent or a Mayor consisting of special information of the area and valid licenses with maps drawn to a scale of 1 : 50.000 attached, and information related to the existence of local communities near the requested area, (ii) a recommendation from a Governor with maps drawn to a scale of 1 : 50.000 attached, (iii) a copy of the deed of establishment with the approval from the Minister of Law and Human Rights of the Republic of Indonesia (the Minister), including any amendments of the articles of association and its approval/notice from the Minister of Law and Human Rights, (iv) a map of the requested area drawn to a scale of 1 : 50.000, (v) a map of satellite imagery interpretation with a minimum resolution of at least 30 (thirty) meters, covering results of 2 (two) years, (vi) a valid certificate of PHAPL with a good or average mark, (vii) financial reports audited by public accountants for the past 5 (five) years, and (v) written proofs that the company has paid off all financial obligations in the forestry sector, including the provision of forest resources, reforestation funds, and other financial obligations that have been issued by authorized institutions. The applications must be submitted through the Online Service Unit for Licensing Information.

Once Regulation No. P.51/Menhut-II/2014 comes into force, the process of application for the extension of an IUPHHK-HA/HPH that has reached the stage of:

- a. obtaining a map of the working area and area of the IUPHHK-HA appointed by the Directorate General of Forestry Planning; the process will be continued with the issuance of a SPP Forest Utilization License Fee with reference to Article 11 of Regulation No. P.51/Menhut-II/2014;
- b. obtaining a letter of principle approval to extend the IUPHHK-HA/HPH by the Minister of Forestry, but has not yet reached the process of preparing maps of the working area; the process will be continued with the preparation of maps of the working area, as specified in Article 11 of Regulation No. P.51/Menhut-II/2014;
- c. fulfilling the requirements as specified in Minister Regulation No. 52/Menhut-II/2008, but a letter of principle approval has not yet been obtained; the process will be continued with an assessment of the obligations and reference to research papers concerning the working area, as specified in Article 8 of Regulation No. P.51/Menhut-II/2014.

# Guidelines for the Incorporation of the Ecolabel Logo

by Meitha Ria

Along with the changing times, many people are transforming their lifestyles into green, eco-friendly lifestyles. Realizing that many people are turning to green lifestyles, the Indonesian Government, especially the Ministry of Environment, has shown their support for this green lifestyle by issuing the Regulation of Minister of Environment Number 2, 2014 concerning the incorporation of an Ecolabel logo (“**PerMen LH No. 2/2014**”). This establishes that the incorporation of this logo will provide information to the community to facilitate a green lifestyle, with a choice of environmentally-friendly products which comply with the main principles of a green lifestyle.

The definition of the Ecolabel logo itself is based on PerMen LH No. 2/2014, and the copyright of the logo is owned by the Ministry of Environment, which states that a certain product has fulfilled the environmental criteria governing the acquisition of raw materials or natural resources, production processing, distribution, use and/ or disposal of a product.

The Ecolabel logo is divided into 2 types, namely:

1. The Indonesian Ecolabel logo (Logo Ekolabel Indonesia) is an ecolabel logo which is given to a particular product that has been certified by the Ecolabel Certification Institute (Lembaga Sertifikasi Indonesia) (“**LSE**”);
2. The self-declared Indonesian Ecolabel logo (Logo Ekolabel Swadeklarasi Indonesia) is an ecolabel logo which is given to a particular product based on results of the verification by the Verification Ecolabel Institute (Lembaga Verifikasi Ekolabel) (“**LVE**”) of claims by manufacturers, importers, distributors, retailers, trademark owner, or other interested parties.

The Indonesian Ecolabel logo imprinted on products must have obtained a certificate from LSE and approval from the Minister of Environment. The incorporation of the self-declared Indonesian Ecolabel logo will be on products that have obtained a certificate of conformity (Surat Keterangan Kesesuaian) issued by LVE and have obtained approval from the Minister of the Environment. Incorporation of the Ecolabel logo on the packaging of products is valid for three (3) years and may be extended. An application for the incorporation of the Ecolabel logo does not cost anything.



The Image of the Ecolabel logo is in the shape of the circumference of the earth, with leaves and butterflies entwined in it. Images of the earth are green, the butterfly is yellow, the leaves are white, and text claiming environmental attributes is dark green. Incorporation of the Ecolabel logo must be adjusted to the size of the product or packaging and must be proportionate. There must be an empty space at the bottom of the logo to insert claims of environmental attributes. Detailed information about the shape, size, and specifications of the Ecolabel logo can be seen in Appendix IV of PerMen LH No. 2/2014.

Nur Adi Wardoyo, Assistant of Deputy of Standards and Technology Ministry of Environment said that the manufacturers of twelve (12) types of products are encouraged to obtain this logo; these are copy paper, magazine paper, packaging paper, tissue paper, textiles, textile products, finished leather, casual leather shoes, detergent powder, dry batteries, paint, ceramic tiles, and plastic grocery bags. Other products will follow.<sup>1</sup>

Overall, this new move to encourage the incorporation of the Ecolabel logo will contribute to making the lives of citizens more environmentally-friendly, and it will enhance competitiveness in domestic and international markets.

<sup>1</sup> <http://www.tempo.co/read/news/2014/03/19/090563566/12-Produk-Cantumkan-Ekolabel>