

GOVERNMENT REGULATION NO. 83/2001

ON
THE AMENDMENT TO GOVERNMENT REGULATION NO. 20/1994 ON OWNERSHIP OF SHARES OF
COMPANIES ESTABLISHED IN THE FRAMEWORK OF FOREIGN INVESTMENT

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering :

- a. that in the framework of further increasing investments especially foreign investments in Indonesia, it is necessary to create clarity about investment policies better guaranteeing legal certainty and providing facilities for foreign investments;
- b. that in relation to letter a, it is necessary to improve Government Regulation No. 20/1994 on Ownership of Shares of Companies Established in the Framework of Foreign Investment.

In view of :

1. Article 5, sub-article (2) of the State Constitution of 1945 as already amended by the Third Amendment to the State Constitution of 1945;
2. Law No. 1/1967 on Foreign Investment (Statute Book of 1976 No. 1, Supplement to Statute Book No. 2818) as already amended by Law No. 11/1970 (Statute Book of 1970 No. 46, Supplement to Statute Book No. 2943);
3. Government Regulation No. 20/1994 on Ownership of Shares of Companies Established in the Framework of Foreign Investment (Statute Book of 1994 No. 28, Supplement to Statute Book No. 3552);

DECIDES:

To stipulate :

THE GOVERNMENT REGULATION ON THE AMENDMENT TO GOVERNMENT REGULATION NO. 20/1994 ON OWNERSHIP OF SHARES OF COMPANIES ESTABLISHED IN THE FRAMEWORK OF FOREIGN INVESTMENT.

Article I

To abolish the provision in Article 9, sub-article (4) of Government Regulation No. 20/1994 on Ownership of Shares of Companies Established in the Framework of Foreign Investment (Statute Book of 1994 no. 28, Supplement to Statute Book No. 3552) so that Article 9 entirely reads as follows :

"Article 9

1. A foreign statutory body can buy shares of companies established in the framework of both foreign investment and domestic investment or not in the framework of foreign investment and domestic investment not yet or already producing commercially.
2. The buying of the shares companies established in the framework of domestic investment or not in the framework of domestic investment as meant in sub-article (1) can be executed if the business field of the companies is opened for foreign investors upon the transaction of the shares.
3. The buying of the shares companies as meant in sub-article (1) can be executed through direct ownership and/or domestic capital market.

4. Abolished.
5. The buying of the shares as meant in sub-article (1) and sub-article (2) does not change the status of the companies".

Article II

This Government Regulation starts to be effective on the date of promulgation.

For public cognizance, this government regulation shall be promulgated by placing it in the Statute Book of the Republic of Indonesia.

Stipulated in Jakarta
On December 19, 2001
THE PRESIDENT OF THE REPUBLIC OF
INDONESIA,
sgd.
MEGAWATI SOEKARNOPUTRI

Promulgated Jakarta
On December 19, 2001
THE STATE SECRETARY,
sgd.
BAMBANG KESOWO

STATUTE BOOK OF THE REPUBLIC OF INDONESIA OF 2001 NO. 154

ELUCIDATION ON
GOVERNMENT REGULATION NO. 83/2001
ON THE AMENDMENT TO GOVERNMENT REGULATION NO. 20/1994
CONCERNING
THE OWNERSHIP OF THE SHARES OF COMPANIES ESTABLISHED IN THE
FRAMEWORK OF FOREIGN INVESTMENT

GENERAL

Since the promulgation of Government Regulation No. 20/1994 which is a part of the completeness of foreign investment laws, investment activities in Indonesia, especially foreign investment, have developed significantly and been capable of providing contribution in supporting national development.

However, since mid 1997, the condition has changed in various countries, including Indonesia, towards economic downturn called an economic crisis. In the framework of speeding up the recovery of the Indonesian economy slowing down due to the crisis, it is necessary to reform policies especially investment policies in to increase and expand economic activities as well as to renew national development by giving a greater role to the society and businesses in financing the national development.

To achieve the said target, it is necessary to improve the provision in Article 9 of Government Regulation No. 20/1994 by abolishing a provision requiring that foreign statutory bodies can buy shares of companies established in the framework of foreign investment/domestic investment/non-foreign investment/non-domestic investment not yet or already producing commercially in efforts to rescue and make the companies solvent.

ARTICLE BY ARTICLE

Article I

Article 9

Sub-article (1)

The buying of shares is meant to encourage cooperation between foreign companies being non-Indonesian statutory bodies and Indonesian statutory bodies in order to obtain international market opportunities in the framework of boosting exports.

Sub-article (2) and Sub-article (3)

Sufficiently clear

Sub-article (4)

Sufficiently clear

Sub-article (5)

See elucidation on Article 7, sub-article (3)

Article II

Sufficiently clear

SUPPLEMENT TO STATUTE BOOK OF THE REPUBLIC OF INDONESIA NO. 4162