

Client Alert



Revised - June 2016

Indonesia Foreign Investment - The 2016 Negative List

New Negative List

The Government has enacted a new Negative List under Presidential Regulation No. 44 of 2016, which became effective on 18 May 2016 ("**2016 Negative List**"), although the 2016 Negative List became publicly available only on 23 May 2016. The 2016 Negative List is the implementation of the 10th Economic Package that was announced by the Government on 11 February 2016 ("**10th Economic Package Announcement**") (please see our prior [client alert issued in February 2016](#)). The 2016 Negative List revokes the previous Negative List stipulated under Presidential Regulation No. 39 of 2014 ("**2014 Negative List**").

Although there are some differences between the information announced in the 10th Economic Package Announcement and the 2016 Negative List, the terms of the 2016 Negative List are generally consistent with the 10th Economic Package Announcement.

As required under Law No. 25 of 2007 on Capital Investment ("**Investment Law**"), the Government is required to determine the business lines that are closed to all investment (foreign and domestic), and the business lines that are open for investment (foreign and domestic) with requirements. In principle, all business lines are open to foreign investment, except for those sectors specifically mentioned in a "negative list" and other laws and regulations. This is specifically recognized in article 3 of the 2016 Negative List.

The 2016 Negative List has simplified the categories for the business lines that are open for investment (foreign and domestic) with requirements. The categories are now:

- (a) Business lines that are reserved for or subject to partnership with micro, small and medium enterprises ("**Local SME**") as well as cooperatives ("**Koperasi**").
- (b) Business lines with foreign ownership limitations.
- (c) Business lines with location requirements.
- (d) Business lines with special licensing requirements.
- (e) Business lines reserved for 100% domestic (Indonesian) ownership.
- (f) Business lines with a higher foreign ownership in the context of cooperation of the Association of Southeast Asian Nations (ASEAN).

Further, a "partnership" requirement is not intended to limit foreign ownership, but it is a requirement to establish a cooperation with a Local SME(s) when implementing investments in Indonesia. The cooperation is implemented based on a mutual agreement.

What the 2016 Negative List Says

Liberalization of Certain Sectors

There is significant liberalization under the 2016 Negative List namely:

- Opening up of 45 business lines (by removing those business lines from the 2016 Negative List or otherwise requiring partnership or special licenses). These business lines are listed in **Attachment 1**.
- Removing, for 83 business lines, the need for specific recommendation requirements from the relevant Ministries - for example, plantation seeding and plantations above 25 Ha.
- Simplifying business lines categories. For example, there were 39 business lines for construction services business lines under the 2014 Negative List (e.g., warehouse construction, building construction, building reparation) which have been combined into 1 business line of "construction services".
- Increasing the permitted foreign shareholding in certain business lines:
 - (a) 2 business lines have been increased from 33% to 67%;
 - (b) 23 business lines have been increased from 49% to 67%;
 - (c) 11 business lines have been increased from 51% to 67%;
 - (d) 3 business lines have been increased from 65% to 67%; and
 - (e) 26 business lines currently not open to foreign investment have been opened in varying percentages.

The above business lines are listed in **Attachment 2**.

- Similar to the 2014 Negative List, the opening of foreign ownership or allowing higher foreign ownership for investors from ASEAN member States is maintained.

The Government has continued to recognize its obligations under the ASEAN Comprehensive Investment Agreement (ACIA) of 2009 under which investors that are natural persons or juridical persons of ASEAN member States ("**ASEAN Investor**") can enjoy a higher foreign ownership percentage in certain sectors.

A non-ASEAN company which owns or controls an ASEAN company may be able to avail itself of national treatment and investment market access privileges in an ASEAN company. However, a member State (such as Indonesia) may deny the benefits of the ACIA to an ASEAN Investor if, inter alia:

- (a) a non-ASEAN investor owns or controls that ASEAN Investor and the ASEAN Investor has no substantive business operation in the territory of the host ASEAN member State;
- (b) the ASEAN Investor is owned by an investor of the denying ASEAN member State and the ASEAN Investor has no substantive operations in the territory of the host ASEAN member State; or
- (c) the ASEAN Investor is owned by a non-ASEAN investor and the denying ASEAN member State has no diplomatic relations with the country of the non-ASEAN investor.

Indonesia has limited experience in applying these criteria and it remains to be seen if the Investment Coordinating Board ("**BKPM**") will look through and seek to deny an application by an ASEAN Investor on the above grounds.

In the immediate term, subject to tax planning and specific advice, (i) it would be appropriate for the ASEAN Investor to be owned or controlled by ASEAN based investors (control is defined as the power to name a majority of directors of the ASEAN Investor or legally direct the actions of the ASEAN Investor), and (ii) the ASEAN Investor should have substantive business operations in its ASEAN country of origin. Sectors with higher foreign ownership limitations under the ASEAN Investor scheme are set out in **Attachment 3**.

- Investments in sectors categorized as open for investment (foreign and domestic) with requirements will be categorized as open to foreign investment if the investment is implemented in special economic zones determined by the Government. However, this treatment will not apply to business lines that have been reserved for Local SME and Koperasi.

Changes from the 10th Economic Package Announcement

As mentioned above, there are several changes between the information in the 10th Economic Package Announcement and the 2016 Negative List. Some of the changes are:

- the business line of staple food (*pangan pokok*) plantation seeding with an area of more than 25 Ha is not reserved for Local SMEs, so this business line is still limited to 49% foreign investment; and
- the business line of healthcare research center is excluded from the 2016 Negative List with the intention that this business line should be conducted by the Government instead of private companies.

Restricted Business Lines

There are business lines which are now specifically closed, have increased minimum project value requirements, or where the permitted foreign investment has been reduced. These include:

- Specifically closing investment for 2 business lines of (i) usage (taking) and distribution of: coral/decorative coral from the nature for aquarium and coral/recent death coral from transplantation/propagation result and (ii) lifting of valuable items from a sunken ship's cargo.
- Providing more protection for Local SMEs and Koperasi, by among other things:
 - (a) Reserving additional 19 business lines for Local SMEs under the public work sector (i.e., business service/construction consultant service using low or medium technology and/or low or medium risk and/or the project value is less than IDR10 billion) - for example, predesign and architecture consultancy services, architecture design services and contract administration services; previously foreign investment was permitted up to 55%.
 - (b) Increasing the project values of 39 business lines under the public work sector (i.e., construction services (construction implementation service) using low and medium technology and/or low and medium risk and/or the project value is up to IDR50 billion) that are reserved for Local SMEs from IDR1 billion to IDR50 billion - essentially, this means foreign owned construction services companies can only qualify for projects with a value of over IDR50 billion.
 - (c) Adding 3 business lines that require a partnership with a Local SME or otherwise in the form of a plasma cooperation, namely:
 - sugar industry (white sugar, refined sugar, raw sugar);
 - salting/drying fish and other water biota industry; and
 - retail trading through mail order or the internet.

The above business lines are listed in **Attachment 4**.

- Reducing the permitted foreign investment in 2 business lines. These business lines are:
 - (a) Reducing the permitted foreign shareholding in the business line of provision and business for crossing harbors to become 49% - previously 100% foreign ownership.
 - (b) Reducing the permitted foreign shareholding in the business line of provision and business for and lake harbors to become 49% - previously 100% foreign ownership.

Grandfathering/Restructurings

The prior grandfathering provisions remain, thereby protecting prior approved investment if there has been a reduction in the permitted level of foreign investment in the 2016 Negative List. The position of BKPM is that business lines that have been grandfathered will still be permitted to a conduct business expansion.

Applicability of the Negative List to Public Listed Companies

The position remains unchanged. The 2016 Negative List does not apply to "indirect or portfolio investment", (being a restatement of the elucidation under article 2 of the Investment Law). Although the 2016 Negative List has tried to emphasize that indirect or portfolio investment in companies (engaged in business lines that are open for investment with requirements) through domestic capital market will be exempted from the requirements (meaning the business lines will be open for investment), there are no provisions in the 2016 Negative List removing the ambiguity of the phrase "indirect or portfolio investment" and how in practice the list is applied. Consequently the current market practice will prevail.

Monitoring, Evaluation and Resolution of Investment Issues

As mentioned in the 10th Economic Package Announcement, to monitor, evaluate and resolve investment issues, the Government will establish, under a separate Presidential Decree, a National Team for the Enhancement of Export and Investment. The National Team will be under the coordination of the Coordinating Minister in the field of Economic Affairs (*Menteri Koordinator Bidang Perekonomian*).

Conclusion

- In general, the Government is giving a positive signal that Indonesia is more open, and the terms of the 2016 Negative List are consistent with what had been previously announced in the 10th Economic Package Announcement.
- For domestic investors, the following should be considered as a result of the proposed foreign investment liberalization:
 - (a) identify any threats that may arise given increase competition;
 - (b) identify any new opportunities in establishing a joint venture with foreign investors; or
 - (c) identify any call option(s) under which foreign shareholders may be entitled to, in order to increase their shareholdings in joint ventures.
- For foreign investors, the things to consider are:
 - (a) identify opportunities to invest in Indonesia given the additional liberalized sectors (either wholly owned or through joint ventures);
 - (b) assess the possibility of increasing shareholdings in existing joint ventures (and for certain business lines this will allow financial consolidation), whether through negotiation or the exercise of call options or the conversion of convertible financing instruments; or
 - (c) assess the possibility (if appropriate) to remove the small shareholdings held by Indonesian investors (e.g., where foreign investment is now open 100%).

www.hhp.co.id

For further information please contact

Mark Innis

Foreign Legal Consultant
+62 21 2960 8618

mark.innis@bakernet.com

Mita Djajadiredja

Senior Partner
+62 21 2960 8689

mita.djajadiredja@bakernet.com

Daniel Pardede

Associate Partner
+62 21 2960 8609

daniel.pardede@bakernet.com

Hadiputranto, Hadinoto & Partners
The Indonesia Stock Exchange
Building, Tower II, 21st Floor
Sudirman Central Business District
Jl. Jenderal Sudirman Kav. 52-53
Jakarta 12190
Indonesia

Tel: +62 21 2960 8888

Fax: +62 21 2960 8999

- Despite various lobbying with the Government to specifically exempt indirect or portfolio investment through the domestic capital market, the Government may have taken a status quo position on this issue by not further clarifying the phrase "indirect or portfolio investment" in the 2016 Negative List. Consequently, current market practice will prevail. However, continuous monitoring is required on how this ambiguity is viewed in the future.
- The effectiveness of the National Team for the Enhancement of Export and Investment will also be a key factor to ensure that the entire economic stimulus packages that have been issued by the Government are monitored and implemented accordingly.
- Hopefully the (i) opening of certain business lines to foreign investors, and (ii) the protection given to businesses conducted by domestic investors, Local SMEs and Koperasi, will provide more certainty when investing into Indonesia.

Attachment 1 Liberalized Business Lines

No	Sector	Business Lines	2014 Negative List	2016 Negative List
1.	Maritime and Fishery	Coral breeding/cultivation	Limited to 49% foreign investment	Open 100% foreign investment, but requires a recommendation from the Ministry of Environmental and Forestry
2.	Energy and Mineral Resources	Biomass pellet producing industry for energy	Partnership with Local SMEs	Open 100% foreign investment
3.	Industry	Salting/drying fish and other water biota industry	Reserved for Local SMEs	Open 100% foreign investment, but requires a partnership with Local SMEs
4.		Sugar Industry (white crystal sugar, refined crystal sugar and raw crystal sugar)	Limited to 95% foreign investment, but requires a sugarcane plantation before constructing a new sugar mill or expanding a sugar mill	Open 100% foreign investment, but requires a partnership in the form of 20% plasma core of the total land area
5.		Crumb rubber industry	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment, but requires a special license from the Minister of Industry provided that it is integrated with the development of crumb rubber plantation: <ul style="list-style-type: none"> a. fulfilment of raw material at least 20% of production capacity derives from its own crumb rubber plantation; and b. fulfilment of raw material in the maximum amount of 80% with partnership, with at least 20% of the plantation area is plasma plantation

No	Sector	Business Lines	2014 Negative List	2016 Negative List
6.	Public Work	Toll road business	Limited to 95% foreign investment	Open 100% foreign investment
7.		Non-hazardous waste management and disposal	Limited to 95% foreign investment	Open 100% foreign investment
8.	Trade	Direct selling through marketing network developed by business partners	Limited to 95% foreign investment	Open 100% foreign investment
9.		Retail trade through mail order or internet (for certain goods), namely: <ul style="list-style-type: none"> • food, beverages, tobacco, chemical, pharmacy, cosmetic and laboratory equipment commodities; • textile, apparel, footwear and private goods commodities; • household goods and kitchen set; and • combination of goods above 	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment, but requires a partnership with Local SMEs

No	Sector	Business Lines	2014 Negative List	2016 Negative List
10.	Trade	Distribution (affiliated with production)	Limited to 33% foreign investment	Open 100% foreign investment
11.		Cold storage	Limited to (i) 33% foreign investment in Sumatra, Java and Bali and (ii) 67% foreign investment in Kalimantan, Sulawesi, Nusa Tenggara, Maluku and Papua	Open 100% foreign investment
12.		Futures Broker	Limited to 95% foreign investment	Open 100% foreign investment
13.	Tourism and Economy Creative	Restaurant	Limited to 51% foreign investment (no contradiction with regional regulations)	Open 100% foreign investment
14.		Bar	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Open 100% foreign investment
15.		Cafe	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Open 100% foreign investment
16.		Swimming pool	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Open 100% foreign investment

No	Sector	Business Lines	2014 Negative List	2016 Negative List
17.	Tourism and Economy Creative	Football field	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Open 100% foreign investment
18.		Tennis court	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Open 100% foreign investment
19.		Fitness Center	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Open 100% foreign investment
20.		Sport Center	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Open 100% foreign investment
21.		Other sport activities	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Open 100% foreign investment
22.		Film taking studio	Limited to 49% foreign investment	Open 100% foreign investment
23.		Film processing laboratory	Limited to 49% foreign investment	Open 100% foreign investment

No	Sector	Business Lines	2014 Negative List	2016 Negative List
24.	Tourism and Economy Creative	Film voice dubbing facility	Limited to 49% foreign investment	Open 100% foreign investment
25.		Film printing and/or duplication facility	Limited to 49% foreign investment	Open 100% foreign investment
26.		Film taking facility	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment
27.		Film editing facility	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment
28.		Film subtitling facility	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment
29.		Film production	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment
30.		Movie theatre	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment
31.		Recording studio (Cassette, VCD, DVD, etc.)	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment
32.		Film distribution	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment
33.		Transportation	Salvage service and/or underwater work (PBA)	Limited to 49% foreign investment

No	Sector	Business Lines	2014 Negative List	2016 Negative List
34.	Communication and Informatics	Telecommunication kiosk	Reserved for Local SMEs	Open 100% foreign investment
35.		Establishment of testing telecommunication device agency (laboratory test)	Limited to 95% foreign investment	Open 100% foreign investment
36.		Trade Transaction Operator through Electronic System (market place on a platform basis, daily deals, price grabber, online classified advertising) with investment less than Rp100,000,000,000	Not included	Limited to 49% foreign investment Open 100% foreign investment. if more than Rp100,000,000,000
37.	Health	Medicine raw material industry	Limited to 85% foreign investment	Open 100% foreign investment
38.		Business and management consulting services and/or hospital management services	Limited to 67% foreign investment	Open 100% foreign investment
39.		Supporting health services (medical equipment rental)	Limited to 49% foreign investment	Open 100% foreign investment

No	Sector	Business Lines	2014 Negative List	2016 Negative List
40.	Health	Clinic laboratory	Limited to 67% foreign investment	Open 100% foreign investment
41.		Medical checkup clinic	Limited to 67% foreign investment	Open 100% foreign investment
42.		Healthcare equipment industry: Class B (i.e., surgical masks, syringes, patient monitors, condoms, surgical gloves, hemodialysis fluids, PACS, surgical knife)	Not included	Open 100% foreign investment, but requires a special license from the Ministry of Health
43.		Healthcare equipment industry: Class C (i.e., IV Catheter, X-Ray, ECG, Patient Monitor, Orthopedic Implants, Contact Lens, Oximeter, densitometer)	Not included	Open 100% foreign investment, but requires a special license from the Ministry of Health
44.		Healthcare equipment industry: Class D (i.e., MRI, CT Scan, Cardiac Catheters, Cardiovascular Stents, HIV Test, Pacemaker, Dermal	Not included	Open 100% foreign investment, but requires a special license from the Ministry of Health

No	Sector	Business Lines	2014 Negative List	2016 Negative List
	Health	Filler, Ablation Catheter)		
45.		Stem cell banks and laboratories	Not included	Open 100% foreign investment, but requires a special license from the Ministry of Health

Attachment 2
Business Lines with Increased Permitted Foreign Shareholding

No	Sector	Business Lines	2014 Negative List	2016 Negative List
1.	Energy and Mineral Resources	Geothermal power plant ≤ 10 MW	Not included	Limited to 67% foreign investment
2.		Construction and Installation of electric power: Installation of high/extra high voltage electric power utilization	Not included	Limited to 49% foreign investment
3.		Electric power installation operation and maintenance: High/extra high voltage electric power installation examination and testing	Not included	Limited to 49% foreign investment
4.	Public Work	Construction service (construction implementation service) using advanced technology and/or high risk and/or the project value is more than Rp50,000,000,000	Limited to 67% foreign investment. The threshold for the project value was up to Rp1,000,000,000	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states The threshold for the project value is increased up to Rp50,000,000,000

No	Sector	Business Lines	2014 Negative List	2016 Negative List
5.	Public Work	Business service/ construction consultant service using advanced technology and/or high risk and/or the project value is more than Rp10,000,000,000	Limited to 55% foreign investment There was a reference to "business service/ construction consultant service" only However, there is no reference to "advanced technology and/or high risk and/or the project value is more than Rp10,000,000,000"	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states A new reference to "... advanced technology and/or high risk and/or the project value is more than Rp10,000,000,000" is introduced
6.	Trade	Department store with selling floor of 400 m ² - 2,000 m ²	Closed for foreign investment (100% domestic ownership)	Limited to 67% foreign investment, but requires a special license from the Ministry of Trade with the following requirements: a. located in shopping malls and is not on a stand alone basis; and b. additional outlet store based on export performance (pay performance)
7.		Distribution (not affiliated with production)	Limited to 33% foreign investment	Limited to 67% foreign investment
8.		Warehousing	Limited to 33% foreign investment	Limited to 67% foreign investment
9.	Tourism and Economy Creative	Museum management	Limited to 51% foreign investment (no contradiction with regional regulations)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
10.		Management of historical and ancient heritage such as temples, palaces, inscriptions,	Limited to 51% foreign investment (no contradiction with regional regulations)	Limited to 67% foreign investment

No	Sector	Business Lines	2014 Negative List	2016 Negative List
	Tourism and Economy Creative	historical sites and ancient buildings		
11.		Tourism travel bureau	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
12.		Catering services	Limited to 51% foreign investment (no contradiction with regional regulations)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
13.		Motel	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs); or limited to 70% for investors from ASEAN member states (no contradiction with regional regulations and located in Java island and Bali)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
14.		Billiard hall	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
15.		Bowling alley	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
16.		Golf court	1. Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member

No	Sector	Business Lines	2014 Negative List	2016 Negative List
	Tourism and Economy Creative		<p>partnership with local SMEs)</p> <p>2. Open 100% for investors from ASEAN member states (no contradiction with regional regulations and located outside Java island and Bali)</p> <p>3. Open 70% for investors from ASEAN member states (no contradiction with regional regulations and located in Java island and Bali)</p>	states
17.		Art impresario services	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 60% foreign investment (if partnership with local SMEs)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
18.		Meeting, Incentive, Conference, and Exhibition (MICE)	Limited to 51% foreign investment (no contradiction with regional regulations)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
19.	Transportation	Land transportation for passengers in route (i.e., inter-city and inter-province transportation; rural transportation; inter-city in province transportation; urban/rural transportation; and cross-country border transportation)	Closed for foreign investment (100% domestic ownership)	Limited to 49% foreign investment

No	Sector	Business Lines	2014 Negative List	2016 Negative List
20.	Transportation	Land transportation for passengers which is not in route (i.e., taxi; tourism transportation; certain destination transportation; and certain area transportation)	Closed for foreign investment (100% domestic ownership)	Limited to 49% foreign investment
21.		Terminal supporting business	Limited to 49% foreign investment	Limited to 67% foreign investment
22.		Air transportation supporting service (reservation system via computer, ground handling for passenger and cargo and aircraft leasing)	Limited to 49% foreign investment	Limited to 67% foreign investment
23.		Airport related services	Limited to 49% foreign investment	Limited to 67% foreign investment
24.		Unloading/loading cargo (maritime cargo handling services)	Limited to 49% foreign investment; or limited to 60% for investors from ASEAN member states	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states which is only applicable to 4 ports in eastern part of Indonesia, namely: a. Bitung port; b. Ambon port;

No	Sector	Business Lines	2014 Negative List	2016 Negative List
	Transportation			c. Kupang port; and d. Sorong port
25.		Freight forwarding services	Limited to 49% foreign investment	Limited to 67% foreign investment
26.		Air cargo services	Limited to 49% foreign investment	Limited to 67% foreign investment
27.		General selling agent (GSA) for foreign air transportation company	Limited to 49% foreign investment	Limited to 67% foreign investment
28.	Communication and Informatics	Fixed telecommunication network provider	Limited to 65% foreign investment	Limited to 67% foreign investment
29.		Mobile telecommunication network provider	Limited to 65% foreign investment	Limited to 67% foreign investment
30.		Telecommunication network provider integrated with telecommunication services	Limited to 65% foreign investment	Limited to 67% foreign investment
31.		Content services (ringtone, premium sms, etc.)	Limited to 49% foreign investment	Limited to 67% foreign investment
32.		Call center and other added value telephony services	Limited to 49% foreign investment	Limited to 67% foreign investment

No	Sector	Business Lines	2014 Negative List	2016 Negative List
33.	Communication and Informatics	Internet services provider	Limited to 49% foreign investment	Limited to 67% foreign investment
34.		Data communication system services	Limited to 49% foreign investment	Limited to 67% foreign investment
35.		Telephony internet services for public	Limited to 49% foreign investment	Limited to 67% foreign investment
36.		Internet interconnection services (NAP), other multimedia services	Limited to 49% foreign investment	Limited to 67% foreign investment
37.		Trade Transaction Operator through Electronic System (market place on a platform basis, daily deals, price grabber, online classified advertising) with investment less than Rp100,000,000,000	Not included	Limited to 49% foreign investment Open 100% foreign investment. if more than Rp100,000,000,000
38.	Manpower	Work training (to provide, obtain, enhance and develop work competency, productivity, discipline, attitude	Limited to 49% foreign investment	Limited to 67% foreign investment

No	Sector	Business Lines	2014 Negative List	2016 Negative List
	Manpower	and work ethics among others in the area of technical and engineering, business administration, language, tourism, management, information technology, art and agriculture vocation directed to provide the work force in entering work)		
39.	Health	Healthcare equipment testing	Limited to 49% foreign investment	Limited to 67% foreign investment
40.		Pest control/fumigation services	Closed for foreign investment (100% domestic ownership)	Limited to 67% foreign investment
41.		Medic evacuation and ambulance services	Closed for foreign investment (100% domestic ownership)	Limited to 67% foreign investment
42.		Main clinic: (i) clinic specialized medical services; (ii) clinic specialized dental services; (iii) nursing services; and (iv) other hospital services (mental	Limited to 67% foreign investment if throughout Indonesia; or limited to 70 % foreign investment if in capital cities of eastern part of Indonesia (save for Makassar and Manado) For nursing services, limited to (i) 49% foreign investment throughout Indonesia, (ii) 51% foreign investment in Makassar and Manado or (ii) 70 %	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states This business line can be conducted in all capital cities of eastern part of Indonesia (save for Makassar and Manado)

No	Sector	Business Lines	2014 Negative List	2016 Negative List
	Health	rehabilitation clinic)	foreign investment in capital cities of eastern part of Indonesia For other hospital services (mental rehabilitation clinic), limited to 67% foreign investment if throughout Indonesia	
43.		Healthcare equipment distribution	Not included	Limited to 49% foreign investment, but requires a special license from the Ministry of Health
44.		Health equipment industry: Class A (i.e., cotton bandages, gauze, sticks, IV pole, sanitary napkins, adult diapers, patient bed, wheelchair)	Not included	Limited to 33% foreign investment, but requires a special license from the Ministry of Health

Attachment 3
Business Lines with Increased Permitted Foreign Shareholding from ASEAN Member States

No	Sector	Business Lines	2014 Negative List	2016 Negative List
1.	Forestry	Nature tourism business such as facility, activity and ecotourism business in forest areas including water tourism, nature adventure tourism and cave tourism	Limited to 51% foreign investment	Limited to 51% foreign investment; or limited to 70% for investors from ASEAN member states
2.	Public Work	Construction service (construction implementation service) using advanced technology and/or high risk and/or the project value is more than Rp50,000,000,000	Limited to 67% foreign investment The threshold for the project value was up to Rp1,000,000,000	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states The threshold for the project value is increased up to Rp50,000,000,000
3.	Public Work	Business service/ construction consultant service using advanced technology and/or high risk and/or the project value is more than Rp10,000,000,000	Limited to 55% foreign investment There was a reference to "business service/ construction consultant service" only However, there is no reference to "advanced technology and/or high risk and/or the project value is more than Rp10,000,000,000"	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states A new reference to "... advanced technology and/or high risk and/or the project value is more than Rp10,000,000,000" is introduced

No	Sector	Business Lines	2014 Negative List	2016 Negative List
4.	Trade	Survey on people's opinion and market research	Closed for foreign investment (100% domestic ownership); or limited to 51% for investors from ASEAN member states	Closed for foreign investment (100% domestic ownership); or limited to 70% for investors from ASEAN member states
5.	Tourism and Creative Economy	Museum management	Limited to 51% foreign investment (no contradiction with regional regulations)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
6.		Tourism travel bureau	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
7.		Catering services	Limited to 51% foreign investment (no contradiction with regional regulations)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
8.		Motel	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs); or limited to 70% for investors from ASEAN member states (no contradiction with regional regulations and located in Java island and Bali)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
9.		Pool house (billiard)	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states

No	Sector	Business Lines	2014 Negative List	2016 Negative List
10.	Tourism and Creative Economy	Bowling alley	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
11.		Golf court	<ol style="list-style-type: none"> 1. Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs) 2. Open 100% for investors from ASEAN member states (no contradiction with regional regulations and located outside Java island and Bali) 3. Open 70% for investors from ASEAN member states (no contradiction with regional regulations and located in Java island and Bali) 	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
12.		Art impresario services	Limited to 49% foreign investment (no contradiction with regional regulations); or limited to 51% foreign investment (if partnership with local SMEs)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
13.		Meeting, Incentive, Conference, and Exhibition (MICE)	Limited to 51% foreign investment (no contradiction with regional regulations)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states
14.		Film promotional facility (advertisement, poster, stills, photo, slide, negative,	Closed for foreign investment (100% domestic ownership); or limited to 51% for investors from ASEAN member states	Closed for foreign investment (100% domestic ownership); or limited to 51% for investors from ASEAN member states

No	Sector	Business Lines	2014 Negative List	2016 Negative List
		banner, pamphlet, giant banner, folder, etc.)		
15.	Transportation	Overseas sea transportation for passengers (excluding cabotage)	Limited to 60% for investors from ASEAN member states	Limited to 70% for investors from ASEAN member states
16.		Overseas sea transportation for cargo (excluding cabotage)	Limited to 60% for investors from ASEAN member states	Limited to 70% for investors from ASEAN member states
17.		Unloading/loading cargo (maritime cargo handling services)	Limited to 49% foreign investment; or limited to 60% for investors from ASEAN member states	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states which is only applicable to 4 ports in eastern part of Indonesia, namely: a. Bitung port; b. Ambon port; c. Kupang port; and d. Sorong port
18.	Health	Hospital (formerly specialist/sub-specialist hospital services)	Limited to 67% foreign investment if throughout Indonesia; or limited to 70 % foreign investment if in capital cities of eastern part of Indonesia (save for Makassar and Manado)	Limited to 67% foreign investment; or limited to 70% for investors from ASEAN member states This business line can be conducted in all capital cities of eastern part of Indonesia (save for Makassar and Manado)

No	Sector	Business Lines	2014 Negative List	2016 Negative List
19.	Health	Main clinic: (i) clinic specialized medical services; (ii) clinic specialized dental services; (iii) nursing services; and (iv) other hospital services (mental rehabilitation clinic)	<p>Limited to 67% foreign investment if throughout Indonesia;</p> <p>or limited to 70 % foreign investment if in capital cities of eastern part of Indonesia (save for Makassar and Manado)</p> <p>For nursing services, limited to (i) 49% foreign investment throughout Indonesia, (ii) 51% foreign investment in Makassar and Manado or (ii) 70 % foreign investment in capital cities of eastern part of Indonesia</p> <p>For other hospital services (mental rehabilitation clinic), limited to 67% foreign investment if throughout Indonesia</p>	<p>Limited to 67% foreign investment;</p> <p>or limited to 70% for investors from ASEAN member states</p> <p>This business line can be conducted in all capital cities of eastern part of Indonesia (save for Makassar and Manado)</p>

Attachment 4
Business Lines with Increased Minimum Project Values (Protection for Local SMEs)

No	Sector	Business Lines	2014 Negative List	2016 Negative List
1.	Public Work	Construction service (construction implementation service) using low and medium technology and/or low and medium risk and/or the project value is up to Rp50,000,000,000	Reserved for local SMEs The threshold for the project value was up to Rp1,000,000,000	Reserved for local SMEs The threshold for the project value is increased up to Rp50,000,000,000 This category consists of 39 specific business lines
2.		Business service/ construction consultant service using low or medium technology and/or low or medium risk and/or the project value is less than Rp10,000,000,000	Limited to 55% foreign investment There was a reference to "business service/ construction consultant service" only However, there is no reference to "...simple technology and/or low risk and/or the project value is less than Rp10,000,000,000"	Reserved for local SMEs A new reference to "...simple technology and/or low risk and/or the project value is less than Rp10,000,000,000" is introduced This category consists of 19 specific business lines
3.	Industry	Salting/drying fish and other water biota industry	Reserved for Local SMEs	Open 100% foreign investment, but requires a partnership with Local SMEs

No	Sector	Business Lines	2014 Negative List	2016 Negative List
4.	Industry	Sugar Industry (white crystal sugar, refined crystal sugar and raw crystal sugar)	Limited to 95% foreign investment, but requires a sugarcane plantation before constructing a new sugar mill or expanding a sugar mill	Open 100% foreign investment, but requires a partnership in the form of 20% plasma core of the total land area
5.	Trade	Retail trade through mail order or internet (for certain goods), namely: <ul style="list-style-type: none"> • food, beverages, tobacco, chemical, pharmacy, cosmetic and laboratory equipment commodities; • textile, apparel, footwear and private goods commodities; • household goods and kitchen set; and • combination of goods above 	Closed for foreign investment (100% domestic ownership)	Open 100% foreign investment, but requires a partnership with Local SMEs