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EU-INDONESIA
BUSINESS
DIALOGUE



WORKING PAPER ON LEGAL AND REGULATORY

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IPR PROTECTION IN INDONESIA

- **INDONESIA'S PARTICIPATION IN WTO AND TRIPs RESULTING IN ENACTMENT OF SET OF IPR REGULATIONS**
- **BIG CHALLENGE IN ENFORCING IPR REGULATIONS**
- **ISSUES ON LACK OF AWARENESS DUE TO LOW-LEVEL EDUCATION**
- **SOLUTION BY COORDINATION, SANCTIONS AND SOCIALIZATION**

Legal and Regulatory

Revisiting Major Issues of 2007 Investment Law

- Prohibition for holding shares for and on behalf of foreign partners
- Grandfathering rules and more legal continuity for investors
- No longer (i) mandatory gradual divestment, and (ii) no major distinction between foreign and domestic investment
- Clarification of Investment Coordinating Board Status
- Protection from nationalization
- Guarantee of capital repatriation
- Introduction of Good Corporate Governance and CSR
- Tax incentives
- What the 2010 Negative List offers?
- Take out various lines of business previously closed for foreign investment
- 2010 Negative List increases threshold of foreign participation in some areas (e.g multilevel marketing, large construction services, healthcare)

Legal and Regulatory (continued)

- Higher foreign ownership position for ASEAN investors
- Simplified format of schedules (using ISIC reference) containing the list of closed lines of business and openness of business with requirements
- Grandfathering is as above
- Results of mergers, acquisitions and consolidation
- Provision relating to shareholding threshold due to rights issues and consequences
- Exception to portfolio investment (stock exchange)

HOW INDONESIA MEASURES UP

Indonesia now 129 in recent WorldBank Survey of Ease of Doing Business compared to 127 in 2008.

Moreover the report indicates that reform in 2009 is making it more difficult.

2010 Regulations may have helped here.