

TECHNICAL GUIDELINES FOR ISSUING BUSINESS LICENSES TO FOREIGN INVESTMENT CONSTRUCTION SERVICES COMPANIES

In early 2016, the Ministry of Public Works and Public Housing issued a regulation on Technical Guidelines for Issuing Business Licenses to Foreign Investment Construction Services Companies (Peraturan Menteri Pekerjaan Umum dan Perumahan Rakyat Republik Indonesia No. 03/PRT/M/2016 tahun 2016). This regulation is meant to support the previous regulation, Ministry of Public Works and Public Housing Regulation No. 22/PRT/M/2014 on The Delegation of the Authority to Issue Business Licenses in Public Works and Public Housing in order to Implement the Investment Coordinating Board's Integrated Services. (*Peraturan Menteri Pekerjaan Umum dan Perumahan Rakyat Republik Indonesia No. 22/PRT/M/2014*).

Under this regulation, a foreign investment construction services company can obtain a Construction Services Business License (“**IUJK PMA**”) to do business from the Government. To be eligible, the IUJK PMA holder must be owned by a construction services foreign investment company (“**BUJK PMA**”) with one or more domestic investors. An IUJK PMA will allow the construction services company to do business throughout Indonesia for three (3) years from the date of its issuance, and it may be extended.

This regulation requires both Indonesian and foreigners to have certain qualifications to work in a BUJK PMA. Foreign citizens must at least qualify as associates (*ahli madya*) or hold an ASEAN Architect's Certificate or be an ASEAN Chartered Professional Engineer. Indonesians only need to qualify as an associate (*ahli madya*).

This regulation also imposes several obligations on BUJK PMAs, e.g. to only engage in Construction Services that meet the criteria for high-tech work, and to involve a significant risk and be high cost. It also requires BUJK PMAs to submit several reports on their business activities. It also establishes a Technical Team responsible for providing technical recommendations for issuing licenses and monitoring and evaluating compliance by BUJK

PMA's with their obligations. Several important attachments are included such as the application form for a technical recommendation and the activities report form to be submitted by BUJK PMA's.