

THE USE OF FOREIGN AND INDONESIAN WORKERS IN THE OIL AND GAS SECTOR

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The Minister of Energy and Mineral Resources recently issued a regulation that set out the provisions and procedures for utilizing workers and the development of Indonesian workers in the oil and gas business sector, namely Regulation of the Minister of Energy and Mineral Resources Number 31 of 2013. Under the Regulation, (i) oil and gas contractors, (ii) oil and gas downstream companies, (iii) oil and gas support services companies, and (iv) Representative Offices of Foreign Companies (*Kantor Perwakilan Perusahaan Asing*) engaged in the oil and gas business, are required to prioritize the use of Indonesian workers in their business activities. Foreign workers may be employed, among other things, in positions for which no Indonesian workers are competent or available.

The positions which foreign workers may not be employed in are Human resources; Legal counsel; Environmental Health and Safety (EHS); Supply chain management, including procurement, materials and logistics; Quality control; and Other structural positions under superintendent level (or other equal positions) in the exploration and exploitation phases.

A foreign worker cannot be employed in more than one position and unless appointed as a Director or Commissioner of a company, he/she may not be employed by more than one employer.

The Regulation also specifies the qualifications foreign workers must hold to be employed, the procedure and requirements for obtaining approval for the Foreign Manpower Utilization Plan (RPTKA) and a Foreign Manpower Permit (IMTA) recommendation from the Directorate General supervising the oil and gas business sector, the requirement to transfer technology, develop Indonesian workers and submit an annual report, as well as the administrative sanctions for not complying with the Regulation.