

PRESIDENTIAL DECREE
NUMBER 34, YEAR 1992
CONCERNING
THE UTILIZATION OF LAND UNDER LAND TITLES
FOR BUSINESS OPERATION AND LAND TITLES FOR BUILDING CONSTRUCTION
FOR JOINT VENTURES WITHIN THE FRAMEWORK OF
FOREIGN CAPITAL INVESTMENTS

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Considering : That with a view to increasing interest and promoting investments in various fields of business, it is deemed necessary to introduce improvements of the provisions concerning the utilization of land under land titles for business operation and land titles for building construction for joint ventures within the framework of foreign capital investments.

In view of : 1. Article 4 paragraph (1) and Article 33 of the Constitution of 1945;

2. Law No. 5/1960 concerning Basic Agrarian Principles (State Gazette of 1960 No. 104, Additional to State Gazette No. 2043);

3. Law No. 1/1967 concerning Foreign Capital Investments (State Gazette of 1961 No. 1, Additional State Gazette No. 2818) as amended by Law of the Republic of Indonesia No. 11/1970 (State Gazette of 1970 No. 46, Additional to State Gazette No. 2943);

4. Government Regulation No. 17/1992 concerning the Requirements for Share Ownership in Foreign Capital Investment Companies (State Gazette of 1992 No. 36, Additional State Gazette No. 3476);

5. Presidential Decree No. 54/1977 concerning Basic Provisions Concerning the Procedure for Capital Investments;

6. Presidential Decree No. 33/1981 concerning the Investment Coordinating Board, as already amended by Presidential Decree No. 78/1982.

H A S D E C I D E D :

By revoking : Presidential Decree No. 23/1980 concerning the utilization of land under land titles for business operation and land titles for building construction for joint ventures within the framework of foreign capital investments.

To stipulate : THE PRESIDENTIAL DECREE CONCERNING THE UTILIZATION OF LAND UNDER LAND TITLES FOR BUSINESS OPERATION AND LAND TITLES FOR BUILDING CONSTRUCTION FOR JOINT VENTURES WITHIN THE FRAMEWORK OF FOREIGN CAPITAL INVESTMENTS

Article 1

- (1) In joint ventures within the framework of foreign capital investments, land titles for business operation can be granted to joint venture companies.
- (2) Joint venture companies as holders of land titles for business operation as meant in paragraph (1) shall take the form of statutory bodies set up according to the Indonesian law and domiciled in Indonesia.
- (3) Application for land titles for business operation as meant in paragraph (1) and paragraph (2) shall be submitted by joint ventures companies as prospective holders of land titles for business operation.
- (4) Land titles for business operation as meant in paragraph (2) shall be granted for a maximum period of 35 (thirty-five) years and extendable for a maximum period of 25 (twenty-five) years as long as the companies concerned are running well, and shall be renewable.

Article 2

- (1) Land titles for business operation held by joint venture companies as meant in Article 1 paragraph (1) and paragraph (2) can serve as collateral with the right of guarantee.
- (2) Joint venture companies as holders of land titles for business operation can transfer the said titles with prior licensing by the Head of the National Agency for Land Affairs.
- (3) The license as meant in paragraph (2) includes the transfer of shares of holders of land titles for business operation.
- (4) Any violation of the provisions as meant in paragraph (2) and paragraph (3) can serve as the basis for the government to review the land titles for business operation concerned.

Article 3

- (1) In case joint venture companies are in need of land for plant yards, factory buildings, warehouses, employee's housing facilities and other structures, the

said companies can be granted land titles for building construction according to the laws in force, on the condition that the land applied for is located outside the area already under land titles for business operation.

- (2) In case the land expected to be granted land titles for building construction in the name of the said joint venture companies is located within the area already under land titles for business operation, the status shall remain land titles for business operation and it shall not be granted land titles for building construction.

Article 4

Land titles for business operation already granted to joint venture companies shall be cancelled if the land concerned is not properly subject to business operation pursuant to the laws in force.

Article 5

Application for land titles for business operation for joint ventures which on the date of stipulation of this presidential decree have been submitted in the name of Indonesian partners but on which no decisions have yet been made, shall again be submitted by joint venture companies with the approval of Indonesian partners, with the provision that the procedure already followed and completed for the handing in of previous applications need not to be repeated.

Article 6

Foreign capital investment companies possessing/controlling estate land of which the ownership/control was restored based on the *Ampera* Cabinet Instruction No. 28/U/IN/17/1966 and the right has expired and/or will expire, can be granted extension and/or apply for new titles on the condition that their status shall be change into joint venture companies with Indonesian partners.

Article 7

The procedure for the application, extension and renewal of land titles for business operation as meant in Article 1 and Article 6 shall be stipulated by the Head of the National Agency for Land Affairs.

Article 8

The provisions stipulated in this Presidential Decree shall be effective, *mutatis mutandis*, for joint venture companies operating within the framework of foreign capital investments and already possessing land titles for business operation held by Indonesian partners.

Article 9

This Presidential Decree shall come into force as from the date stipulation.

Stipulated in Jakarta

On July 6, 1992

THE PRESIDENT OF THE REPUBLIC OF INDONESIA

Signed

SOEHARTO