

**LAW OF THE REPUBLIC OF INDONESIA**

**NUMBER: 5 OF 1984**

**ON  
INDUSTRIAL AFFAIRS  
BY THE GRACE OF GOD THE ALMIGHTY**

**PRESIDENT OF THE REPUBLIC OF INDONESIA,**

Considering:

- a. that the objective of national development is to realize an equitable and prosper community that is distributed evenly on material and spiritual basis based on Pancasila, and that the essence of the National Development is Development of Indonesian People in a whole, therefore the implementation basis of the National Development is Pancasila and the 1945 Constitution;
- b. that direction of long term development in economic sector in the national development is the achievement of balanced economic structure that contains advanced industrial ability and strength that is supported by powerful agricultural strength and ability, and constituting the step-stone for Indonesian nation to grow and develop on its own strength;
- c. that in order to achieve the goals of development in economic sector in the national development, industry plays a determinative role and, therefore, need to be increasingly developed in balanced and integrated manners by increasing community participation actively and utilizing optimally all of natural, human, and fund resources that are available;
- d. that based on the foregoing and to provide strong basis for arrangement, enhancement, and development of industry on established and continuous basis, and unavailability of legal sets that are comprehensively able to base them, it is necessary to establish Law on Industrial Affairs;

In view of :

1. Article 5 paragraph (1), Article 20 paragraph (1), Article 27 paragraph (2), and Article 33 of the 1945 Constitution;
2. Law Number 7 of 1960 on Statistics (Statute Book of 1960 Number 109, Supplement to Statute Book Number 2048);
3. Law Number 12 of 1967 on Fundamentals of Cooperatives (Statute Book of 1967 Number 23, Supplement to Statute Book Number 2832);
4. Law Number 1 of 1970 on Occupational Safety (Statute Book of 1970 Number 1, Supplement to Statute Book Number 2918);

5. Law Number 5 of 1974 on Fundamentals of Administration in Regions (Statute Book of 1974 Number 38, Supplement to Statute Book Number 3037);
6. Law Number 4 of 1982 on Basic Provisions of Living Environment Management (Statute Book of 1982 Number 12, Supplement to Statute Book Number 3215);
7. Law Number 20 of 1982 on Basic Provisions of Security Defence of the Republic of Indonesia (Statute Book of 1982 Number 51, Supplement to Statute Book Number 3234);

With the approval of  
THE HOUSE OF PEOPLE'S REPRESENTATIVES  
D E C I D E S:

To stipulate:

## LAW ON INDUSTRIAL AFFAIRS.

### CHAPTER I GENERAL PROVISIONS

#### Article 1

Referred to in this Law as:

1. Industrial affair is a setting and all activities relating to industrial activities.
2. Industry is an economic activity that processes raw materials, basic materials, semi-finished goods, and/or finished goods into goods of higher value for its usage, including design activity and industrial engineering.
3. Industrial groups are main parts of industrial activities, namely upstream industrial group or referred also as basic industrial group, downstream industrial group, and small industrial group.
4. Industrial branch is a part of an industrial group which has the same general characteristics in the production process.
5. Industrial type is a part of an industrial branch that has the same specific characteristics and/or its result is final in the production process.
6. Industrial Business sector is an activity field that relates with industrial branch or industrial type.
7. Industrial company is a business entity that conducts activity in industrial business sector.
8. Raw materials are all materials that are obtained from natural resources and/or that are obtained from human efforts for further utilization.

9. Industrial basic materials are raw materials, either processed or unprocessed, that can be utilized as production means in industry.
10. Semi-finished goods are raw materials or basic materials that have experienced one or several stages of industrial process which can be processed further into finished goods.
11. Finished goods are goods out of industry that are either ready for use for final consumption or ready for use as production tools.
12. Industrial technology is methods in the processing that are applied in industry.
13. Applied technology is a technology that is proper and useful to a process to generate an added value.
14. Industrial design is an industrial activity that relates with establishment planning of industry/factory as a whole or in parts.
15. Industrial engineering is an industrial activity that relates with planning and manufacturing of factory machines/equipments and other industrial devices.
16. Industrial standards are provisions on production results of industry that, in one side, relate with shape, dimension, composition, quality, and others and, on the other side, relate with method of processing, method of drawing, method of testing and others.
17. Industrial standardization is uniformity and application of industrial standards.
18. Industrial setting is composition system and arrangement in the broadest meaning for industry.

## CHAPTER II BASIS AND OBJECTIVES OF INDUSTRIAL DEVELOPMENT

### Article 2

Industrial development is based on economic democracy, confidence in own ability and strength, benefits, and living environment preservation.

### Article 3

Industrial development is purposed to:

1. improve people's welfare and prosperity on equitable and evenly distributed basis by utilizing funds, natural resources, and/or cultivation results and by paying attention to the balance and preservation of the living environment;

2. increase the economic growth gradually, change the economic structure to be better, advanced, healthy, and more balanced as an effort of realizing stronger and wider basis for the economic growth in general, and to provide added value for the industrial growth in particular;
3. improve ability and mastering and to encourage the creation of applied technology and to grow up the confidence in the ability of national business world;
4. increase community participation and ability of economically weak groups, including crafters, in order to play active roles in industrial development;
5. widen and spread evenly the employment opportunity and business opportunity, and to increase the roles of industrial cooperatives;
6. increase foreign exchange revenue through improving export of quality national production results, in addition to foreign exchange saving through preference of use of domestic production results, in order to reduce dependence on foreign countries;
7. develop industrial growth centres that support regional development in the framework of realization of Wawasan Nusantara;
8. support and strengthen the dynamic national stability in the framework of strengthening the national defence.

### CHAPTER III

#### INDUSTRIAL DEVELOPMENT

##### Article 4

- (1) Industrial branches that are important and strategic for the state and controlling the public deed shall be controlled by the state.
- (2) Provision as contemplated in paragraph (1) shall be regulated further by Government Regulation.

##### Article 5

- (1) The government determines industrial business sectors that are categorized as small industrial group, including industries that use traditional skills and industries producing art articles, that can be operated only by Indonesian Nationals.
- (2) The government determines industrial types that are specifically reserved for small industrial activities that are conducted by entrepreneur society for economically weak groups.
- (3) Provisions as contemplated in paragraphs (1) and (2) shall be regulated

further by Government Regulation.

#### Article 6

The government determines industrial business sectors for investment of capital, both domestic and foreign capitals.

### CHAPTER IV ARRANGEMENT, ENHANCEMENT, AND DEVELOPMENT OF INDUSTRY

#### Article 7

The government conducts arrangement, enhancement, and development of industry, to:

1. realize industrial development that is better, healthier and effective;
2. develop good and healthy competition and to prevent unfair competition;
3. prevent centralization or control of industry by one group or individual person in the form of monopoly that harms the community.

#### Article 8

The government conducts arrangement, enhancement, and development of industrial business sector on a balanced, integrated, and directed manner in order to strengthen the national industrial structure in every stage of industrial development.

#### Article 9

Arrangement and enhancement of industrial business sector shall be conducted by paying attention to:

1. Distribution and dissemination of industrial development by utilizing natural and human resources by using industrial process and applied technology in order to be able to grow and develop on own ability and strength;
2. Creation of healthy climate for industrial growth and prevention of unfair competition among companies which conduct industrial activities, in order to avoid industrial centralization and control by one group or individual in the form of monopoly that is detrimental to the community;
3. Reasonable protection for domestic industries against overseas industrial and trade activities which are contradictory to the national interests in general and domestic industrial development in particular;
4. Prevention of damages and pollutions to the living environment, and safeguarding of the balance and preservation of natural resources.

## Article 10

The government conducts enhancement and development on:

1. inter-relation among industrial business sectors to increase added value and larger contribution to the national production growth;
2. inter-relation between industrial business sector and other economic field sectors which can increase added value and larger contribution to the national production growth;
3. industrial growth through initiative, participation, and self-sufficiency of the community.

## Article 11

The government conducts enhancement of industrial companies in implementing mutually beneficial cooperation, and seeks for improvement and development of such cooperation.

## Article 12

In order to encourage development of certain industrial branches and industrial types in home country, the government may provide necessary facilities and/or protections.

## CHAPTER V INDUSTRIAL BUSINESS LICENCE

### Article 13

- (1) Every establishment of new industrial company and every expansion shall be obliged to obtain Industrial Business Licence.
- (2) The granting of Industrial Business Licence relates with arrangement, enhancement, and development of industry.
- (3) Obligation to obtain Industrial Business Licence can be exempted for certain industrial types in small industrial group.
- (4) Provisions on licensing as contemplated in paragraphs (1) and (3) shall be regulated further by Government Regulation.

#### Article 14

- (1) In accordance with the Industrial Business Licence that is obtained under Article 13 paragraph (1), industrial companies are obliged to submit industrial information periodically concerning its production activities and results to the government.
- (2) The obligation to submit industrial information can be exempted for certain industrial types in small industrial group.
- (3) Provisions on form, contents and procedures of submitting industrial information as contemplated in paragraph (1) shall be regulated further by Government Regulation.

#### Article 15

- (1) In accordance with the Industrial Business Licence that is obtained under Article 13 paragraph (1), industrial companies are obliged to make efforts relating to security and safety of their tools, process and production results including its transportation.
- (2) The government conducts enhancement in the form of guidance and counselling, regarding with the implementation of efforts relating to security and safety of industrial tools, process and production results including its transportation.
- (3) The government conducts supervision and control regarding with the security and safety of industrial tools, process and production results including its transportation.
- (4) Procedures of implementation of supervision and control as contemplated in paragraph (3) shall be regulated by Government Regulation.

### CHAPTER VI INDUSTRIAL TECHNOLOGY, INDUSTRIAL PRODUCT DESIGN, INDUSTRIAL DESIGN AND ENGINEERING, AND STANDARDISATION

#### Article 16

- (1) In conducting and/or developing industrial business sector, industrial companies shall use and create industrial technologies that are proper to use by utilizing devices that are available and have been developed abroad.
- (2) If the required industrial technology devices are unavailable or insufficiently available in home country, the government shall assist with selection of industrial technology devices from abroad that are required and shall regulate their transfer to home country.

- (3) Selection and transfer of industrial technology from abroad that are strategic and necessary for industrial development in home country, shall be regulated further by Government Regulation.

#### Article 17

Industrial product design obtains legal protection the provisions of which are regulated by Government Regulation.

#### Article 18

The government encourages development of industrial designing and engineering ability.

#### Article 19

The government determines standards for basic materials and industrial produced goods with a purpose to assure quality of industrial results and to achieve production efficiency.

### CHAPTER VII INDUSTRIAL AREA

#### Article 20

- (1) The government may determine areas of industrial growth centres and location for industrial development in accordance with its objectives in order to realize Wawasan Nusantara.
- (2) The provision as contemplated in paragraph (1) shall be regulated further by Government Regulation.

### CHAPTER VIII INDUSTRY IN RELATION TO NATURAL RESOURCES AND LIVING ENVIRONMENT

#### Article 21

- (1) Industrial company is obliged to make efforts of balancing and preserving natural resources and prevention of damages and pollutions to the living environment from occurring as a result of industrial activities it conducts.
- (2) The government conducts arrangement and enhancement in the form of guidance and counselling on implementation of damage prevention and pollution control to the living environment resulting from industrial activities.
- (3) The obligation to make efforts as contemplated in paragraph (1) shall be exempted for certain industrial types in small industrial group.

### CHAPTER IX



## DELEGATION OF AUTHORITY AND AFFAIRS ON INDUSTRY

### Article 22

Delegation of authority on arrangement, enhancement, and development of industry, shall be regulated further by Government Regulation.

### Article 23

Assignment of affairs and revocation thereof regarding with certain industrial business sectors from the Central Government to the Regional Government in the framework of implementation of regional development that is real, dynamic, and accountable, shall conducted with Government Regulation.

## CHAPTER X CRIMINAL PROVISIONS

### Article 24

- (1) Anyone who purposely commits in actions contradictory to provisions as contemplated in Article 13 paragraph (1) and Article 14 paragraph (1) shall be subjected to imprisonment of maximum 5 (five) years or and fine of maximum Rp 25.000.000,- (twenty five million rupiah) with additional punishment of its Industrial Business Licence revoked.
- (2) Anyone who due to his/her negligence commits in actions contradictory to provisions as contemplated in Article 13 paragraph (1) and Article 14 paragraph (1) shall be subjected to imprisonment of maximum 1 (one) years or and fine of maximum Rp 1.000.000,- (one million rupiah) with additional punishment of its Industrial Business Licence revoked.

### Article 25

Anyone who purposely without authority commits in imitation of industrial product design as contemplated in Article 17, shall be subjected to imprisonment of maximum 2 (two) years or and fine of maximum Rp 10.000.000,- (ten million rupiah).

### Article 26

Anyone who purposely commits in actions contradictory to provisions as contemplated in Article 19, shall be subjected to imprisonment of maximum 5 (five) years or and fine of maximum Rp 25.000.000,- (twenty five million rupiah) with additional punishment of its Industrial Business Licence revoked.

### Article 27

- (1) Anyone who purposely commits in actions contradictory to provisions as contemplated in Article 21 paragraph (1) shall be subjected to imprisonment of maximum 10 (ten) years and/or and fine of maximum Rp

100.000.000,- (one hundred million rupiah).

- (2) Anyone who due to his/her negligence commits in actions contradictory to provisions as contemplated in Article 21 paragraph (1) shall be subjected to imprisonment of maximum 1 (one) years and/or and fine of maximum Rp 1.000.000,- (one million rupiah).

#### Article 28

- (1) Offences as contemplated in Article 24 paragraph (1), Article 25, Article 26, and Article 27 paragraph (1) are crimes.
- (2) Offences as contemplated in Article 24 paragraph (2), and Article 27 paragraph (2) are violations.

### CHAPTER XI TRANSITIONAL REGULATIONS

#### Article 29

Upon coming into force of this Law, all statutory regulations relating to industrial affairs that do not contradict to this Law shall remain be effective as long as their replacement are not stipulated yet under this Law.

### CHAPTER XII CLOSING PROVISION

#### Article 30

Upon coming into force of this Law, the Bedrijfsreglementerings-ordonnantie 1934 (Staatsblad 1938 Number 86) shall be declared as inapplicable to industry.

#### Article 31

Matters that are not or insufficiently regulated in this Law shall be regulated by Government Regulations.

#### Article 32

This Law regulation shall comes into force as of the date of promulgation.

For public cognizance, this Law shall be announced by placing it in the Statute Book of the Republic of Indonesia.

Ratified in Jakarta  
On June 29, 1984  
PRESIDENT OF THE REPUBLIC OF INDONESIA,

SOEHARTO

Promulgated in Jakarta  
on June 29, 1984  
MINISTER/SECRETARY FOR THE STATE  
OF THE REPUBLIC OF INDONESIA,

SUDHARMONO, S.H.

**ELUCIDATION  
ON  
LAW OF THE REPUBLIC OF INDONESIA  
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ON  
INDUSTRIAL AFFAIRS**

General

The State Policy Guidelines affirms that the main goal of long term development is the created strong foundation for the Indonesian nation to grow and develop on its own strength toward a community that is equitable and prosper based on Pancasila.

In economic sector, the main goal to be achieved in the long term development is the created balance between agriculture and industry and fundamental changes in Indonesian economic structure so that the national production originating outside the agriculture will be increasingly large part and the industry will be the economic backbone.

In addition, implementation of development must at the same time secure distribution of income evenly to all people in accordance with the sense of equity, in the framework of realizing social justice in one side, the development is not only directed to increase the production, but also to prevent the widening of a separating gap between the rich and the poor,

In consideration to the long term development goal in economic sector, then the industrial development play has a very important role. With the aforesaid direction and goal, the industrial development does not only mean a necessity of higher improvement and accelerated growth in order to be able to accelerate the creation of economic structure that is more balanced, but its implementation must also increase the employment opportunity, increase the industrial production process sequences to satisfy domestic need so that reducing dependence on import, and increase export of own industrial products.

In order to realize the aforesaid goals, it is required legal sets that are obviously able to underline efforts of arrangement, enhancement, and development in the broadest meaning of settings and all industrial activities.

In the framework of this need, this Law on Industrial Affairs is established.

This matter is perceived increasingly important, especially if related with the existing reality so far that the regulations used for arrangement, enhancement, and development of industry so far are perceived not sufficiently satisfying the need because of only regulating several certain aspects in the industrial setting and activities, and even they frequently only relate each others.

If this Law is aimed to provide a strong legal basis in the efforts of arrangement, enhancement, and development in the broadest meaning, this is not necessary meant that this Law with give probability for absolute control on each industrial branch by the State.

The 1945 Constitution and The State Policy Guidelines have clearly and decidedly shown that in the economic activities, including industry, the emergence of "etatisme" and "free fight liberalism" system must be avoided.

On the other hand, through this Law, efforts of arrangement, enhancement, and development of industry given the direction on where to go and how this industrial development must be conducted, by as much as possible giving opportunity to the community to play roles actively.

In this case, this Law decidedly states that this industrial development must be based on the economic democracy.

With this basis, industrial business activities are essentially open to be performed by the community.

That this Law determines industrial branches that are important and strategic for the state and controlling the public needs are controlled by the state, this is indeed one of cores of the economic democracy itself.

Likewise, determination of industrial business sectors that are categorized into small industrial group, including industries that use traditional skills and industries producing art articles can be operated only by Indonesian Nationals.

Based on this, efforts of arrangement, enhancement, and development that are made by the government, are directed to create industrial business climate healthily and steadily. To this relation, the big and strong industrial business sectors shall enhance and guide the little and weak one in order to be able to grow and develop to be strong. With such a healthy industrial business climate, expectably the industry will be able to give considerable stimulus in creating wide employment.

With the efforts and with the creation of business climate as referred to above, expectably the community confidence in the own ability and strength in developing industry will also grow stronger. To this relation, it is crucial to always note that regardless big desire contained in the effort to build this industry, however, this Law also instructs the creation of harmony and balance between the development effort itself and the living environment of human and Indonesian communities.

Nevertheless, prosperity is not the only objective to be achieved by this industrial development.

Any efforts made in the development activity, are not separated from the objectives of national development, namely a development to realize a equitable and prosper community that are materially and spiritually on level pegging based on Pancasila in the auspice of Unitary State of the Republic of Indonesia, and not separated from the long term development direction, namely, a development that is implemented in the framework of development of Indonesian people in a whole and development of all of Indonesian communities. Therefore, this Law also affirms that any efforts and activities made and conducted in the framework of this industrial development, must always pay attention to the use of natural resources economically in order not to damage the living environment system.

Therefore, the industrial community that is built must remain guarantying the realization of Indonesian community who is having personality, advanced, prosper, equitable and perpetual based on Pancasila.

## ARTICLE BY ARTICLE

### Article 1

#### Point 1

Sufficiently clear.  
Point 2  
Sufficiently clear.  
Point 3  
Sufficiently clear.  
Point 4  
Sufficiently clear.  
Point 5  
Sufficiently clear.  
Point 6  
Sufficiently clear.  
Point 7  
Sufficiently clear.  
Point 8  
Sufficiently clear  
Point 9  
Sufficiently clear.  
Point 10  
Sufficiently clear.  
Point 11  
Sufficiently clear.  
Point 12  
Sufficiently clear.  
Point 13  
Sufficiently clear.  
Point 14  
Sufficiently clear.  
Point 15  
Sufficiently clear.  
Point 16  
Sufficiently clear.  
Point 17  
Sufficiently clear.  
Point 18  
Sufficiently clear.

Article

2

As described in the general elucidation, industrial development is based on:

a. economic democracy, namely that the industrial development is implemented by to the extent possible engaging and increasing active participation of the community comprehensively, in the form of both private business and cooperative and by avoiding "free fight liberalism" system, "etatisme" system, and economic strength centralization in one group in the form of monopoly that is detrimental to the community;

b. self confidence, namely that all efforts and activities in the industrial development must be based on and at the same time able to arouse confidence in own ability and strength and cantered to the national personality;

c. benefits, namely that the implementation of industrial development and its results must be able to be utilized maximally for humanity and improvement of people's welfare;

d. living environment preservation, namely that the implementation of industrial development must always be conducted by paying attention to the balance and preservation of the living environment and natural resources;

e. the national development must be characterized by economic democracy and give increasingly real manifestation of the economic democracy itself.

#### Article 3

Sufficiently clear.

#### Article 4

##### Paragraph (1)

Certain industrial branches assume roles that are very important and strategic to the country, and controlling public needs, because of, among other things:

a. satisfying very basic need for the people's welfare or controlling public needs;

b. processing a strategic raw materials

c. and/or relating directly to the interest of state defence and security.

Controlled by the state does not always mean that the industrial branch in question must be owned by the state, but the government has authority to regulate production of the industrial branch in question in the framework of maintaining the stability of national economy and national defence.

In relation to the aforesaid considerations, then the industrial branches can be still owned or controlled by the state.

##### Paragraph (2)

Sufficiently clear.

#### Article 5

##### Paragraph (1)

Small industrial groups, including those that use modern process, that use traditional skills, and that produce art articles such as handicraft industry, all of which are widespread throughout Indonesia, are generally operated by Indonesian people of economically weak groups. Therefore, this industry can be operated merely by Indonesian Nationals.

##### Paragraph (2)

Sufficiently clear.

##### Paragraph (3)

Sufficiently clear.

#### Article 6

The government determines policies to open opportunities for new investment or extension of the existing industrial business sectors, for both domestic investment and foreign investment in consideration that the production resulted is highly needed.

#### Article 7

Through arrangement, enhancement, and development, the government prevent uneconomic capital investment and the incurrence of unfair and deceitful competition in the activities of industrial business sector, and on the other hand, develop a good and healthy competition climate. Through the arrangement, enhancement and development, the government prevents centralization and controlling of industry by one group or individual in the form of monopoly that is detrimental to the community.

#### Article 8

Meant by arrangement, enhancement, and development of industrial business sector in this Article is an effort made continuously and sustainably in the broadest sense to the industrial activities. Task and responsibility to create climate and circumstances that is beneficial to the growth and development of this industrial business sector, in basically on the government.

Therefore, it is reasonable if the enhancement and development efforts are made by the government through arrangement activities the authority of which is also on the government.

In its implementation, activities of arrangement, enhancement and development of industrial business sector that are conducted by the government with authority given by this Law, is conducted on balanced, integrated and directed basis to strengthen the national industrial structure in each stage of industrial development.

#### Article 9

##### Point 1

In order to realize change of economic structure fundamentally, all of the existing natural resources and human resources need to be utilized to optimal.

At the same time, the objective to improve people's welfare and prosperity through this industry also demands for implementation of distribution and dissemination of development and industrial development throughout Indonesia in accordance with the characteristics and natural and human resources in each region.

Similarly, it is also necessary to improve regional and rural development that is accompanied with enhancement and development as well as participation and ability of the community. Application of proper-to-use technologies, that are both results of development in home country and that are resulted from transfer from abroad, is an effort in order that with the available human resources, maximum utilization can be obtained from the natural resources owned by Indonesian nation for prosperity of all people.



#### Point 2

for the creation of beneficial climate and industrial development healthily, harmoniously, and steadily, the government conduct arrangement and enhancement in comprehensive and directed manners to prevent unfair competition among companies that conduct industrial activities; in order to avoid industrial centralization and control by one group or individual in the form of monopoly that is detrimental to the community.

In this series of activities, various supporting facilities and policies are required, such as:

- industrial information that is complete and continuous;
- licensing policies that are directed to develop industrial activities;
- industrial protection policies through enhancement and preference of domestic production;
- policies that stimulate export of industrial products;
- banking and capital market policies that support industrial development.

#### Point 3

Domestic industries are directed to be as soon as possible able to enhance itself in order to have high performance and productivity, so that its production results are able to compete with the imported goods in the domestic market places, and in international market places.

Therefore, in its growth phase, the government is able to, within reasonable limits, give protection to the domestic industries.

On another side, such a protection given must also remain guarantee that the domestic consumers are not harmed.

#### Point 4

In the development implementation, natural sources must be used rationally. The exploitation of natural resources must be endeavoured not to damage the living environment system, conducted with full wisdom and by taking into account the need of future generations.

#### Article 10

In order to increase added value to maximum, the industrial development must be implemented by developing a mutual benefit inter-relation that is chained to all directions to the fullest extent:

- a. inter-relation among upstream/basic industrial group, downstream industrial group and small industrial group;
- b. inter-relation among big, medium, and small industries in amount of investment;
- c. inter-relation among various industrial branches and/or types;
- d. inter-relation between industry and other economic sectors.

#### Article 11

Meant by enhancement industrial company in this Article is enhancement of cooperation between small, medium and big industries that needs to be

developed as a cooperation and interrelation system such as subcontracting in general, foster father system, and so on.

By developing this system, cooperation among big, medium and small industrial companies can run in a positive and conducive climate, in the meaning mutually needing and mutually strengthening and mutually beneficial.

In conducting cooperation enhancement among the industrial companies, the government utilizes the roles of cooperatives, Indonesian Chamber of Commerce and Industry, and associations /federations of industrial companies as a locus to improve development of industrial business sector.

#### Article 12

Meant by facilities and/or protection given by the government to encourage development of industrial branches and industrial types are, among others, in the fields of taxation, capitalization and banking, import duty and excise, export certificates and others.

#### Article 13

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

This exemption of possessing Industrial Business Licence is aimed to certain industrial types in small industrial group which, by its business nature and its small investment is more as livelihood of the low income community group such as home industry and handicraft industry.

Paragraph (4)

Sufficiently clear.

#### Article 14

Paragraph (1)

Meant by industrial information in this Article is statistic data of industrial company that are real, correct and complete that are required as a basis of arrangement, enhancement and development of industrial business sector as contemplated in Article 8.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

#### Article 15

Paragraph (1)

Sufficiently clear.

Paragraph (2)

In the framework of enhancement in the form of guidance and counselling, the government provides manuals of implementation regarding efforts of securing security and safety to use industrial equipments, basic materials and production results including its transportation, by considering also the occupational safety. As to transportation means transportation of basic materials and industrial production results that are dangerous.

In addition, it is also necessary to supervise steps of prevention of damage and pollution to the living environment and safeguarding of the balance and preservation of natural resources.

Paragraph (3)

Supervision and control relating to security and safety of tools, process and industrial production results is to secure the safety and security in implementation of operational technical tasks.

Paragraph (4)

Sufficiently clear.

## Article 16

Paragraph (1)

In accordance with classification of industries, each of the upstream industrial groups or called also as basic industrial group, downstream industrial group or public also calls its multifarious industry, and small industrial group, and in consideration to its mission, namely for growth or dissemination, then application of proper-to-use technology can take the form of advanced technology, moderate technology or simple technology.

Directive to use proper-to-use technology by maximally using domestic materials is to increase added value, to maintain balance between the production increase and the employment opportunity, and income equitable distribution.

Paragraph (2)

The government assisting with selection of industrial technology devices from abroad means the provision of data of industrial technology information relating with source/origin of the technologies, processes, licences, patents, royalties including services in preparing agreements, and so on.

Paragraph (3)

Sufficiently clear.

## Article 17

Industrial product design means result of design of a finished goods to be produced by an industrial company. Legal protection means a prohibition for other parties to conduct unauthorized imitation of industrial product design that has been created and has been registered.

Purpose of this Article is to give stimulation for creation of new designs.

## Article 18

This article is purposed that maximum opportunities are open for Indonesian nation to have expertise and experience to master technology in industry establishment planning and designing and manufacturing of factory machineries and industrial equipments.

The meaning of industrial engineering includes consultation in the field of engineering, construction engineering, industrial equipment and machinery engineering.

#### Article 19

Determination of industrial standards is aimed to assure and improve quality of industrial results, to normalization of use of basic materials and goods, and to rationalization of production and work method optimization for the achievement of maximum efficiency.

In preparing the aforesaid industrial standards, private sector, Indonesian Chamber of Commerce and Industry, Associations, Research Centres, Scientific Institutions, Consumers Institutes and other parties that concern with processes in industrial standardization are involved.

In addition for industrial interest, industrial standardization is also necessary to protect the consumers.

#### Article 20

##### Paragraph (1)

Development of basic industry at large scale that is conducted to process directly the natural resources including energy sources that exist in a region, needs to be utilized to encourage development of industrial branches and types that are related each others, that can be developed further becoming industrial zones. The aforesaid series of industrial development activities will in turn accelerate developmental activity of other economic sectors together with its infrastructure, such as, importantly, service terminals, new settlement areas and new agricultural areas.

Areas that are developed with foundation on industrial development in the aforesaid series, that are combined with regional condition in the framework of realizing unitary of national economy, are Industrial Growth Centre Areas.

##### Paragraph (2)

Sufficiently clear.

#### Article 21

##### Paragraph (1)

Industrial company that is established somewhere, is obliged to pay attention to the balance and preservation of natural resources that are used in its industrial process and prevent the occurrence of damage and pollution to the living environment resulting from the business and industrial process it does.

The negative effects can be disturbances, damages, and dangers to the safety and health of the surrounding communities that result from pollutions of soil, water, and air including noise by industrial activities. In this case, the government need to conduct arrangement and enhancement to overcome it.

##### Paragraph (2)

Sufficiently clear.

##### Paragraph (3)

Sufficiently clear.

#### Article 22

Implementation of the arrangement, enhancement, and development of industry needs to be conducted within clear authority limits so that its implementation can really run in balanced and integrated in relation to other economic sectors.

To that relation, matters of delegation of authority of arrangement, enhancement,

and development of certain industrial business sectors to certain agency within the environment of the government, needs to be regulated further in more clear.

This is important to avoid authority duplication of arrangement, enhancement, and development of industrial business sector among the government agencies, and especially in the effort of obtaining maximum efficiency in the industrial development.

Article 23

in this Article, meant by assignment of affairs regarding certain industrial business sectors and revocation thereof is particularly concerning licensing that is conducted in accordance with decentralization principles in the framework of regional development implementation that is real, dynamic and accountable.

Article 24

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 28

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

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