

Dated: November 12, 2020

## **Minister of Agrarian and Spatial Plan Regulation regarding the Amendment to the Location Permit Grants**

The Ministry of Agrarian Affairs and Spatial Planning (“MAASP”) has issued Regulation No. 13 Year 2020 to amend MAASP Regulation Number 17 Year 2019, which sets out the rules governing the granting of location permits.

A “location permit” is defined by regulation No. 17 Year 2019 as “a permit issued to an undertaking to acquire land needed for its business and/or activities, which simultaneously serves as a title transfer permit and a permit to use the land for the said business and/or activities.” Regulation No. 13 Year 2020 makes changes to the administrative process for the obtaining of location permits by businesses in industrial areas/special economic zones, free-trade zones, free-port zones and/or other zones that have been designated as national strategic projects (“Prescribed Project Zones”), where such businesses require more land than is permitted under the maximum land-area thresholds.

Both regulations define the maximum land areas in Prescribed Project Zones for which location permits may be issued to a single business or business group is 400 hectares (Ha) within one province (the thresholds for Papua Province and West Papua Province are twice as this, i.e., 800 Ha within one province), and 4,000 Ha in total throughout Indonesia. However, these thresholds may be exceeded in certain circumstances. Under regulation No. 17 Year 2019 an application is required for an exemption from the threshold in a Prescribed Project Zone to be submitted to the Investment Coordinating Board (Badan Koordinasi Penanaman Modal /BKPM). However, such exemption could only be granted by the BKPM in coordination with, and upon the approval of, the MAASP’s Director General of Agrarian Arrangement (Direktur Jenderal Penataan Agraria). Under regulation No. 13 Year 2020, responsibility for the whole procedure has now been transferred to the BKPM, thereby eliminating an entire layer of bureaucracy in the process.

Regulation No. 13 Year 2020 is a welcome development as it should help to expedite the issuance of location permits for land areas that exceed the prescribed thresholds, while at the same time further strengthening the BKPM’s increasingly dominant role in investment licensing.

---

*Mulyaningsih Prawirowiryo (Lia)*