

26 May 2011

**PRESIDENTIAL INSTRUCTION RE  
MORATORIUM ON THE GRANTING OF NEW  
LICENSES AND THE IMPROVEMENT OF  
PRIMARY NATURAL FOREST AND PEAT LANDS  
MANAGEMENT**

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**SUMMARY AND ANALYSIS**

**OF**

**KEY ARTICLES**

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## INTRODUCTORY NOTES

This Summary & Analysis is intended as an overview only of Presidential Instruction No. 10 of 2011, dated 20 May 2011, re Moratorium on the Granting of New Licenses and the Improvement of Primary Natural Forest and Peat Lands Management (“**Presidential Instruction 10/2011**”).

This Summary & Analysis reflects our current understanding only of Presidential Instruction 10/2011 and is subject to change as that understanding develops and evolves.

Many of the points made in this Summary & Analysis are necessarily speculative in nature and subject to further clarification and confirmation. Accordingly, it would be prudent not to rely solely on this Summary & Analysis but, rather, to seek specific legal advice with respect to any issue concerning Presidential Instruction 10/2011 before making a material business decision regarding the same. **CHRISTIAN TEO PURWONO & Partners** would be pleased to assist you in this regard. Our contact details are set out below.

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## EXECUTIVE SUMMARY

1. For the purpose of reducing Greenhouse Gas Emissions, the President has instructed various authorities to take all necessary action to support a moratorium on the issuance of new licenses for the utilization of Primary Natural Forests and Peat Lands except in the case of:
  - (i) applications that have already received an Approval in Principle License from MoFor;
  - (ii) the implementation of vital national development, such as geothermal, oil and gas, electricity, rice and sugar cane fields;
  - (iii) extension of existing Forest Utilization Business Licenses and/or Forest Area Utilization Permits (i.e., Rent Use Permits) provided that the relevant business licenses (e.g., IUPs/CCoWs/CoWs) are still valid; and
  - (iv) Ecosystem restoration.
2. **“Primary Natural Forest” is a term which is commonly understood as referring to natural forest areas which have never been the subject of any logging activities. However, there is no legal definition of “Primary Natural Forest”. Accordingly, the determination of whether or not a Forest Area is Primary Natural Forest is to be made by having regard to the Indicative Map attached to Presidential Instruction 10/2011.**
3. **The Indicative Map is to be revised and updated every 6 months.**
4. **The Indicative Map is not at all clear.**
5. **It is tolerably clear, however, that all types of Production Forest, as well as Areas for Other Purposes, may include areas of Primary Natural Forest. Accordingly, President Instruction 10/2011 will prevent the issuance of Rent Use Permits for mining activities in that part, if any, of Production Forests and Areas for Other Purposes which comprise Primary Natural Forest or Peat Lands.**
6. The moratorium is for 2 years from 20 May 2011.

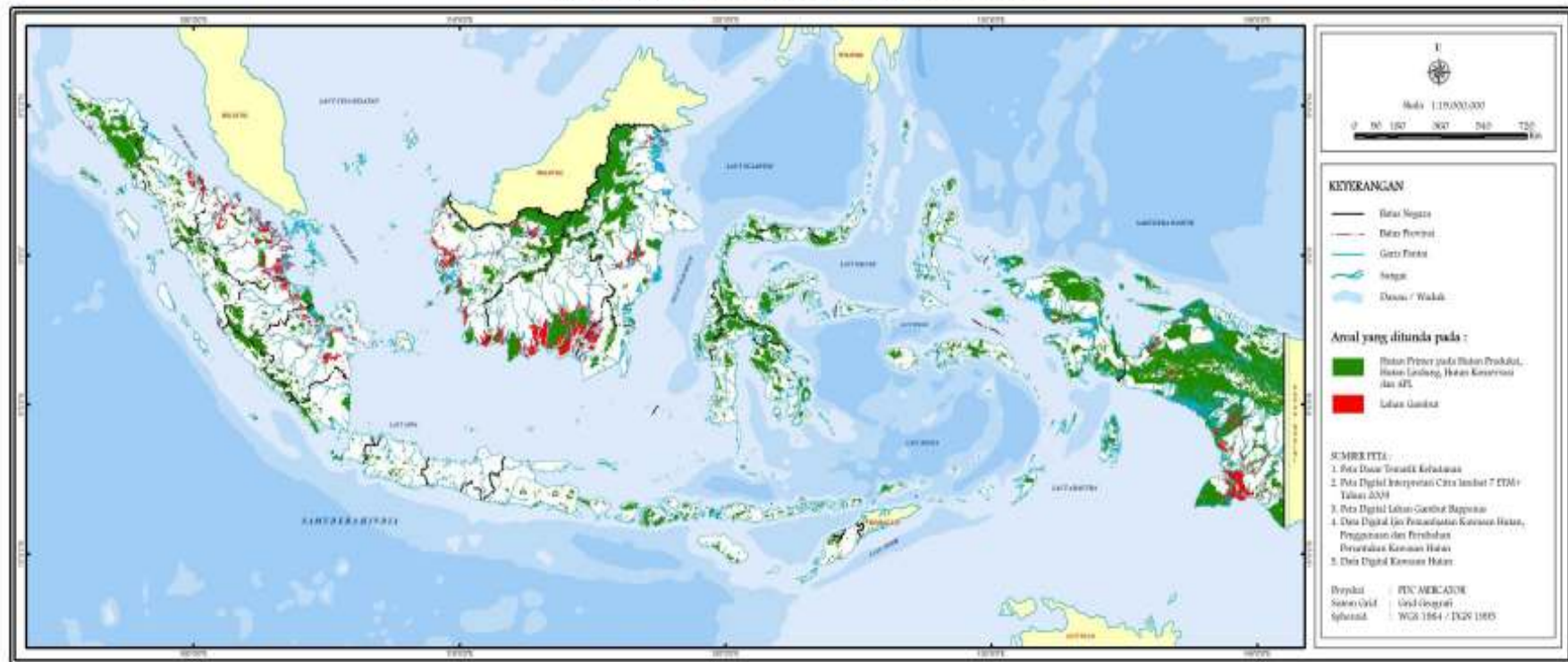
## SUMMARY AND ANALYSIS

Legal Basis	Remarks
Preamble	<p>For the purpose of balancing and harmonizing economic development and social, cultural and environmental considerations as well as to reduce Greenhouse Gas Emissions, by way of reducing emissions from deforestation and forest degradation, the President has instructed the following authorities to comply with Presidential Instruction 10/2011:</p> <ol style="list-style-type: none"> <li>1. Minister of Forestry (“<b>MoFor</b>”);</li> <li>2. Minister of Internal Affairs (“<b>MoIA</b>”);</li> <li>3. Minister of Environment (“<b>MoE</b>”);</li> <li>4. Head of Presidential Work Unit for Development of Supervision and Control;</li> <li>5. Head of National Land Office;</li> <li>6. Head of National Spatial Planning Coordinating Board;</li> <li>7. Head of National Mapping and Survey Coordinating Board;</li> <li>8. Head of REDD+ Formation Planning Unit or Head of the relevant institution formed in order to carry out special REDD+ assignments (“<b>HoRFPU</b>”);</li> <li>9. Governors; and</li> <li>10. Regents/Mayors (together, the “<b>Relevant Authorities</b>”).</li> </ol>
First Instruction	<p>The Relevant Authorities are instructed to take all necessary actions, in accordance with their respective duties, functions and authority, to support the moratorium on issuing new licenses for the utilization of Primary Natural Forests and Peat Lands located in Conservation Forests, Protection Forests, Production Forests (Limited Production Forests, Regular/Permanent Production Forests, Convertible Production Forests) and Areas for Other Purposes as set out in the Indicative Map for the Moratorium on New Licenses attached to this Summary &amp; Analysis (“<b>Indicative Map</b>”).</p>
Second Instruction	<p>The forestry license moratorium is applicable to the utilization of Primary Natural Forests and Peat Lands except in the following cases:</p> <ol style="list-style-type: none"> <li>1. applicants that have already obtained Approval in Principle Licenses from MoFor;</li> <li>2. the implementation of vital national development such as geothermal, oil and gas, electricity, rice and sugar cane fields;</li> <li>3. extension of existing Forest Utilization Business Licenses and/or Forest Area Utilization Permits (<b>i.e.</b>, Rent Use Permits) provided that the relevant business</li> </ol>

Legal Basis	Remarks
	<p>licenses (<u>e.g.</u>, IUPs/CoWs/CCoWs) are still valid; and</p> <p>4. Ecosystem restoration.</p>
<p>Third Instruction</p>	<p>The President has, further, instructed certain Relevant Authorities as follows:</p> <ol style="list-style-type: none"> <li>1. <u>MoFor</u>: To: <ol style="list-style-type: none"> <li>(a) carry out the moratorium on the issuance of new licenses in respect of Primary Natural Forest and Peat Lands which are located in Conservation Forests, Protected Forests and Production Forests (Limited Production Forests, Regular/Permanent Production Forests and Convertible Production Forests) as per the Indicative Map;</li> <li>(b) perfect management policies on Rent Use Permits and Forest Utilization Business Licenses in Natural Forest Areas;</li> <li>(c) increase the effectiveness of the management of critical land by taking into consideration the management policy of Forest Areas and Peat Lands, including ecosystem restoration;</li> <li>(d) make revisions to the Indicative Map once every 6 months; and</li> <li>(e) implement the semi annual revised versions of the Indicative Map.</li> </ol> </li> <li>2. <u>MoE</u>: To reduce the emissions produced from Forest Areas and Peat Lands by way of improving, through Environmental Permits, the use of the management system for business activities proposed to be conducted in Forest Areas and Peat Lands described in the Indicative Map.</li> <li>3. <u>MoIA</u>: To monitor and supervise Governors and Regents/Mayors in implementing Presidential Instruction 10/2011.</li> <li>4. <u>Head of National Land Office</u>: To carry out the moratorium on the issuance of land titles, such as Right to Cultivate (<i>Hak Guna Usaha</i>) and Right to Use (<i>Hak Pakai</i>), in the case of Areas for Other Purposes covered by the Indicative Map.</li> <li>5. <u>Head of National Spatial Planning Coordinating Board</u>: To accelerate the consolidation of the Indicative Map with the revision of the Spatial Planning Map as part of the improvement of the management of land utilization by way of cooperation with Governors, Regents/Mayors and HoRFPU.</li> <li>6. <u>Head of National Mapping and Survey Coordinating Board</u>: To review and revise the Forestry and Peat Land Map, in accordance with the Indicative Map, once every 6 months by way of cooperation with MoFor, Head of National Land Office and HoRFPU.</li> <li>7. <u>Governors and Regents/Mayors</u>: To carry out the moratorium on the issuance of new recommendations and location permits for Forest Areas and Peat Lands as well as Areas for Other Purposes pursuant to the Indicative Map.</li> </ol>
<p>Fourth Instruction</p>	<p>The revised Indicative Map, as mentioned in Point 6 of the Third Instruction, will be issued by MoFor.</p>

Legal Basis	Remarks
Fifth & Sixth Instructions	The moratorium on the granting of new licenses, recommendations and location permits will be for 2 years commencing from the issuance date of the Presidential Instruction 10/2011 ( <b><u>i.e.</u></b> 20 May 2011).
Seventh & Eighth Instructions	The Head of Presidential Work Unit for Development of Supervision and Control and/or the HRoFPU will monitor the implementation of Presidential Instruction 10/2011 and report the results of his monitoring activities to the President.

**ATTACHMENT A  
INDICATIVE MAP FOR NEW LICENSE MORATORIUM**



**Moratorium Areas:**

Primary Forest located in Production Forest, Protected Forest, Conversion Forest and Area for Other Purposes

Peat Lands