FOREIGN INVESTMENT REVIEW

Indonesia

LEXOLOGY
Getting The Deal Through

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Foreign Investment Review

Consulting editors

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Quick reference guide enabling side-by-side comparison of local insights, including into law, policy and relevant authorities; procedure, including thresholds and timelines; substantive assessment, including interagency and international consultation, remedies and rights of challenge and appeal; relevant recent case law; and other recent trends.

Generated 01 February 2022

Table of contents

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Indonesia

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LAW AND POLICY

Policies and practices

What, in general terms, are your government's policies and practices regarding oversight and review of foreign investment?

Foreign investment in Indonesia is generally regulated under Law No. 25 of 2007 on Investment (the Investment Law) and its implementing regulations. According to the Investment Law, the government will:

- give equal treatment to both domestic investors and foreign investors conducting investment in Indonesia, subject to the prevailing laws and regulations as well as national interest; and
- provide legal certainty, business certainty and business security for investors from the starting point of investment, such as a business licensing application until the time when the investors decide to end their investment in Indonesia in accordance with the prevailing laws and regulations.

Furthermore, the Investment Law mandates that the government may determine which business sectors are open, open with certain restrictions or closed for foreign investment. These sectors are set forth in the 'Negative List'.

The Negative List is periodically reviewed and updated in the form of a presidential regulation, which is one of the implementing regulations of the Investment Law, after taking various factors into consideration, including national security, national interest, development of national economy, protection of domestic industries, involvement of SMEs and creation of employment.

The prevailing Negative List is regulated under Presidential Regulation No. 10 of 2021 as amended by Presidential Regulation No. 49 of 2021 on Investment Business Fields (PR 10/2021). Generally, the current Negative List under PR 10/2021 is less restrictive than previous iterations. This is mainly due to Law No. 11 of 2020 on Job Creation (the Omnibus Law). The Omnibus Law mandates the government to ease restrictions on foreign investment activities to promote ease of doing business with the ultimate goal of attracting foreign investors to Indonesia to create more jobs for Indonesian people.

According to PR 10/2021, there are currently 69 business sectors that are closed to foreign investment as they are specifically designated for SMEs, such as traditional businesses or businesses that do not require a substantial amount of capital – for example, the rattan industry, the traditional clothes industry, minimarkets and photocopy stores.

In addition, there are 26 business sectors that are partially restricted for foreign investment in that they be owned by 100 per cent domestic capital or foreign investment is limited to a certain maximum percentage. Examples include shipping (maximum 49 per cent foreign investment), air transportation (maximum 49 per cent foreign investment), courier services (maximum 49 per cent foreign investment) and media (100 per cent domestic investment at the time of establishment and maximum 20 per cent foreign investment for capital increase or business expansion after the establishment). Except for those closed and restricted business sectors, all other business sectors are open with no restriction on foreign investment.

As a comparison, under the old Negative List, which was regulated under Presidential Regulation No. 44 of 2016 (PR 44/2016), there were 163 and 228 lines of businesses that were fully closed and partially closed to foreign investment, respectively. Based on this number, PR 10/2021 reduces the lines of businesses that were closed or partially closed to foreign investment under the PR 44/2016 by approximately 75 per cent.

Law stated - 24 December 2021

Main laws

What are the main laws that directly or indirectly regulate acquisitions and investments by foreign nationals and investors on the basis of the national interest?

The main regulations on investments by foreign investors are the Investment Law and PR 10/2021.

With respect to the national interest, the government of Indonesia has closed the following business sectors to both foreign and domestic investment:

- alcoholic beverages;
- narcotics;
- gambling or casino activities;
- fishery activities in relation to species listed in Appendix I of the Convention on International Trade in Endangered Species of Wild Fauna and Flora;
- utilisation and taking of coral and shellfish from natural habitats to be used in aquariums, as souvenirs, as jewellery or as building material;
- chemical weapons; and
- industrial chemical materials and ozone layer depleting substances.

There are also business sectors that are specifically designated for SMEs and, therefore, are closed to foreign investment. The businesses in these sectors (1) require traditional knowledge, (2) do not require substantial capital and manpower or (3) are generally conducted by SMEs. Examples include minimarkets, travel agencies and barber shops.

Law stated - 24 December 2021

Scope of application

Outline the scope of application of these laws, including what kinds of investments or transactions are caught. Are minority interests caught? Are there specific sectors over which the authorities have a power to oversee and prevent foreign investment or sectors that are the subject of special scrutiny?

The Investment Law regulates, among other things:

- the procedure to conduct investments in Indonesia;
- what form of business entity can be established by foreign investors;
- rights and obligations of foreign investors; and
- rights of the government to determine which businesses are closed to foreign investment.

Furthermore, PR 10/2021 sets out the list of business sectors that are closed or open with certain restrictions for foreign investment. ‘Open with certain restrictions’ means that those business sectors are (1) open up to a certain maximum percentage for foreign investment or (2) are open for 100 per cent foreign investment provided that the foreign investor enters a partnership with local SMEs in conducting the business.

The Investment Law stipulates that foreign investment must be conducted in the form of limited liability companies duly established under the laws of the Republic of Indonesia. Foreign investors who wish to invest in Indonesia in the form of a limited liability company may:

- establish a new limited liability company and subscribe for the shares in the newly established company;
- purchase shares from existing shareholders of a limited liability company;
- subscribe for shares issued by an existing limited liability company; and
- other procedures in accordance with the prevailing laws and regulations.

In terms of minority shareholders, the Investment Law does not explicitly regulate the size of investment by a foreign investor. Any participation of foreign capital in Indonesian limited liability companies will be considered as foreign investment and, therefore, will be subject to all relevant foreign investment laws and regulations.

In principle, the Indonesian Investment Coordinating Board (currently known as the Ministry of Investment; BKPM) oversees foreign investment activity in Indonesia. The BKPM does not conduct pre-screening or pre-approval for foreign investment. Hence, as long as the foreign investors comply with the Negative List under PR 10/2021 and specific requirements imposed by the BKPM (such as minimum paid-up capital and minimum investment value), they will be allowed to establish a foreign investment company in Indonesia. That said, there are still a few business sectors that require specific procedures to be carried out prior to conducting business in Indonesia; for instance, companies engaged in the financial sector are subject to certain requirements determined by the Indonesian Financial Authority (OJK).

Law stated - 24 December 2021

Definitions

How is a foreign investor or foreign investment defined in the applicable law?

The Investment Law defines ‘foreign investor’ as a foreign individual, a foreign corporation or a foreign government conducting investment within the territory of the Republic of Indonesia. ‘Foreign investment’ is defined as an investment activity to carry out business within the territory of the Republic of Indonesia conducted by foreign investors, either by wholly using foreign capital or in the form of a joint venture with domestic investors. Therefore, regardless of the shareholding percentage between foreign capital and domestic capital, any joint venture company between foreign capital and domestic capital incorporated in accordance with the laws of Indonesia is deemed foreign capital.

Law stated - 24 December 2021

Special rules for SOEs and SWFs

Are there special rules for investments made by foreign state-owned enterprises (SOEs) and sovereign wealth funds (SWFs)? How is an SOE or SWF defined?

There is no differentiation or special rules for foreign investment conducted by foreign SOEs or SWFs. Therefore, any investment conducted by foreign SOEs or SWFs shall be deemed general foreign investment conducted by a foreign party.

Law stated - 24 December 2021

Relevant authorities

Which officials or bodies are the competent authorities to review mergers or acquisitions on national interest grounds?

Before 2018, the BKPM would review mergers and acquisitions from a foreign investment perspective. It assessed whether the merger or acquisition was in line with the prevailing Negative List and other foreign investment regulations. After conducting the review, it would issue an in-principle approval to complete the transaction. Hence, in practice, the in-principle approval from the BKPM was considered a condition precedent to be fulfilled prior to the closing of a transaction. However, since the introduction of the online integrated licensing system – the Online Single Submission (OSS) system – in 2018, the BKPM no longer conducts reviews with respect to compliance with foreign investment regulations. Now, it conducts post-closing monitoring of foreign investment companies. The post-closing monitoring is generally conducted based on mandatory periodic investment reports submitted by foreign investment companies to the BKPM. If the BKPM finds that a company is not in compliance with the prevailing regulations, it may deliver a warning to remedy the violation.

In addition, from a competition law perspective, mergers or acquisitions may be subject to the relevant regulations under the supervision of the Indonesian Competition Commission (KPPU). The KPPU is authorised to evaluate mergers and acquisitions to determine whether such transactions would lead to monopolistic practices or unfair business competition.

Law stated - 24 December 2021

Notwithstanding the above-mentioned laws and policies, how much discretion do the authorities have to approve or reject transactions on national interest grounds?

Since the introduction of the OSS system in 2018, the BKPM no longer conducts reviews or grants foreign investment approval. Currently, foreign investors are only required to set up the appropriate company in Indonesia and apply for necessary licences through the OSS system. Upon obtaining such licences, companies are permitted to carry out business in Indonesia. The BKPM conducts post-closing monitoring of foreign investment companies based on their mandatory investment report. Through such post-closing monitoring, in terms of national interest, the BKPM has the discretion to reject investments seeking to be made in business sectors that are closed to foreign investment.

Law stated - 24 December 2021

PROCEDURE

Jurisdictional thresholds

What jurisdictional thresholds trigger a review or application of the law? Is filing mandatory?

Law No. 5 of 1999 on Prohibition of Monopolistic Practices and Unfair Business Competition (the Competition Law) and the Indonesian Competition Commission’s (KPPU) Regulation No. 3 of 2019 regarding Assessment of Mergers or Consolidations or Acquisitions of Companies That May Result in the Occurrence of Monopolistic Practices and/or Unfair Business Competition (KPPU Regulation 3/2019) prohibit companies from carrying out a merger, a consolidation or an acquisition that may result in monopolistic practices or unfair business competition. Moreover, these regulations oblige the companies that conduct a merger, a consolidation or an acquisition to submit a notification to the KPPU with respect to the transaction within 30 business days of the transaction becoming legally effective.

KPPU Regulation 3/2019 sets the criteria (on a cumulative basis) on what types of transactions must be notified to the KPPU, namely:

- change of control: the transaction must result in change of control (ie, the transfer of more than 50 per cent voting rights shares or an ability to control the management and business of the company through a certain arrangement);
- assets/sales threshold:
  - if the combined value of assets of the companies involved in the merger, consolidation or acquisition exceeds 2.5 trillion rupiahs worldwide (specifically for the banking sector the threshold of value of assets is 20 trillion rupiahs worldwide); or
  - if the combined value of sales of the companies involved in the merger, consolidation or acquisition exceeds 5 trillion rupiahs within the territory of the Republic of Indonesia;
- the transaction has a direct impact on the Indonesian market; and
- the transaction is conducted between non-affiliated companies.

If the proposed transaction meets all the requirements, it will trigger a mandatory notification under the Competition Law and KPPU Regulation 3/2019.

Law stated - 24 December 2021

National interest clearance

What is the procedure for obtaining national interest clearance of transactions and other investments? Are there any filing fees? Is filing mandatory?

In general, foreign investment into Indonesia does not need clearance with respect to national interest. As long as the foreign investors comply with the Investment Law, Presidential Regulation No. 49 of 2021 on Investment Business Fields and other relevant regulations, they are permitted to invest in Indonesia and establish their business.

Specifically for compliance with competition laws, companies are required to submit a notification to the KPPU if the transaction meets the relevant requirements. The KPPU has determined a list of documents and information to be submitted for its review. There are no filing fees payable.

Law stated - 24 December 2021

Which party is responsible for securing approval?

There is no specific approval required from the Indonesian Investment Coordinating Board (currently known as the Ministry of Investment; BKPM) with respect to foreign investment. However, for certain business sectors, such as the financial sector, the new controlling shareholder must obtain prior approval from the Indonesian Financial Authority (OJK) to act as a controlling shareholder. To obtain such approval, the new controlling shareholder of the companies engaged in the financial sector is required to submit certain documents and participate in a fit-and-proper test conducted by the OJK.

For filings required to be made to KPPU with regard to compliance with the Competition Law and KPPU Regulation 3/2019, the following parties are responsible:

- merger transaction: surviving company upon the merger;
- consolidation: company resulting from the consolidation; and

- acquisition: company acquiring the shares or assets.

Law stated - 24 December 2021

Review process

How long does the review process take? What factors determine the timelines for clearance? Are there any exemptions, or any expedited or 'fast-track' options?

For the financial sector, approval from the OJK may be obtained within two to three months of the companies submitting the required documents and information for the proposed acquisition or establishing the new company. The OJK will evaluate the capability of the new controlling shareholder with respect to its knowledge of the financial sector. Furthermore, the OJK may also perform a background check to determine whether the new controlling shareholder has a poor reputation in conducting business in the financial sector – for example, whether it has been previously involved in financial crime or whether it was the controlling shareholder of a bankrupted company. Lastly, the OJK will conduct interviews as part of its fit-and-proper test.

For filing to the KPPU, the acquirer must submit a notification within 30 business days of the transaction becoming legally effective. The KPPU will mainly evaluate whether the transaction led to monopolistic practices or unfair business competition in accordance with the Competition Law. Filing with the KPPU is only required if the transaction meets the following criteria:

- change of control: the transaction must result in change of control (ie, the transfer of more than 50 per cent voting rights shares or an ability to control the management and business of the company through a certain arrangement);
- assets/sales threshold:
  - if the combined value of assets of the companies involved in the merger, consolidation or acquisition exceeds 2.5 trillion rupiahs worldwide (specifically for the banking sector the threshold of value of assets is 20 trillion rupiahs worldwide); or
  - if the combined value of sales of the companies involved in the merger, consolidation or acquisition exceeds 5 trillion rupiahs within the territory of the Republic of Indonesia;
- the transaction has a direct impact on the Indonesian market; and
- the transaction is conducted between non-affiliated companies.

The relevant regulations do not provide fast-track options for the review process.

Law stated - 24 December 2021

Must the review be completed before the parties can close the transaction? What are the penalties or other consequences if the parties implement the transaction before clearance is obtained?

For the financial sector, the review must be completed prior to the transaction closing, otherwise the new controlling shareholder is unable to become the shareholder of the company.

For the KPPU filing, the mandatory notification to the KPPU must be submitted within 30 business days of the transaction becoming legally effective. The Competition Law provides for administrative sanctions in the form of a monetary penalty of a minimum of 1 billion rupiahs and a maximum of (1) 50 per cent of the net profit during the period of violation or (2) 10 per cent of total sales during the period of violation.

Law stated - 24 December 2021

Involvement of authorities

Can formal or informal guidance from the authorities be obtained prior to a filing being made? Do the authorities expect pre-filing dialogue or meetings?

Yes, it is possible. In general, companies that wish to have a pre-consultation are required to submit a formal letter to the relevant authorities stating their intention and any matters to be discussed. The relevant authorities will reply to the letter and determine the consultation schedule based on their availability. Owing to the covid-19 pandemic, the relevant authorities have been limiting the frequency of face-to-face meetings and have been proposing online meetings instead.

Law stated - 24 December 2021

When are government relations, public affairs, lobbying or other specialists made use of to support the review of a transaction by the authorities? Are there any other lawful informal procedures to facilitate or expedite clearance?

The OJK, the KPPU, the BKPM and other government institutions are generally open to discussions. If certain matters have not been clearly regulated under the prevailing regulations or if certain provisions under the prevailing regulations may lead to different interpretations, they are open to discussing and considering the arguments from companies. If they are persuaded, they may allow companies to conduct their business on that basis. In order to have a discussion with government authorities, companies are required to submit a letter stating their intention and any matters to be discussed.

Law stated - 24 December 2021

What post-closing or retroactive powers do the authorities have to review, challenge or unwind a transaction that was not otherwise subject to pre-merger review?

As foreign investment does not need pre-approval from the relevant authorities (except for certain business sectors, such as the financial sector), companies must complete a self-assessment on their compliance with the Investment Law and PR 10/2021, especially in relation to the maximum foreign ownership restrictions in certain business sectors. If a company wrongly determines the maximum foreign ownership permitted, the BKPM, as the government authority in charge in foreign investment activity, may request the company to correct the shareholding composition to be in line with the prevailing regulations.

According to the BKPM Regulation No. 5 of 2021 on Guidelines and Procedures for Supervision of Risk-Based Business Licensing, foreign investment companies are required to submit an investment activity report (LKPM) to the BKPM on a quarterly basis. From the LKPM, the BKPM can perform post-closing monitoring of such companies with respect to their compliance with prevailing laws and regulations, including but not limited to the maximum foreign ownership requirements in certain business sectors.

Based on the above, it is very important that foreign investors know whether their proposed business sectors are open, open with certain restrictions or closed. Practically, it may be difficult for foreign shareholders to divest their shares if their share ownership exceeds the limitation set out in the prevailing regulations.

Law stated - 24 December 2021

SUBSTANTIVE ASSESSMENT

Substantive test

What is the substantive test for clearance and on whom is the onus for showing the transaction does or does not satisfy the test?

The substantive test for clearance on foreign investment will mainly focus on foreign investors' compliance with the laws and regulations in the sector they are investing in, including but not limited to maximum foreign investment requirements in certain business sectors, minimum capital requirements and minimum investment value requirements.

Specifically for the financial sector, the Indonesian Financial Authority (OJK) has set forth certain technical requirements with respect to the establishment of companies engaged in the financial sector and a fit-and-proper test for the proposed controlling shareholder in companies engaged in the financial sector.

As long as foreign investors have complied with the prevailing laws and regulations, they are allowed to carry out business in Indonesia.

Law stated - 24 December 2021

To what extent will the authorities consult or cooperate with officials in other countries during the substantive assessment?

The regulations are silent on this issue. However, in principle, the government of Indonesia may cooperate with foreign officials if it deems that the proposed transaction may lead to national security issues.

Law stated - 24 December 2021

Other relevant parties

What other parties may become involved in the review process? What rights and standing do complainants have?

The review will be conducted by government authorities. No third parties are involved. There are two types of government authorities that have the right to conduct a review and supervise foreign direct investment companies, outlined below.

- General foreign investment requirement: this requirement is under the supervision and monitoring of the Indonesian Investment Coordinating Board (currently known as the Ministry of Investment; BKPM). The general foreign investment requirement includes the maximum shareholding that foreign investors can own in such company, minimum paid-up capital requirements, minimum investment value requirements and the LKPM requirement.
- Technical requirements: these are determined by respective ministries or government authorities with respect to business operations. For example, companies engaged in the manufacturing sector are subject to the regulations of the Ministry of Industry and companies engaged in the trading sector are subject to the regulations of the Ministry of Trade. In addition to technical requirements determined by the relevant ministry, companies may also be subject to the requirements of the Competition Law, under the purview of the Indonesian Competition Commission (KPPU).

Specifically for the financial sector, the OJK is responsible for both general foreign investment requirements and technical requirements.

Law stated - 24 December 2021

Prohibition and objections to transaction

What powers do the authorities have to prohibit or otherwise interfere with a transaction?

The government authorities have full discretion to reject a proposed investment in a business sector that is closed to foreign investment, such as narcotics or gambling. In the financial sector, the OJK has the authority to nullify a transaction resulting in a change of control or the establishment of a new company if the controlling shareholder has not obtained the relevant approval from the OJK with respect to the fit-and-proper test.

Law stated - 24 December 2021

Is it possible to remedy or avoid the authorities' objections to a transaction, for example, by giving undertakings or agreeing to other mitigation arrangements?

The regulations are silent on this matter. Companies may request to have further discussions with the relevant authorities and propose certain actions, such as submitting a statement letter to undertake certain actions within a certain period. Whether the proposed action is accepted is solely at the discretion of the authorities.

Law stated - 24 December 2021

Challenge and appeal

Can a negative decision be challenged or appealed?

Generally, the decision of the government authorities can be challenged at a state administrative court as long as the decision meets certain criteria governed by state administrative court law. For KPPU decisions, companies can submit an appeal to a commercial court.

Law stated - 24 December 2021

Confidential information

What safeguards are in place to protect confidential information from being disseminated and what are the consequences if confidentiality is breached?

For licensing applications through the OSS system, BKPM Regulation No. 3 of 2021 on Risk-Based Integrated Licensing Systems (BKPM Reg 3/2021) provides that when government authorities receive confidential information regarding investors or foreign direct investment companies, they are obligated to protect the confidentiality of such information. However, BKPM Reg 3/2021 does not specify what procedures apply if there is a data breach.

In terms of corporate transactions, the level of confidentiality shall be determined by the relevant parties. For example, if a foreign investor wishes to purchase shares from the existing shareholder, the seller and the purchaser may enter into a confidentiality agreement with respect to the information and documents disclosed or the negotiations conducted between the parties. Alternatively, confidentiality clauses may also be included in other agreements, such as a memorandum of understanding or a conditional sale and purchase agreement. In such confidentiality agreements or clauses, the parties can determine what constitutes confidential information and how it should be treated by the parties, including the circumstances when confidential information can be disclosed.

If confidentiality is breached due to a violation by either party, the non-violating party may submit a claim to the court (or through arbitration) against the violating party based on a breach of contract. In that case, the non-violating party may need to prove its losses or the damage arising out of such breach.

Moreover, if such confidential information is classified as a trade secret in accordance with the relevant regulation, the owner is protected based on Law No. 30 of 2000 on Trade Secrets (the Trade Secrets Law). If there is an infringement of a trade secret by a third party, the owner may submit a civil claim to the breaching party for compensation or report the breaching party to the police (or both). According to the Trade Secrets Law, the infringement of a trade secret is deemed a crime and can lead to a criminal sanction in the form of imprisonment for a maximum two years or a monetary penalty of a maximum of 300 million rupiahs, or both.

Law stated - 24 December 2021

RECENT CASES

Relevant recent case law

Discuss in detail up to three recent cases that reflect how the foregoing laws and policies were applied and the outcome, including, where possible, examples of rejections.

Indonesia does not adopt the case law precedent and, in practice, the government authorities will assess and evaluate foreign investment on a case-by-case basis.

A recent case that may be relevant to foreign investment is the decision of the Constitutional Court on 25 November 2021. The Court declared that the formation of Law No. 11 of 2020 on Job Creation (the Omnibus Law) is contrary to the 1945 Constitution of the Republic of Indonesia due to some formality and procedural errors. According to the Court's decision, the Omnibus Law is conditionally unconstitutional. Consequently, the Omnibus Law shall have no legal effect if the formality and procedural errors are not corrected within two years of the date of the Court's decision. In this two-year period, the Omnibus Law is still valid. However, if the formality and procedural errors are not corrected within two years, the Omnibus Law shall be declared permanently unconstitutional. In that case, all laws that are revoked or amended by the Omnibus Law shall be reverted to their previous form.

Furthermore, through such decision, the Constitutional Court also rendered other verdicts, restricting the government from (1) performing acts or policies that are strategic and have a broad impact under the Omnibus Law and (2) issuing new implementing regulations under the Omnibus Law.

In response to this decision, the government and the parliament explained that they will correct the errors as soon as possible to ensure that there will be no impediments to foreign investment, and to reassure investors that their investments in Indonesia will continue to be safe and secure.

Law stated - 24 December 2021

UPDATE AND TRENDS

Key developments of the past year

Are there any developments, emerging trends or hot topics in foreign investment review regulation in your jurisdiction? Are there any current proposed changes in the law or policy that will have an impact on foreign investment and national interest review?

In November 2020, the government issued Law No. 11 of 2020 on Job Creation (the Omnibus Law). The Omnibus Law amends 78 existing laws and introduces new provisions that are considered more favourable for investors. Through the enactment of the Omnibus Law the government expects to achieve, among other things:

- simplification and centralisation of the licensing procedure;
- abolition of existing laws and regulations that are less favourable for investment or contradict other regulations; and
- harmonisation between existing laws and their implementing regulations.

Upon the enactment of the Omnibus Law, the government issued various implementing regulations. In terms of foreign investment, there are two important implementing regulations: Presidential Regulation No 10 of 2021 as amended by No. 49 of 2021 on Investment Business Fields (PR 10/2021); and BKPM Regulation No. 5 of 2021 on Guidelines and Procedures for Supervision of Risk-Based Business Licensing (GR 5/2021).

PR 10/2021 sets out the 'Negative List', which is a list of business sectors that are closed or open with certain restrictions for foreign investment. The list set out in PR 10/2021 is less restrictive than the previous list as the government intends to attract foreign investors to Indonesia to create jobs for Indonesian people and to boost economic growth.

GR 5/2021 aims to simplify licensing requirements by introducing a risk-based licensing system. In essence, the licensing activities in this new system will be conducted depending on the level of risk of each business, which is evaluated based on the aspects of safety, health, environment, and utilisation and management of natural resources. This is different from the old regime where all companies were required to obtain similar types of licences irrespective of the scale, risk or complexity of their line of business. For example, companies engaged in the vehicles industry and vehicle spare parts industry would require a business identification number (NIB) and an industrial business licence to carry out the business, even though, in practice, the vehicles industry is more complex and probably has more risk compared to the spare parts industry from the perspective of safety, health and environment.

GR 5/2021 divides the level of risk into four categories: low risk; medium–low risk; medium–high risk; and high risk. These categories have different licensing requirements. Businesses in the low risk category will only require a NIB to commence commercial activities. Businesses in the medium–low risk and medium–high risk categories require a standard certificate in addition to the NIB. The standard certificate is a checklist of fulfilled requirements for the relevant business determined by the government authorities. For medium–low risk business, the companies will perform a self-declaration related to the completion of requirements, while for medium–high risk business the fulfilment of the standard certificate must be verified by the relevant government institution. Lastly, businesses in the high risk category will require a NIB and a business licence. The business licence will be issued after the companies have fulfilled all requirements determined by the relevant government authorities.

Law stated - 24 December 2021

Jurisdictions

Australia	Gilbert + Tobin
Austria	Barnert Egermann Illigasch Rechtsanwälte
Cambodia	Tilleke & Gibbins
Canada	McCarthy Tétrault LLP
China	Global Law Office
Denmark	Bech-Bruun
European Union	Allen & Overy LLP
France	White & Case LLP
Germany	Blomstein
India	AZB & Partners
Indonesia	Nagashima Ohno & Tsunematsu
Italy	Gianni & Origoni
Japan	Tokyo International Law Office
Laos	Tilleke & Gibbins
Malaysia	Nagashima Ohno & Tsunematsu
Mexico	White & Case LLP
Myanmar	Tilleke & Gibbins
New Zealand	Russell McVeagh
Norway	CMS Kluge
Spain	White & Case LLP
Sri Lanka	Tiruchelvam Associates
Sweden	BOKWALL RISLUND Advokatbyrå
Switzerland	Lenz & Staehelin
Thailand	Nishimura & Asahi
United Arab Emirates	Afridi & Angell

USA	Cleary Gottlieb Steen & Hamilton LLP
Uzbekistan	Winfields
Vietnam	Tilleke & Gibbins