

## **New Manpower Regulation Eliminates Controversial Work Permit Requirements in Indonesia**

Indonesia's Minister of Manpower ("MOM") has just issued an amendment to MOM Regulation No. 16 of 2015 regarding the Procedure for the Utilization of Expatriate Manpower ("MOM Reg 16/2015") under MOM Regulation No. 35 of 2015 regarding Amendment of MOM Reg 16/2015, dated October 23, 2015 ("MOM Reg 35/2015").

MOM Reg 16/2015 required (i) employment of 10 local workers for every expatriate employee, (ii) work permits for non-resident Directors and Commissioners of Indonesian companies, and for non-resident Patrons, Management and Supervisors of Indonesian foundations, and (iii) a temporary work permit for expatriates visiting Indonesia to attend certain "meetings" which is customarily covered by a visit visa.

As a result of lobbying by various parties including international Chambers of Commerce, the new MOM Reg 35/2015 amends the controversial MOM Reg 16/2015, by:

- eliminating the 1:10 ratio for hiring expatriates;
- reducing the requirement for a temporary work permit to the following three activities, which no longer includes "attending meetings": (i) making commercial films that are otherwise authorized, (ii) performing audits, production quality control, or inspections of an affiliate in Indonesia for more than 1 month, and (iii) performing work related to the installation of machinery, electrical, after-sales service, or products in the business trial phase; and
- eliminating work permits for non-resident Directors and Commissioners of Indonesian companies, and non-resident Patrons, Management and Supervisors of Indonesian foundations.

These amendments will be welcomed by the business community. MOM Reg 35/2015 came into effect on October 23, 2015.