

NEW REGULATION ON ENVIRONMENTAL LICENSES

May 01, 2012

On 23 February 2012, Government Regulation No. 27 of 2012 on Environmental Licenses (“GR 27/2012”) was issued to regulate AMDAL, UPL & UKL, and the contamination and destruction of the environment. GR 27/2012 is the implementing regulation for Articles 33, 41, and 56 of Law No. 32 of 2009 on Environmental Protection and Management which replaced Government Regulation No. 27 of 1999 on Environmental Impact Analysis.

An environmental license is now defined as a license issued to a party engaged in any business activity which requires an environmental impact analysis (Analisis Mengenai Dampak Lingkungan – “AMDAL”) or environmental management efforts and environment monitoring efforts (Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup – “UKL-UPL”) for protection and management of the environment as a prerequisite for a business license. In principle, the AMDAL is a study of the potential significant impact of the proposed business activity on the environment, while the UKL-UPL covers monitoring and management efforts undertaken for business activities which are not likely to have significant impact on the environment.

The required AMDAL and UKL-UPL assessments must be completed before an environmental license can be issued. In other words, any business activities which require an AMDAL or UKL-UPL also require an environmental license. Certain stated business activities are exempt from the AMDAL requirement.

The AMDAL Evaluation Commission reviews all AMDAL applications once they have been completed. The Commission has 75 working days to provide a recommendation and on receipt of an AMDAL application. Upon receipt of the recommendation, the Minister, Governor, or Mayor/Regent has 10 working days to approve or reject the AMDAL application.

The UKL-UPL is also prepared at the planning stage of a business activity by completing the prescribed forms and submitting them to the relevant authority. Only one UKL-UPL is required for several different business activities if they are located in the same ecosystem.

The application for an environmental license must be submitted along with its supporting

documents, such as the AMDAL or UKL and UPL, to the Minister of Environmental Affairs, Governor, or Mayor/Regent in line with their respective authorities. The application will be published in the media and posted on a notice board at the site within 5 working days of receipt of the complete application.

Having obtaining an environmental license, the holder must:

comply with the terms and conditions of the environmental license;

submit a report on compliance with the terms and conditions of the environmental license to the Minister, Governor, or Mayor/Regent every six months; and

provide guarantee funds for environmental recovery.

Sanctions for failure to comply with GR 27/2012 may include written warnings, government action, the suspension and eventually revocation of the environmental license.