



ADIKARA DARMAWAN
AND PARTNERS

ADP LEGAL UPDATE

APRIL 2025

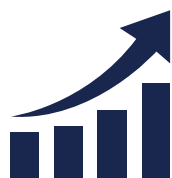
Regulatory Changes in Foreign Export Earnings from Business, Management, and/or Processing Activities of Natural Resources

Indonesia is set to implement a significant transformation in the regulation of Export Foreign Exchange from Natural Resource (DHE SDA) retention, ushering in a new phase for managing Export Foreign Exchange from natural Resources. The new provisions aim to ensure that DHE SDA remains within the domestic economy for a longer period, promoting a more robust financial environment and increasing the country's foreign exchange reserves. This shift is designed to bolster Indonesia's economic resilience, improve fiscal stability, and foster sustainable growth amid a rapidly evolving global market.

BACKGROUND

The Government of the Republic of Indonesia (“**Government**”) has formally enacted Government Regulation (GR) No. 8 of 2025 (“**GR 8/2025**”), which amended Government Regulation (GR) No. 36 of 2023 (the consolidated regulation shall be referred as “**Amended GR 36/2023**”) concerning the management of Export Foreign Exchange derived from Natural Resources (*Devisa Hasil Ekspor* or “**DHE**”). This updated regulatory framework introduces more robust requirements for exporters, mandating the retention of export proceeds within the domestic financial and banking system for a specified period. By reinforcing these obligations, the Government seeks to strengthen Indonesia’s foreign exchange reserves, enhance macroeconomic stability, and safeguard the country’s financial resilience amid global economic fluctuations.

KEY TAKEAWAYS



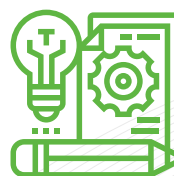
Increased mandatory retention of DHE



Expansion of supervising institutions in DHE retention



Stricter penalties for violations



Greater flexibility in DHE utilization

The non-amended parts of GR No. 36/2023 remains legally valid and continues to govern the retention of Export Foreign Exchange (DHE) from Natural Resources. Nonetheless, it has been formally amended by GR No. 8/2025, which introduces more detailed and binding requirements regarding the mandatory placement, retention period, and permitted utilization of DHE within Indonesia’s financial and banking system.

KEY TERMS (AS DEFINED IN AMENDED GR 36/2023)



Foreign Exchange

Foreign exchange refers to financial assets and liabilities used in international transactions including export and import of goods.

Article 1 (2) Amended GR 36/2023



Export Foreign Exchange from Natural Resources ("DHE")

Hereinafter abbreviated as DHE, refers to foreign exchange earnings derived from the export of goods resulting from the cultivation, management, and/or processing of natural resources.

Article 1 (3) Amended GR 36/2023



DHE Special Account (or Escrow Account)

The DHE Special Account refers to an exporter's account held at the Indonesia Eximbank (Indonesia Export Financing Institution or LPEI) and/or a bank engaged in foreign exchange activities, specifically designated for holding DHE transactions.

Article 1 (4) Amended GR 36/2023



Bank

Refers to a bank that has obtained approval from the Financial Services Authority to conduct business activities in foreign exchange. This definition does not include overseas branch offices of Indonesian banks.

Article 1 (5) Amended GR 36/2023



Export Customs Declaration ("PPE")

is a statement made by an individual or legal entity to fulfill export customs obligations in the form and requirements stipulated by the applicable customs regulations.

Article 1 (8) Amended GR 36/2023



Bank Indonesia ("BI")

Refers to the central bank of the Republic of Indonesia as mandated by 1945 Constitution of the Republic of Indonesia.

Article 1 (9) Amended GR 36/2023



Financial Services Authority / Otoritas Jasa Keuangan ("OJK")

An independent state agency which responsible for regulating, supervising, and ensuring the stability and development of the financial services sector in Indonesia.

Article 1 (10) Amended GR 36/2023

GR No. 8/2025 does not introduce any changes to the definitions outlined in GR No. 36/2023. Key terms retain their original definitions as previously established. This consistency in regulatory interpretation and application, prevents ambiguity in compliance and enforcement within the application of the regulation itself.

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IMPACTED PARTIES

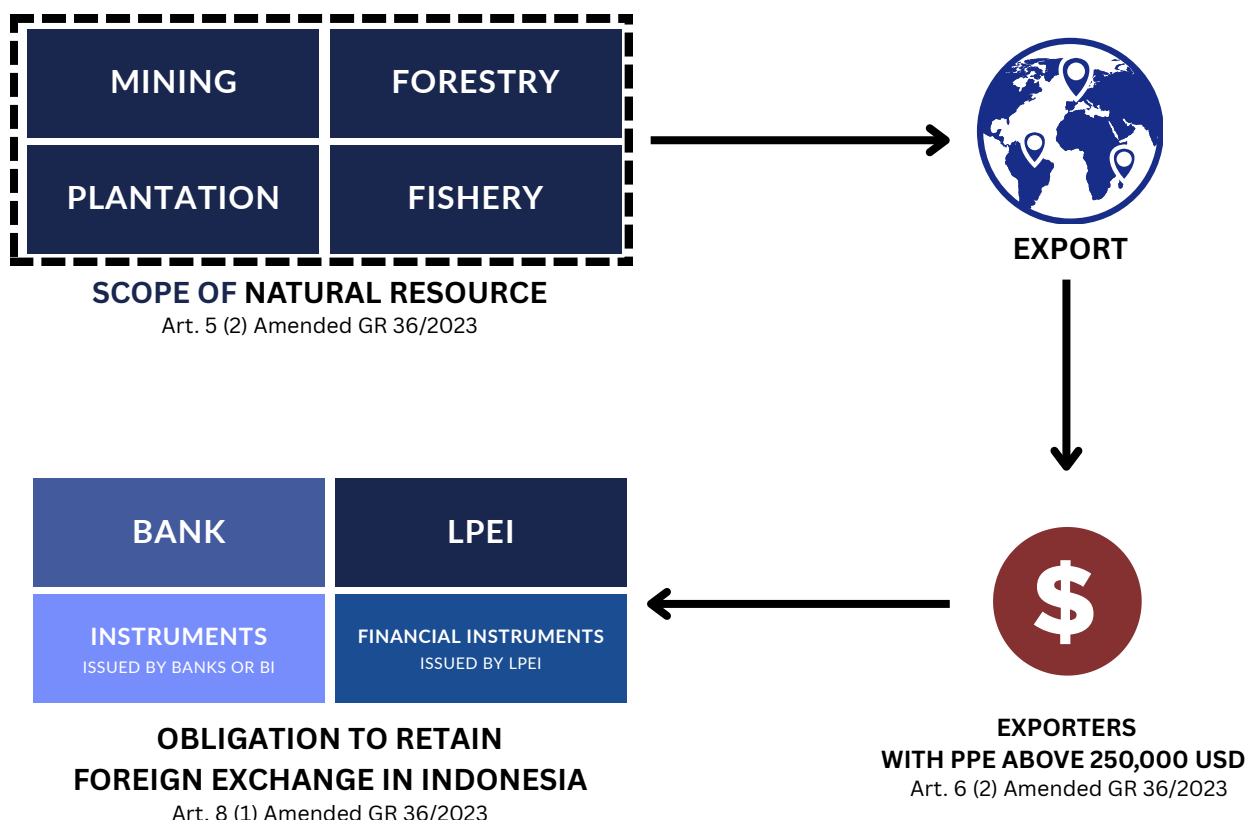
GOVERNMENT

EXPORTERS OF
NATURAL RESOURCE

BANKING SECTOR

INDONESIA
EXIMBANK ("LPEI")

MECHANISM ON THE PLACEMENT OF DHE IN INDONESIA



The placement of DHE into a DHE Special Account is mandatory for exporters with DHE derived from exports of natural resources valued at a minimum of 250,000 USD (two hundred fifty thousand United States dollars) or its equivalent, as stated in the PPE document.

Article 6 (2) Amended GR 36/2023

BACKGROUND OF TRANSITION

To strengthen and enhance the impact of managing export foreign exchange from natural resources, the government has enacted **Government Regulation No. 8 of 2025**. With this measure, Indonesia's export foreign exchange (DHE) is projected to increase by **80 billion USD in 2025**. Since the regulation takes effect on March 1st, the total impact over a full 12-month period is estimated to exceed **100 billion USD**.

President of Indonesia's Release Statement

The position of export foreign exchange (DHE) retained within Indonesia's banking system has remained relatively stable. While the previous minimum retention requirement was set at **30%**, actual figures have consistently ranged between **37% and 42%**, indicating that exporters have already exceeded the mandated threshold. With the new **100%** retention requirement, particularly for coal, crude palm oil (CPO), and nickel—three of the largest contributors to Indonesia's export revenues and foreign exchange earnings.

By strengthening Indonesia's banking and financial system, the government seeks to enhance its capacity to support exporters through **improved financial services while reinforcing economic stability and resilience**.

Minister of Finance's Release Statement

TRANSITIONAL RULES

The obligation for exporters to DHE retention under this regulation, applies to DHE deposited into the DHE Special Account after the enactment of this GR 8/2025, regardless of whether the PPE was issued before or after the regulation came into effect.

Article II (1) GR 8/2025

Upon the commencement of this Government Regulation, exporters currently under supervision by BI and/or OJK for compliance with the provisions of GR 36/2023 will be deemed to have fulfilled all of their obligations.

Article II (2) GR 8/2025

This Government Regulation will take effect starting on March 1st, 2025.

Article II (3) GR 8/2025

CHANGES RELATED TO PERCENTAGE AND DURATION ON THE RETENTION OF DHE IN INDONESIA

GR No. 8/2025 introduces significant changes to the provisions governing the percentage and duration of Export Foreign Exchange (DHE) retention in Indonesia. These changes aim to strengthen foreign exchange reserves, enhance economic stability, and ensure greater financial security within the national banking system.

30% → **100%**
3 Months → **12 Months**

Increase on the Percentage of DHE Retention

DHE that has been deposited and placed by exporters into a DHE Special Account, must remain 100% retained within Indonesia's financial and banking system for a specified period. The specified retention period, as referred to in the previous clause, shall be no less than 12 months from the date of placement in the DHE Special Account.

Article 7 (1) and (2) Amended GR 36/2023

30%
3 Months

Exemption for the Exports of Oil and Gas

An exception applies to DHE derived from the oil and gas mining sector. For these export proceeds, the required retention percentage is set at a minimum of 30%, rather than 100%, as mandated for other natural resource sectors. The minimum retention period for these funds is three months from the date of placement in the DHE Special Account.

Article 7 (2a) Amended GR 36/2023

The provisions above shall be further regulated on a regulation issued by Bank Indonesia

Article 7 (3) Amended GR 36/2023

Example on the Application of Article 7 Amended GR 36/2023

PT A is a company that exports coffee beans abroad (a plantation product). On May 1st, 2025, the company received DHE of 10 million USD from foreign buyers. According to the Art. 7 Amended GR 36/2025, PT A is required to:

1. Deposit all DHE (10 million USD) into a DHE Special Account on an Indonesian bank, LPEI, or other financial instruments (issued by BI, LPEI or Indonesian banks).
2. Funds amounting to 100% of the DHE, namely 10 million USD, must remain (retained) in the Indonesian financial system for a minimum of 12 months, starting from the date of deposit, namely since May 1st, 2025.
3. Therefore, until May 1st, 2026, these funds may not be transferred abroad and can only be used in accordance with the provisions under Art. 11A (1) Amended GR 36/2023.

PLACEMENT OF DHE IN SPECIAL ACCOUNT



Based on Art. 8 Amended GR 36/2023, the placement of DHE is as follows:

- (1) Placement of DHE as referred to in Article 7 paragraph (1) and paragraph (2a) is carried out in:
 - a. DHE Special Account at the LPEI or bank;
 - b. banking instruments;
 - c. financial instruments issued by the Indonesian Export Financing Institution; and/or
 - d. instruments issued by Bank Indonesia.
- (1a) Placement of DHE SDA in the instruments as referred to in paragraph (1) letters b, c, and d, cannot be withdrawn before the maturity of the placement instrument.
- (2) Provisions regarding the placement of DHE SDA in the Special DHE SDA Account and the instruments as referred to in paragraph (1) refer to the regulations issued by the relevant sector authorities.

Article 8 Amended GR 36/2023

Financial instruments issued by the Indonesian Eximbank (*Lembaga Pembiayaan Ekspor Indonesia*) are non-transferable and may not be assigned or granted power of attorney to any party (non-negotiable).
(Statute Explanation Article 8 Amended GR 36/2023)

EXPANSION AUTHORIZED UTILIZATION OF RETAINED DHE IN INDONESIA

DHE that has been placed by exporters into the DHE Special Account may be utilized by exporters for specific purposes as permitted under the applicable regulations. The utilization of retained DHE must adhere to the stipulated guidelines, ensuring that funds are allocated in a manner that aligns with national economic objectives while maintaining the integrity of Indonesia's financial and banking system.

Article 11A (1) Amended GR 36/2023

Conversion of DHE to Indonesian Rupiah at a Bank, in accordance with Bank Indonesia regulations.

Payment of obligations in foreign currency, including taxes, non-tax state revenue, and other liabilities to the government, as stipulated by applicable laws and regulations.

Dividend payments in foreign currency.

Payment for the procurement of goods and services in foreign currency, specifically for raw materials, auxiliary materials, or capital goods that are unavailable, insufficient, or do not meet the required specifications domestically.

Repayment of loans used for the procurement of capital goods in foreign currency.

In utilizing DHE SDA as referred above, exporters are required to submit the necessary documentation to the Indonesia Eximbank (LPEI) or a Bank, which manages its DHE Special Account. This includes proof of utilization for payments related to tax obligations, non-tax state revenue, dividend payments, procurement of goods and services in foreign currency, and loan repayments. Furthermore, exporters are obliged to submit a statement letter in relation to the utilization of DHE for procurement of goods and services in foreign currency and loan repayments.

Article 11A (2) Amended GR 36/2023

EXPANSION OF POWERS IN THE SUPERVISION OF DHE RETENTION BY INSTITUTIONS

The regulation on minimum paid-up capital for key market players is designed to ensure financial stability and protect market integrity. By setting specific capital requirements for different entities, such as stock exchanges, clearing institutions, and traders, the regulation aims to ensure these players have the necessary resources to operate effectively and manage potential risks.

Article 13 Amended GR 36/2023

MINISTRY OF FINANCE

The supervision of export activities related to goods, as referred obliged for DHE retention, is carried out by the ministry responsible for financial affairs in accordance with the applicable customs regulations.

BANK INDONESIA

The monitoring of compliance with the requirement to deposit DHE into Indonesia's financial system and the requirement to retain DHE falls under the authority of Bank Indonesia, shall be regulated further with Bank Indonesia regulations.

LPEI AND BANK

The supervision of DHE retention obligations may be conducted at any time through inspections of the Indonesia Eximbank (LPEI) and Banks, in line with the prevailing legal provisions.

OJK

Additionally, the oversight of escrow accounts held at the Indonesia Eximbank (LPEI) and Banks is carried out by the Financial Services Authority (OJK) in accordance with regulatory laws governing OJK's supervisory role

The ministry responsible for financial affairs (Ministry of Finance) shall communicate the imposition and revocation of administrative sanctions to the relevant ministries and/or supervising institutions. This communication ensures that appropriate follow-up actions are taken in accordance with the applicable laws and regulations governing each respective supervising sector.

Article 14 (3) Amended GR 36/2023

STRICTER SANCTIONS FOR VIOLATIONS AND REVOCATION OF VOLUNTARY DHE RETENTION

To ensure compliance with the 100% retention requirement for DHE, the government has introduced stricter sanctions for violations. Additionally, the voluntary retention scheme, which previously allowed exporters to retain foreign exchange in Indonesia at their discretion on exports below the mandatory threshold of USD 250,000 (two hundred fifty thousand United States dollar), has been revoked.

Article 16 (1) letter b Amended GR 36/2023

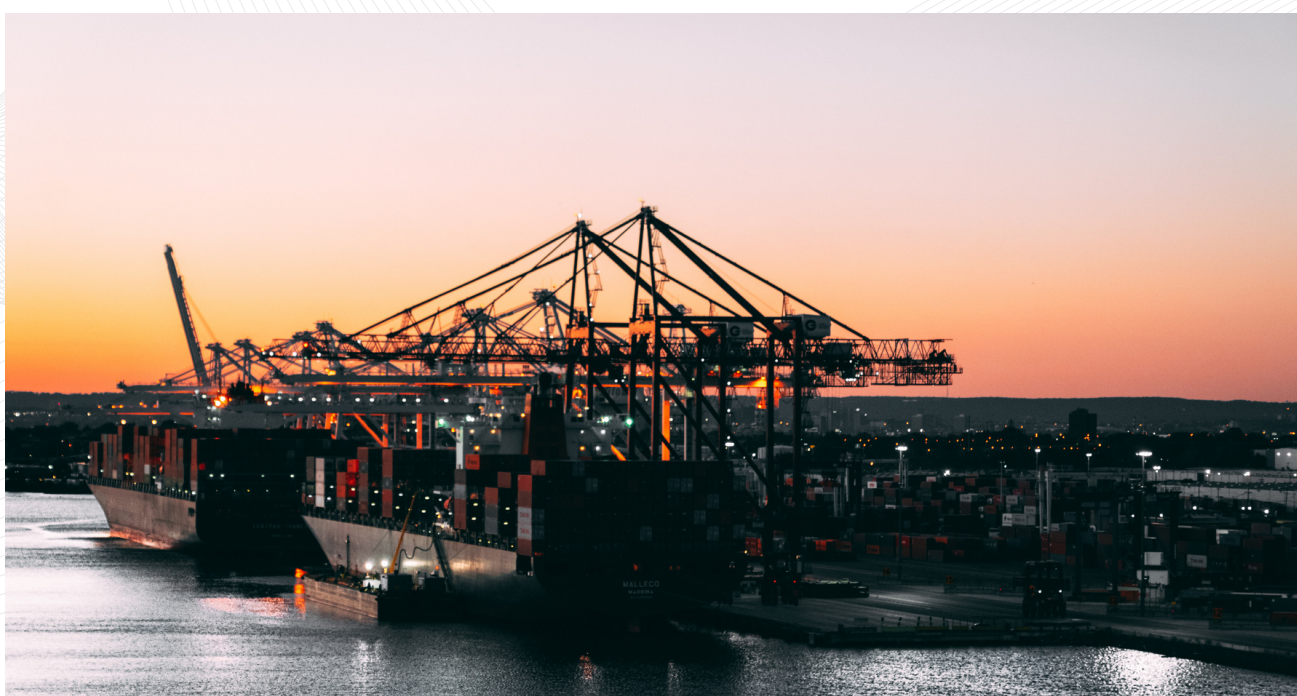
Exporters which fail to fulfill the required retention of DHE of:

1. in the amount of 100% (one hundred percent) as referred to in Art. 7 (1), for a minimum period of 12 (twelve) months as referred to in Art. 7 (2), taking into account the provisions of Art. 11A; and/or
2. at least 30% (thirty percent) for a minimum period of 3 (three) months as referred to in Art. 7 (2a) shall be **subjected to administrative sanctions** in the form of **suspension of export services**.

Article I (8) jo. Art. I (9) Amended GR 36/2023

Revocation of Chapter VI and Art. 17.

Under the new regulations, exporters are now required to retain 100% of their DHE within Indonesia's financial and banking system for a specified retention period. This obligation applies to exports exceeding the threshold of 250,000 USD, making voluntary retention of exports below 250,000 USD no longer an option.



CONCLUSION

In conclusion, GR 8/2025 represents a significant shift in the management of DHE in Indonesia. By mandating exporters to retain 100% of their DHE within the domestic financial and banking system for a minimum period of 12 months, the regulation seeks to bolster Indonesia's foreign exchange reserves and enhance the stability of the national economy. This regulation specifically targets key export commodities, such as mining, plantation, forestry, and fishery which are substantial contributors to the country's foreign exchange earnings, thereby ensuring that these critical sectors support the country's financial resilience.

As stipulated, exporters of natural resource exceeding the threshold of 250,000 USD are now required to comply with the mandatory retention provisions. This shift is designed to ensure that all proceeds from significant export activities remain within Indonesia, promoting the strengthening of domestic financial and banking systems in mitigating potential capital outflows. The imposition of sanctions and expansion of supervising powers aim to provide a more structured and predictable framework for managing export-related foreign exchange.

Ultimately, GR 8/2025 provides a clear path for exporters to contribute to Indonesia's long-term economic growth and financial stability. With Bank Indonesia and the Financial Services Authority (OJK) overseeing compliance, the regulation is poised to increase the effectiveness of foreign exchange management while ensuring that the country's natural resources benefit the domestic economy. The regulation's full implementation, beginning March 1st, 2025, marks a new era for Indonesia's export and financial systems, prioritizing national economic interests and resilience in a rapidly evolving global economy.

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We will continue to track developments on this topic and provide updates as new information emerges. Our team is committed to keeping you informed with the latest details as they become available. If you have any questions or need further clarification, please reach out for our assistance.



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