



Client Alert

Presidential Regulation No. 63 of 2019 on the Use of Bahasa Indonesia

The implementation regulation on the mandatory use of Bahasa Indonesia is finally arrived. Agreements involving foreign parties may be written in both Bahasa Indonesia and foreign language (and/or English). In the event of inconsistency between the Bahasa Indonesia and the foreign language, the prevailing language may be subject to the agreement between the relevant parties.

On 30 September 2019, the Indonesian government has finally issued the Presidential Regulation No. 63 of 2019 on the Use of Bahasa Indonesia ("**PR 63/2019**"). PR 63/2019 serves as the implementation regulation of Law No. 24 of 2009 on the National Flag, Language, Emblem and Anthem ("**Law 24/2009**").

Mandatory Use of Bahasa Indonesia in Agreements

Article 26 of PR 63/2019 stipulates that Bahasa Indonesia is required in any Memorandum of Understandings and Agreements involving State Institutions, Indonesian Government, Indonesian private entities or Indonesian citizens ("**Agreements**").

Any Agreements involving foreign parties may be written in English or any other foreign language as the national language of such foreign party ("**Foreign Language**"). This Foreign Language shall be used as an equivalent or translation of the Bahasa Indonesia version for ease of understanding of foreign parties.

In the event that there is any inconsistency between the Bahasa Indonesia and the Foreign Language, the relevant Parties may agree on the prevailing language to the extent it is expressly agreed in such Agreements.

Specific Sectors Requiring Mandatory Use of Bahasa Indonesia as Prevailing Language

Despite the mandatory requirement referred to in the PR 63/2019, certain sectoral regulations may require otherwise. For example, in the construction sector, Article 50 of Law No. 2 of 2017 regarding Construction Services ("**Construction Law**") requires construction contracts to be made in Bahasa Indonesia and it may be written in bilingual if it involves a foreign party. However, the Construction Law specifically requires Bahasa Indonesia to become the prevailing language in the event of inconsistency.

In respect to the above, it is advisable to assess the use of Bahasa Indonesia in Agreements on a case-by-case basis depending on the nature of the Agreements.

Official Communication

Article 28 of PR 63/2019 provides that Bahasa Indonesia must be used as a communication language (both verbal and writing) within the Government and private working environment. This official communication includes among others, verifications, consultations, negotiations, correspondences, meetings, discussions, and/or other official communications.

Sanctions

Unless regulated otherwise in sectoral regulations, PR 63/2019 is silent on the applicable sanctions that might be imposed in case of failure to meet with the requirement to use Bahasa Indonesia. However, it should be noted that at least one case in the past where the Indonesian court considered an agreement as null and void due to the absence of Bahasa Indonesia in the said agreement.

We will continue to monitor any development of this matter and will let you know accordingly.

Should you have any queries, please feel free to contact us.

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