

- **Presidential Decree No. 1 (1980) prohibits the import of aircraft or helicopters which have similar function to those produced by IPTN**

While Presidential Decree No. 1 (1980) provides for the operation of jet aircraft by private airlines, *it also prohibits the import of aircraft or helicopters which have similar function to those produced by IPTN.* In practical terms, this means that while the market exists, products which would compete with the Indonesian-produced CASA CN-212 twin engine passenger plane or the NBO-105 and Puma NSA-330 helicopters may not be imported without a Presidential decree. Under normal conditions the approval process for an aircraft import license can take close to two years. In recent years the only import permits granted for helicopters were for Pelita Air Service, the charter company of the influential state oil and gas company, Pertamina. *Companies should note, however, that IPTN still imports most of the components it uses in its joint venture/licensing production as well as most repair parts.*

- **Presidential Decree No. 1 (1980) also assigns priority to all contracts that include an off-set work contract with IPTN for 35% of the contract value**

Because one of the main thrusts of Minister Habibie's tenure as Minister of Research and Technology has been to promote the interests of domestic airline production, Presidential Decree No. 1 (1980) assigns priority to all contracts that include offset work with IPTN of at least 35% of the contract value. Typically this has meant that IPTN produces the tail and wings for airplanes ordered by the state airline companies, Garuda and Merpati. Because private airline companies can not offer the same services as IPTN, more often the offset order includes training for aircraft personnel.

- **Aircraft and parts imported for government agencies and state airlines are free of duty while planes imported for corporations are taxed at 2.5%**

Aircraft and parts imported for government agencies and state airlines are free of duty while planes imported for corporations are taxed at 2.5% and, for private use, at 30%. Most parts including engines, propellers, rotors, and subassemblies are subject to 10% VAT.