

INDONESIA INVESTMENT POLICY AND STRATEGY

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Gilimanuk – Mengwi Toll Road

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UNPREDICTABLE GLOBAL SITUATION



**U.S - China
Trade War**



**COVID-19
Pandemics**



**Russia and Ukraine
Conflict**



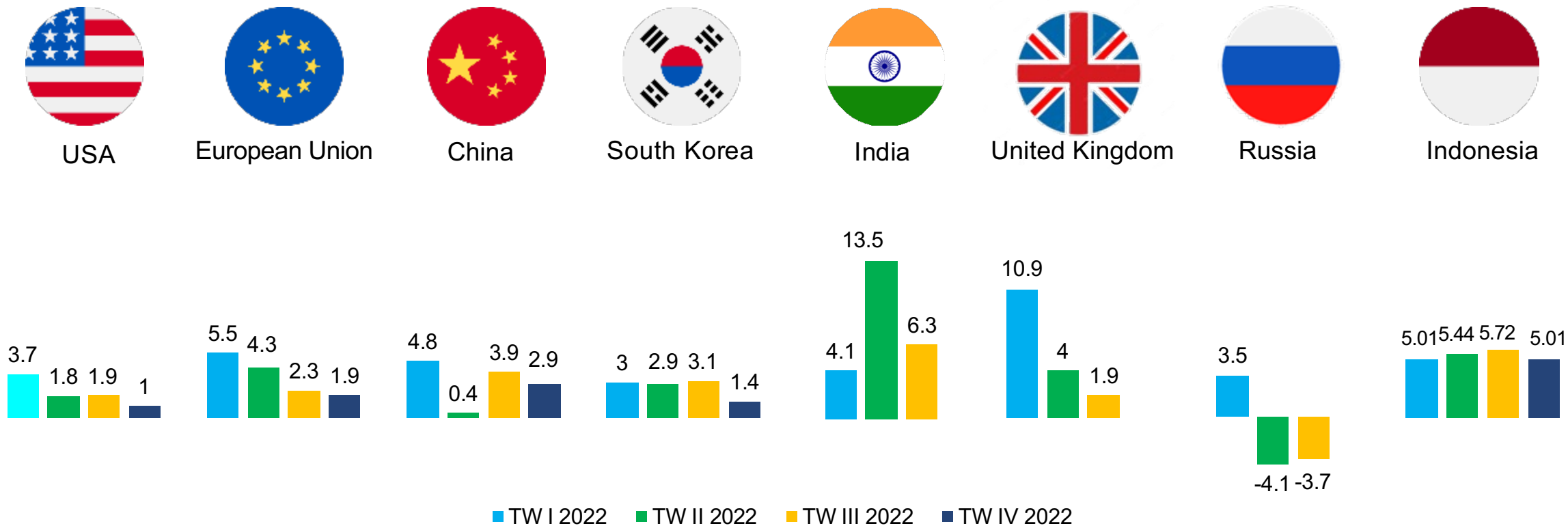
**China – Taiwan
Tension**



**Food and Energy
Crisis**

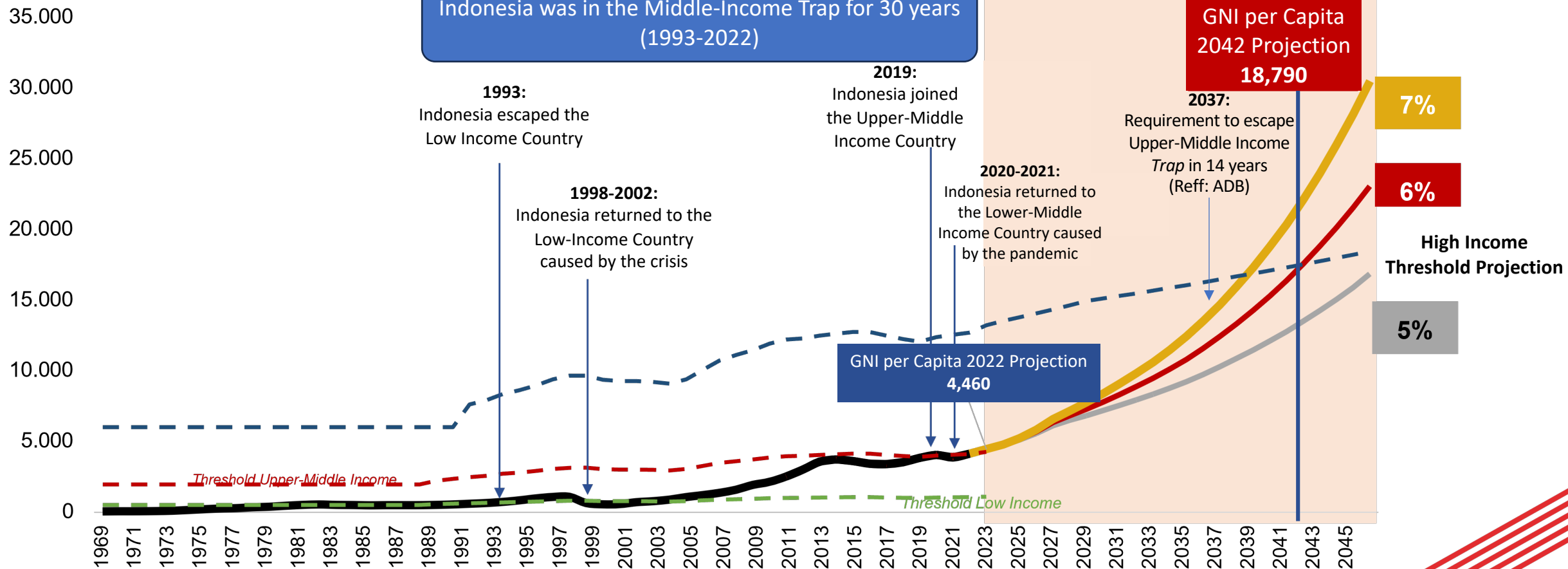
ECONOMIC GROWTH G20 COUNTRIES

(%, Y-O-Y)



Indonesia's economic growth in 2022 grew **5,31%** compared to 2021,
while in the 4th quarter of 2022 **grew 5,01%**.

Gross National Income Projection (USD)



INVESTMENT AND ECONOMIC GROWTH

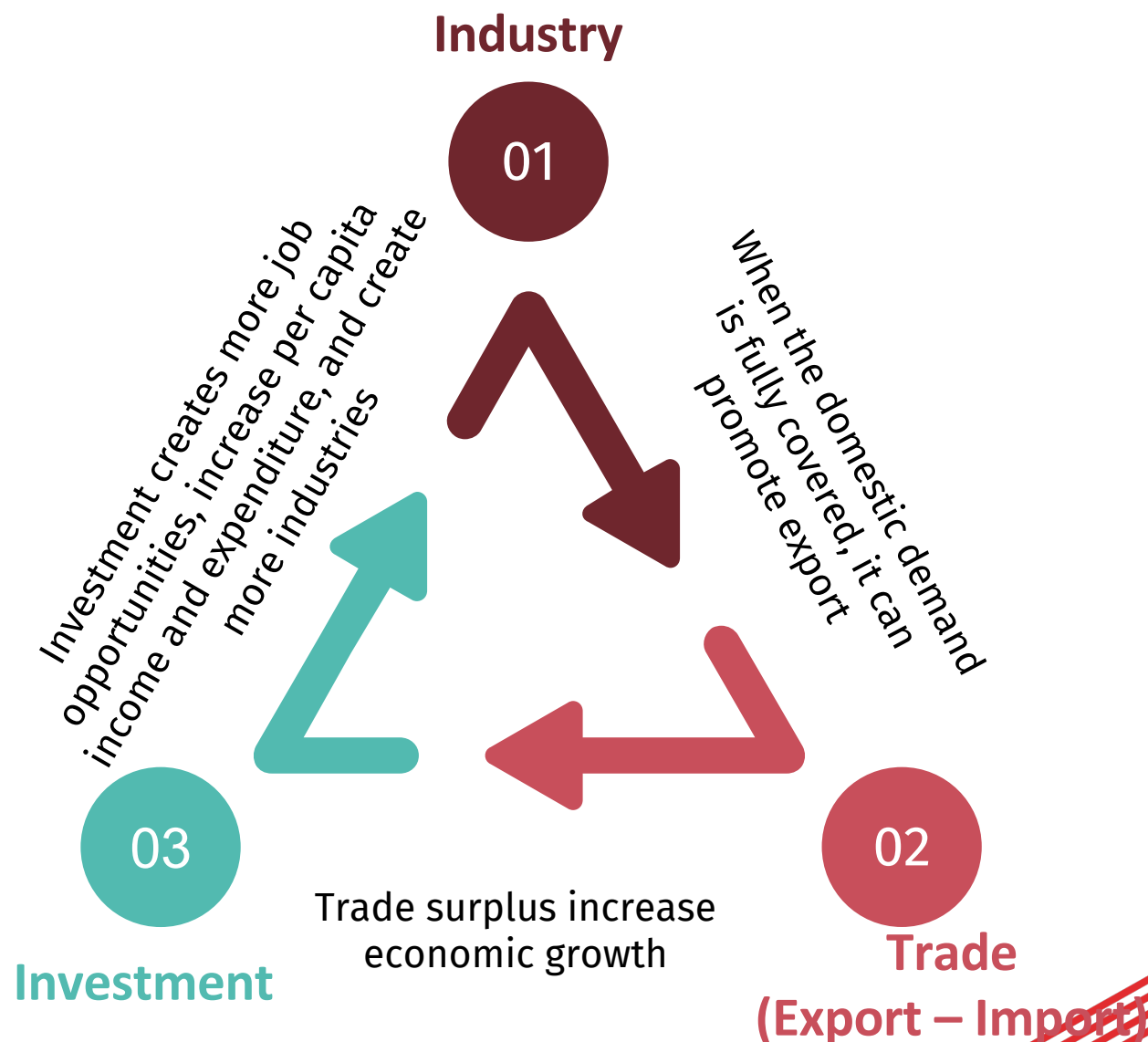
$$Y = C + I + G + (Ex - Im)$$

**79% of the
National Income are
from tax.**

The increasing
investment of
Infrastructures will
increase tax revenue



Investment on toll road
or railway development,
will **increase
connectivity, reduce
travel distance and
travel cost, create
more new job
opportunities, and
increase the added-
value.**



2022 TARGET AND INVESTMENT REALIZATION

(exclude Upstream Oil and Financial Services Sector)

Investment realization

Jan-Dec 2022

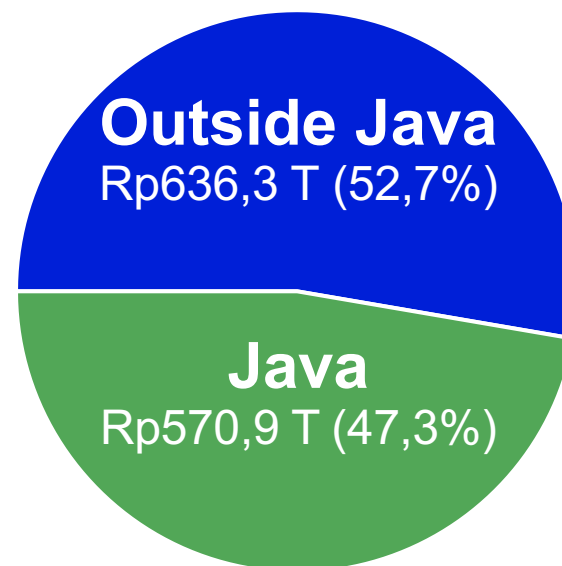
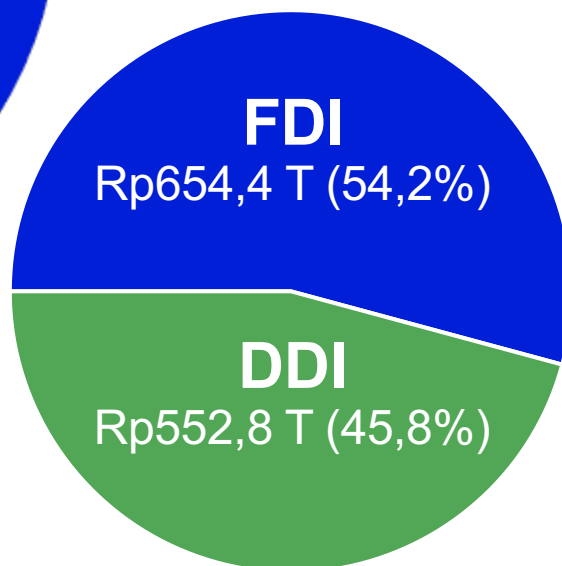
Rp1.207,2 T

Jan – Dec (y-o-y)	
FDI	44,1%
DDI	23,7%
Total	34,0%

100,6%

Result: 124,7% from **BKPM Strategic Planning target: Rp968,4 T**

Result: 100,6% from **President target: Rp1.200T**



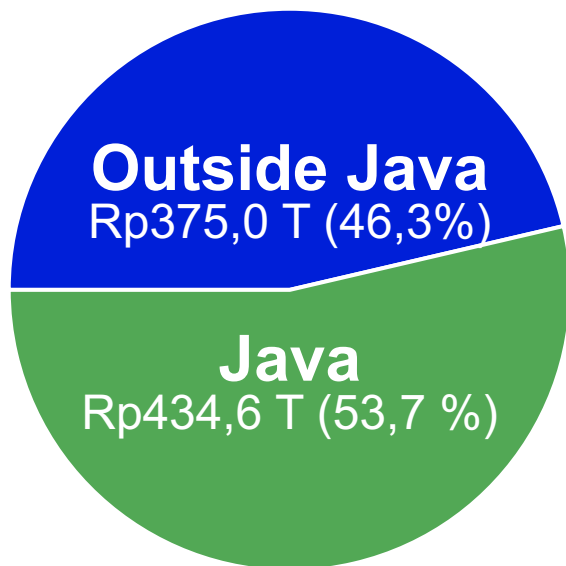
During Jan – Sept 2022
Investment Absorbed (Local
Workers)

1.305.001

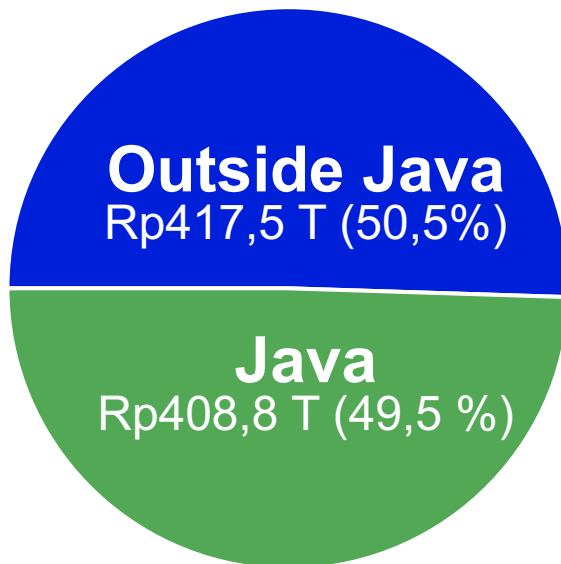
dari **260.955** proyek

INVESTMENT REALIZATION TREND 2019 - 2022

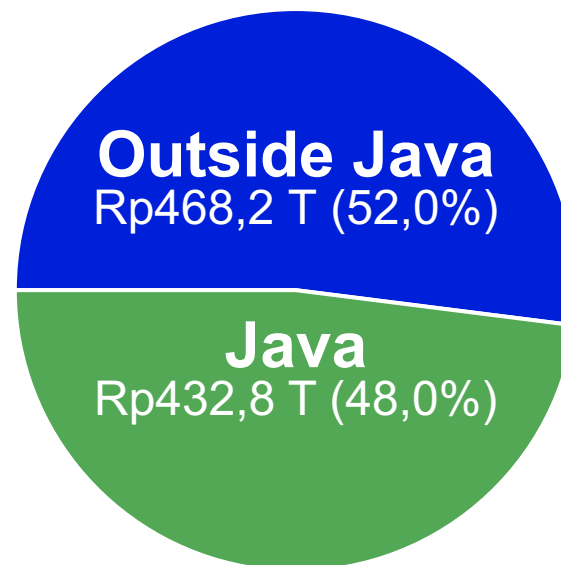
2019



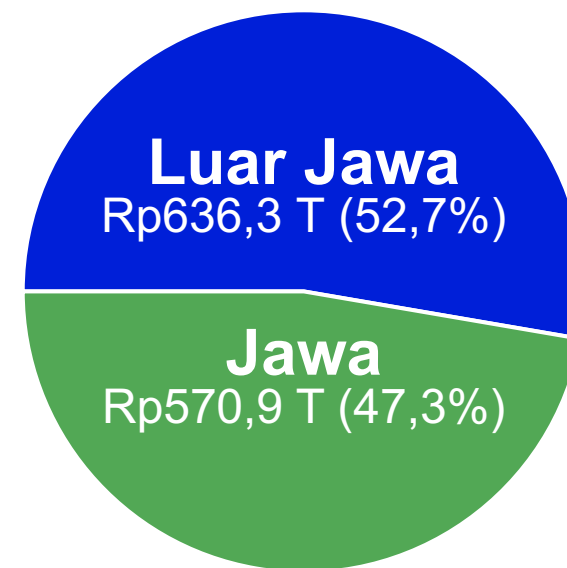
2020



2021



2022



Since **Q3 2020**, investment realization of Outside Java surpassed the investment realization of Java, as a result of the massive infrastructure development in Outside Java.

TREND BY SECTORS 2019 - 2022

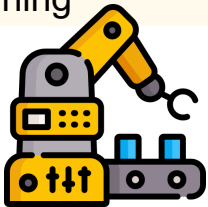
2019

2020

2021

2022

No	Sectors	IDR (T)	%	No	Sectors	IDR (T)	%	No	Sectors	IDR (T)	%	No	Sectors	IDR (T)	%
1.	Transportation, Warehouse and Telecommunication	139,0	17,2	1.	Transportation, Warehouse and Telecommunication	144,8	17,5	1.	Industry of Basic Metal, Metal Goods, Non- Machinery and Equipment	117,5	13,0	1.	Industry of Basic Metal, Metal Goods, Non- Machinery and Equipment	171,2	14,2
2.	Electricity, Gas and Water	126,0	15,6	2.	Electricity, Gas and Water	102,0	12,3	2.	Housing, Industrial Estate and Offices	117,4	13,0	2.	Mining	136,4	11,3
3.	Housing, Industrial Estate and Offices	71,1	8,8	3.	Industry of Basic Metal, Metal Goods, Non- Machinery and Equipment	94,8	11,5	3.	Transportation, Warehouse and Telecommunication	107,4	11,9	3.	Transportation, Warehouse and Telecommunication	134,3	11,1
4.	Industry of Basic Metal, Metal Goods, Non- Machinery and Equipment	61,6	7,6	4.	Housing, Industrial Estate and Offices	76,4	9,2	4.	Electricity, Gas and Water	81,6	9,1	4.	Housing, Industrial Estate and Offices	109,4	9,1
5.	Mining	59,5	7,4	5.	Construction	71,0	8,6	5.	Mining	81,2	9,0	5.	Chemical industry and pharmacy	93,6	7,8

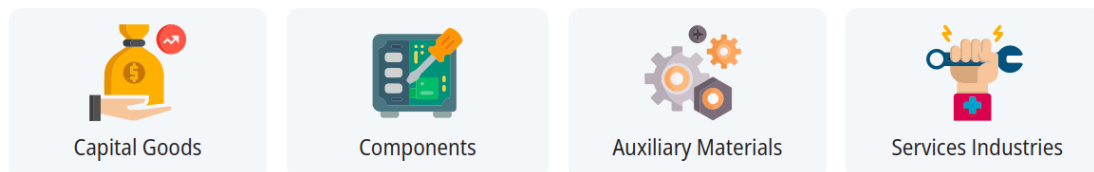


The investment in infrastructure projects, especially toll roads, is the main contributors to achieve the investment realization target. This investment can also stimulate investment in other sectors.

1. Mainstay Industries



2. Supporting Industries



3. Upstream Industries



Transportation Industry

Motor Vehicle Industry		
1. Automotive components 2. Fuel, gas and electricity engines 3. Transmission device (power train) 4. Heavy equipment	1. Electric starter (engine) and fuel cell 2. Transmission device (power train)	Electric prime mover (engine) and fuel cell
Railway Industry		
Diesel and electric trains	1. Electric train 2. Magnetic levitation (maglev)	1. Electric train 2. 2. Magnetic levitation (maglev)
Shipping Industry		
1. Ships 2. Ship components (mechanical and electronic) Ship maintenance	1. Ships 2. Submarine (underwater exploitation)	1. Ships 2. Submarine (underwater exploitation)
Aviation Industry		
1. Propeller airplanes 2. Aircraft components 3. Aircraft maintenance		

Strategy to Increase Investment



Ease of Doing Business: Implementation of Law of the Republic of Indonesia No. 11 of 2020 on Job, revised into UU 6/2023): simplify business licenses, pro-business regulations, incentives, and simplified facilities and transparent.



Strengthening Government Coordination: Centralization and delegation of investment authority to the Ministry of Investment/BKPM, formed Satuan Tugas Investasi Nasional.



Optimizing and Enhancing cooperation between countries and Indonesian institutions to increase two-way investment through free and active politic principles.



Preparing Sustainability Investment Ready to Offer; including priority sectors with pre-feasibility studies.



Facilitating Investment Realization: especially in high-value-added investments and able to create high job opportunities.

Holding the Effective Investment Promotion, based on potential sectors and countries, and *matchmaking* for FDI and DDI.

End-to-End Investment Service

Promoting Investment Opportunity and Investment Climate in Indonesia



Connecting with potential and stakeholders in Indonesia



Assisting the licenses procedural in Indonesia



Assisting financial closing

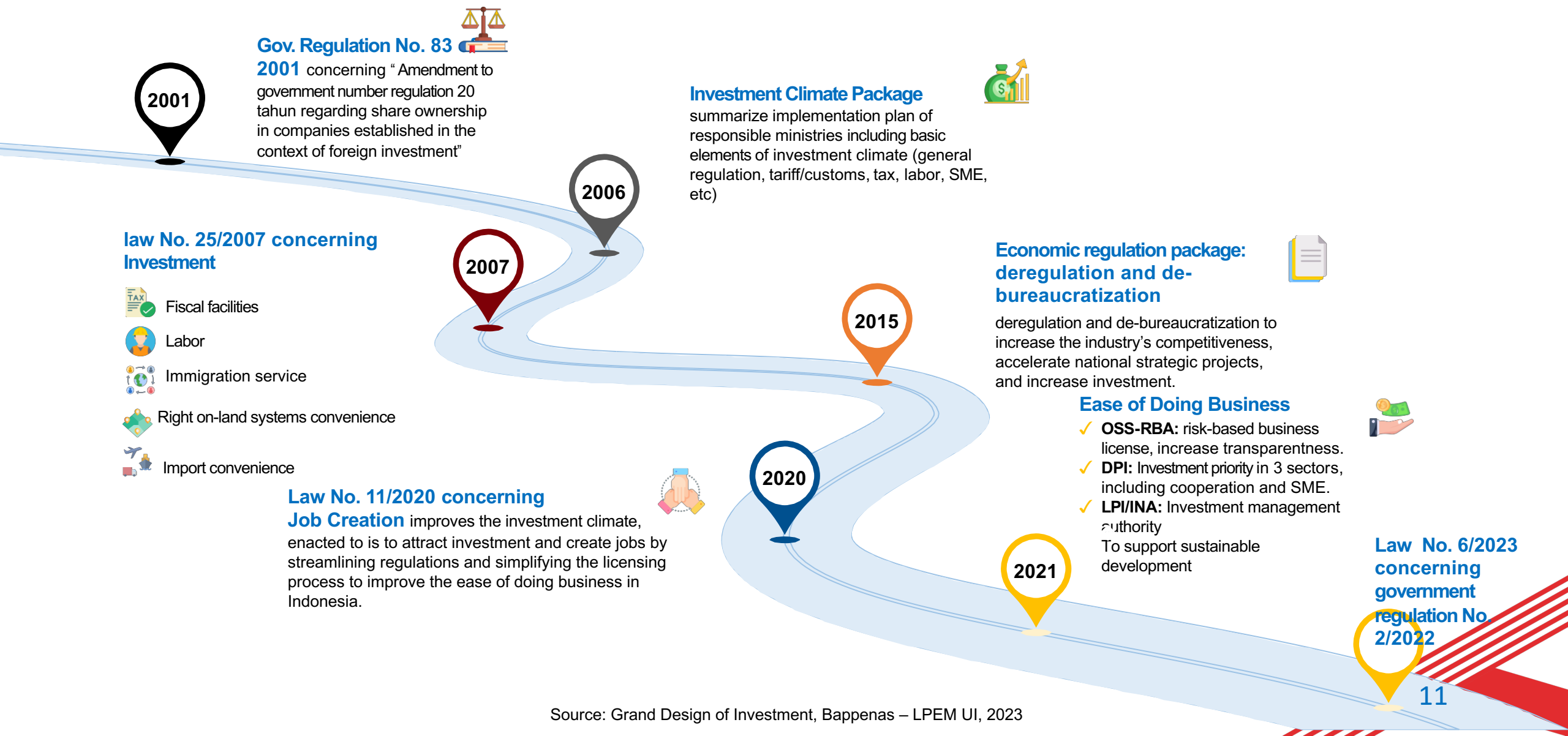


Facilitating business obstacles until production phase

*) IIPC is Indonesia Investment Promotion Center, office representatives of Ministry of Investment/ BKPM in 9 business centers in the world. IIPC is working in cooperation with Indonesian Embassies/consulate general.

INVESTMENT REGULATION EVOLUTION

PROVIDING A GOOD INVESTMENT CLIMATE THROUGH REGULATIONS



Risk-based Business License

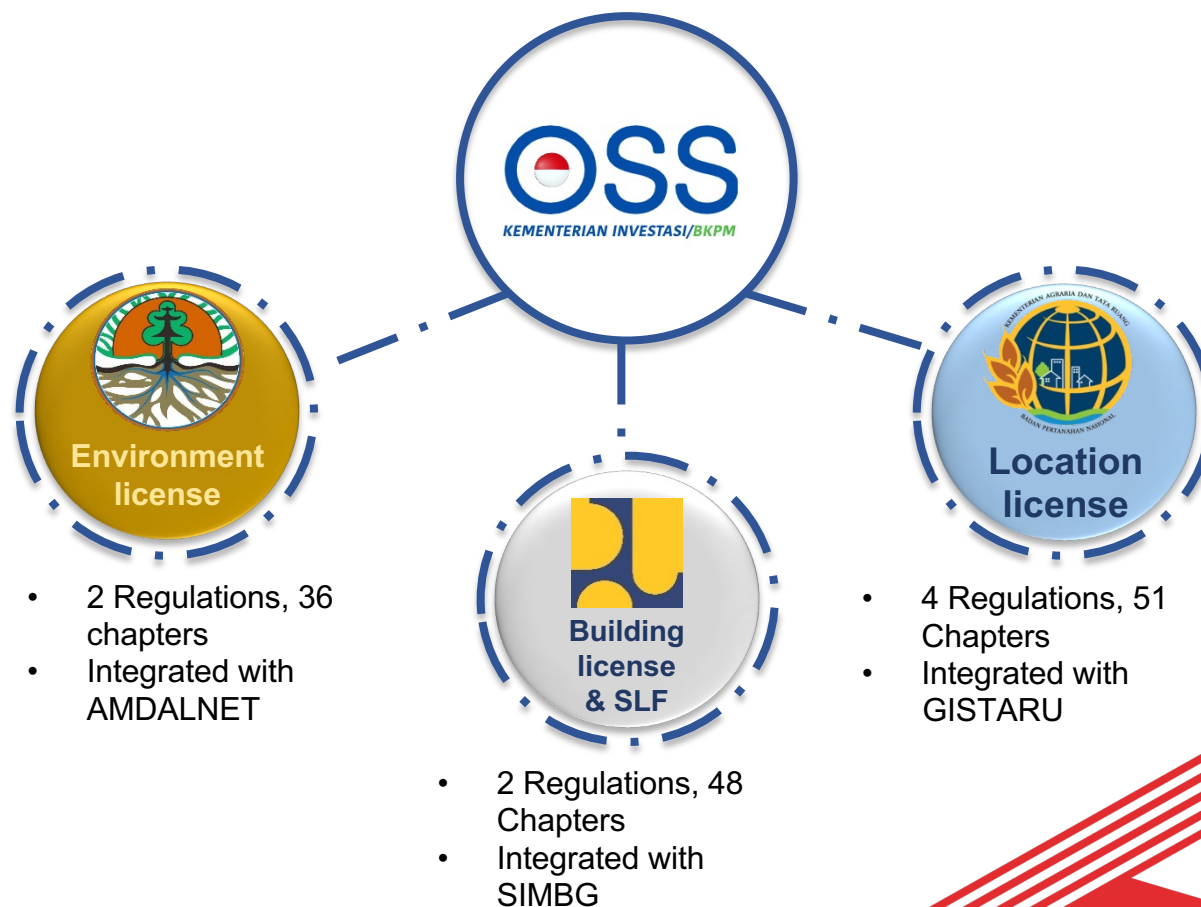
Licensing process of business activities shifted from license-based to risk-based



* Including toll-road

Business License Requirements

Integrating and simplifying regulations related to basic licenses



ONLINE SINGLE SUBMISSION (OSS) RISK-BASED APPROACH FOR INVESTMENT LICENSING



Consist of 16 Sectors of Investment and 18 Ministries/Government Agencies:



Ministry Of
Marine Affairs
And Fisheries



Ministry of
Energy and
Mineral
Resources



Nuclear
Energy
Regulatory
Agency



Ministry of
Trade



Ministry of
Industry



Ministry of
Tourism and
Creative
Economy



Ministry of
Religious
Affairs



Ministry of
Transportation



Ministry of the
Environment
and Forestry



Minister of
Public Works
and Public
Housing



Ministry of
Education,
Culture,
Research,
and
Technology



Ministry of
Communication
and Informatics



Ministry of Defense



Indonesian National
Police



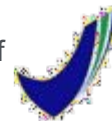
Ministry of
Agriculture



Ministry Of
Manpower And
Transmigration



Ministry of
Health



National
Agency of
Drug and Food
Control

The authority issuing business licenses is delegated to the **Ministry of Investment/BKPM** using the **OSS System**.

Launched by President Joko Widodo on August 9, 2021

Tax Holiday (PP 12 /2020 & PMK 237/PMK.010/2020)

100%

Corporate income tax deduction for **100% for investment IDR500 million or more** in the period of **5-20 years**.
Additional corporate income tax deduction of **50% for 2 years**.
Applied for pioneer industries or qualified pioneer industries.

50%

Mini Tax Holiday: Corporate tax deduction of **50% for investment IDR100 million or more in 5 years**.
Additional corporate income tax deduction of **25% for 2 years**.

Tax Allowance (PP 78/2019)

30%

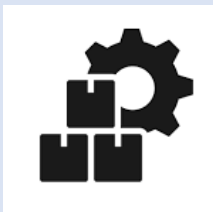
Corporate income tax deduction for 30% of the total investment for 5 years to invest in certain business fields or/and certain areas.

Depreciation and Amortization which accelerated on tangible and intangible assets.

Income tax of dividend for 10% or lower tax treaty.

Period extension for fiscal loss carry forward for 5-10 years.

Import Duty Exemption



Import duty exemption on machines, goods, and materials for industries and service industries.

- Import duty exemption for 2 years or,
- 4 years for companies that use local production machines (minimum 30%).
(PMK No.176/PMK.011/2009 & No. 188/PMK.010/2015)

Super Tax Deduction (PP 45/2019)

200%

Gross income deduction subject to income tax up to 200% from educational activities.

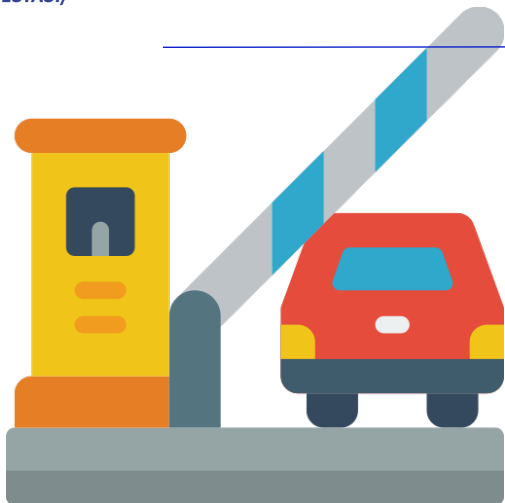
60%

Net income tax deduction for 60% from the total investment (new investment or expansion) in fixed assets for labor-intensive business

300%

Gross income deduction subject to income tax for **300%** from the research and development expense.

INVESTMENT REGULATION TOLL-ROAD SECTOR



Business Classification (KBLI)

Regulation of BPS No 2/2020

Category H: Transportation and Warehouse **(52213)**.
Sub-categories: Toll-road activities.

This group includes the **business activities of providing vehicle traffic services through toll roads or bridges.**

Toll-road activities is categorized into Middle-High risk.
To start a business in this category requires NIB and Standard Certification from OSS.



Investment Sectors Requirements

Presidential Regulation 10/2021 as renewed into
Presidential Regulation 49/2021

Business lists with special requirements (Appendix III) are excluded from this business classification, and open to FDI & DDI Investors.



DIRGAHAYU REPUBLIK INDONESIA



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