



DIRGAHAYU REPUBLIK INDONESIA



INVEST IN INDONESIA

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Why Indonesia



Southeast Asia's largest economy



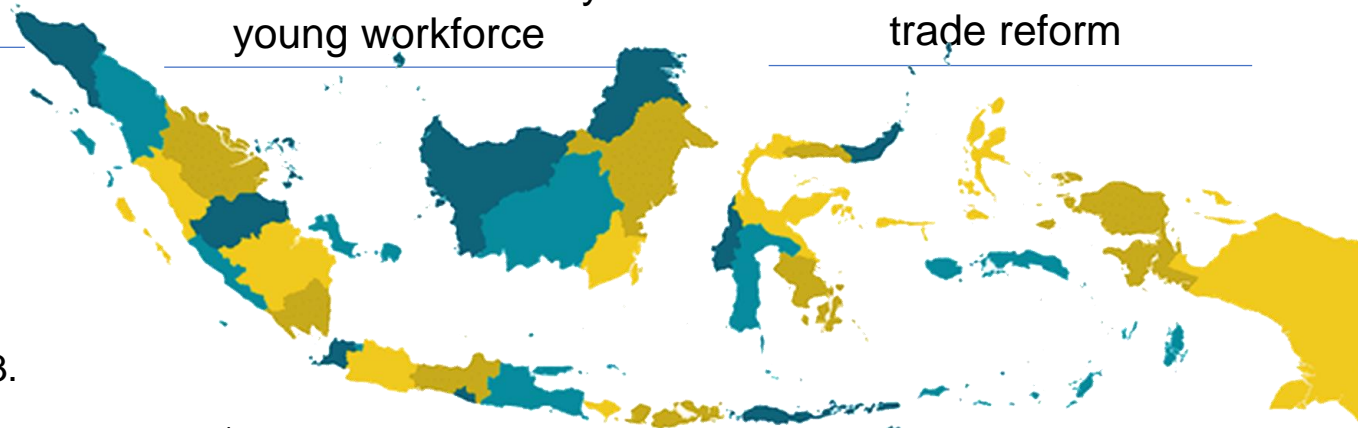
Sizeable and relatively young workforce



Pro investment and trade reform



Blossoming digital economy



- Stable economic growth with 5.2% real GDP growth in 2022 and projection 4.8% - 5.3% in 2023.
- Projected to be the seventh largest economy in the world by 2030 and it is a member of the G20 group of nations.

- 4th most populous country in the world.
- Population of 275 million with over 50% in working bracket.
- Fast-growing middle class with increasing consumer expenditure.

- Committed to enhancing ease of doing business in the country.
- Liberalisation of more sectors for foreign investments.

- Accelerating e-commerce market driven by its tech savvy population.
- High mobile and internet penetration rate.
- Growing number of startups achieving unicorn status.

The biggest market & gateway to SE Asia single market*

ASEAN* offers 678 million of growing market and US\$3.9 trillion of economy

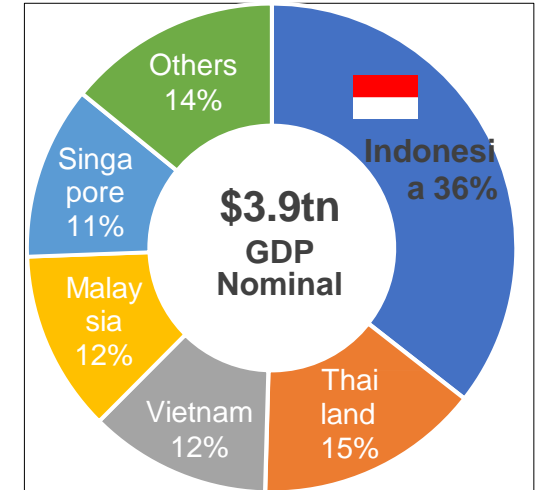
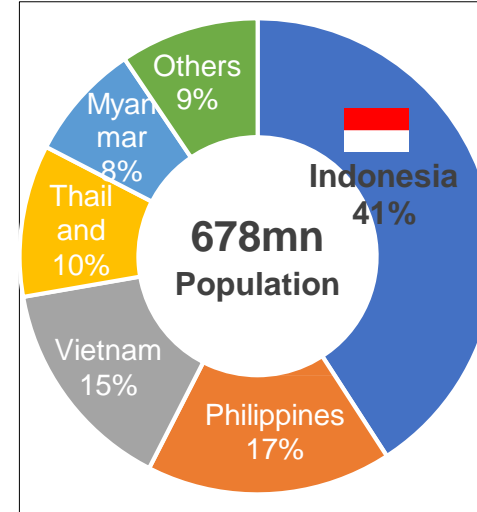


ASEAN* Member States



ASEAN* Population and GDP Nominal in 2022

At the heart of ASEAN, Indonesia represents **41% population** and **36% economy** of the region.



35
trade
agreements
concluded/
implemented

Beyond Southeast Asia, Indonesia is a production base for international market

Indonesia's FTAs include **RCEP** (with China, Japan, S. Korea, Australia, NZ), **EFTA** (with Iceland, Liechtenstein, Norway, Switzerland), and **Chile**. **Indonesia-EU CEPA** is targeted to be signed in 2024.

Image: ASEAN

*) ASEAN: Association of Southeast Asian Nation. The ASEAN Economic Community (AEC) envisions ASEAN as a single market and production base. Tariff rates for over 96% of traded products among the ASEAN countries are zero. Source: IMF and ASEAN, 2023.

Investment Realization 2021 – 2022

(excluded Upstream Oil and Gas and Financial Services Sector)



Investment Realization
Jan – Dec 2021*
USD 61.7 Bil



Local worker absorption
1,207,893

Based on Investment Sources



Based on Distribution



Investment Realization
Jan – Dec 2022*
USD 84.1 Bil



Local worker absorption
1,305,001



Based on Investment Sources



Based on Distribution



*Foreign Exchange 2021: Rp. 14,600/USD

*Foreign Exchange 2022: Rp. 14,350/USD

Trend of Investment in Indonesia by Sector

2019 – Q1 2023 (Billion USD)

2019

2020

2021

2022

Q1 2023

No	Sector	Inv	%
1.	Transportation, Warehouse and Telecommunication	9.4	17.2
2.	Electricity, Gas and Water	8.5	15.6
3.	Housing, Industrial Estate and Offices	4.8	8.8
4.	Industry of Basic Metal, Metal Goods, Non-Machinery and Equipment	4.1	7.6
5.	Mining	4.0	7.4

No	Sector	Inv	%
1.	Transportation, Warehouse and Telecommunication	10.0	17.5
2.	Electricity, Gas and Water	8.3	12.3
3.	Industry of Basic Metal, Metal Goods, Non-Machinery and Equipment	6.5	11.5
4.	Housing, Industrial Estate and Offices	5.3	9.2
5.	Construction	4.9	8.6

No	Sector	Inv	%
1.	Industry of Basic Metal, Metal Goods, Non-Machinery and Equipment	8.0	13.0
2.	Housing, Industrial Estate and Offices	8.0	13.0
3.	Transportation, Warehouse and Telecommunication	7.4	11.9
4.	Electricity, Gas and Water	5.6	9.1
5.	Mining	5.6	9.0

No	Sector	Inv	%
1.	Industry of Basic Metal, Metal Goods, Non-Machinery and Equipment	9.2	14.8
2.	Mining	6.8	10.9
3.	Transportation, Warehouse and Telecommunication	6.7	10.8
4.	Housing, Industrial Estate and Offices	5.6	9.0
5.	Chemical and Pharmaceutical Industry	4.8	7.7

No	Sector	Inv	%
1.	Industry of Basic Metal, Metal Goods, Non-Machinery and Equipment	6.0	13.1
2.	Transportation, Warehouse and Telecommunication	5.3	11.7
3.	Mining	4.8	10.5
4.	Housing, Industrial Estate and Offices	3.9	8.6
5.	Chemical and Pharmaceutical Industry	3.2	7.1

Abundant natural resources for manufacturing raw materials

Focusing on downstream industries to add value to its natural resources

Investment Priority Sectors

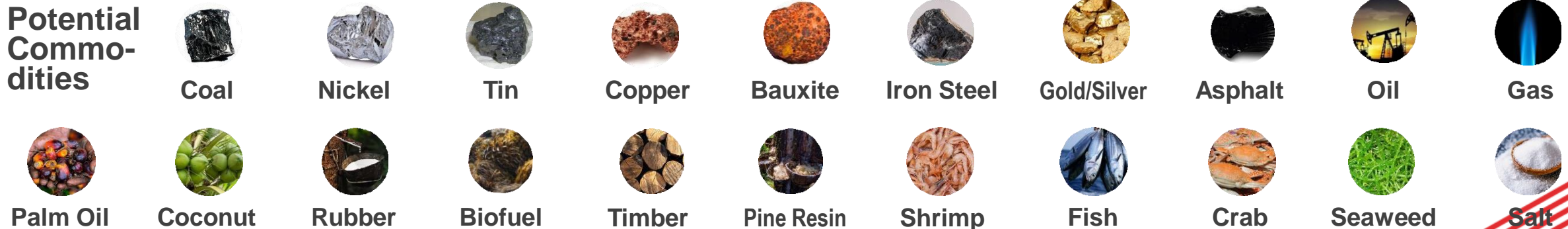
Labor-Intensive 	Export-Oriented Industry 	Renewable Energy
Infrastructure 	Digital Economy 	Value-Adding Industry to Natural Resources

Investment in Downstream Industries

Priority Downstream Industry	Investment Required (until 2040, estimated)
Minerals and coal	US\$ 431.8 billion
Oil and gas	US\$ 68.1 billion
Marine, fishery, plantation, forestry	US\$ 45.5 billion
Total	US\$ 545.3 billion

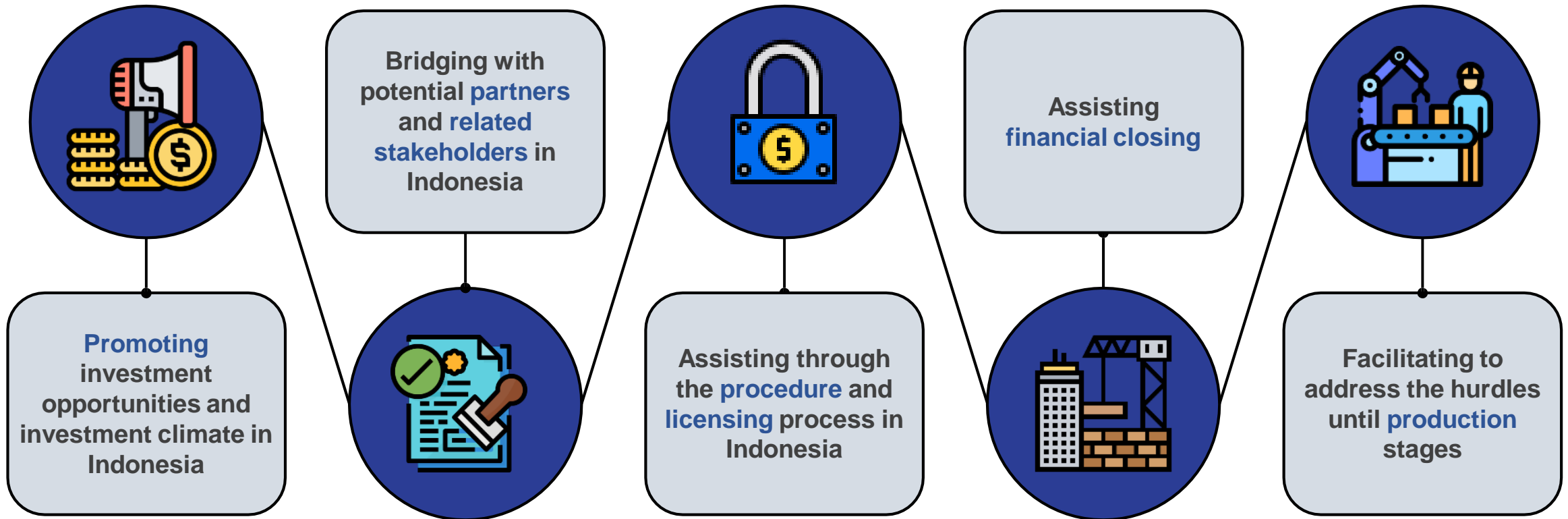
Ministry of Investment/BKPM has prepared the **Roadmap of Downstream Industries** which includes priority industries, investment opportunity, economic impacts, and strategic policies.

Potential Commodities



Ministry of Investment/BKPM provides End-to-End Services

From preparation stage until investment realization to production



Basic Requirement for Foreigners to Invest in Indonesia



- ✓ The minimum investment should be above USD 700 thousand or equivalent with IDR 10 billion
- ✓ The paid up capital need to be the at least USD 700 thousand
- ✓ Comply with the regulations about Priority List of Investment (sector that closed and open for investment)

Two Way Establishing Legal Entity in Indonesia



Investor has decide sector (KBLI), find the location, meet local partner, know exactly how the market and need to start immediately

Establishing Limited Liability Company (LLC/PT PMA)

Investor interested to invest but still not sure how the regulation work, where is the perfect location, how the market grows

Establishing Representative Office (KPPA)

Difference of LLC and Representative Office

Indicators	LLC	Representative Office
Purpose	Commercial and Business Activity	Limited to market research
Minimum Investment	USD 700 Thousand	None
Ability to made invoice	Yes	Restricted
Worker	Depend on the sector and the corporation	Limited to only 3 to 5 staffs
Company leader	Board of Directors supervised by Board of Commissioners	Head of Representative
Obligation to Ministry of Investment	Quarterly report the investment activity	None
Period of Validity of the permit	As long as company active	Yearly need to be renew
Eligible for incentive	If comply with certain criteria	No

How to Establish Foreign Legal Entity and Register Investment License in Indonesia



1

Location Survey
Define your Project and Office Location in Indonesia

Legality Aspect of your Company

2

Find Notary
Establish your Legal Entity in Indonesia

Deed of Establishment of PT PMA

3

Ministry of Law & Human Rights
Notary will register your company to get Approval through AHU Online

4

Get Tax ID (NPWP) of your PT PMA at Tax Office

Investment Licensing Process

5

Register your Company to Online Single Submission
<https://oss.go.id>
Keep your company Username and Password

6

Get Business ID Number (NIB)
NIB and related data of your company legality will refer based on Ministerial Ratification

7

Fulfillment of Requirement & Commitments

License or Permit from Local Government

License or Permit from Central Government (Technical Ministries)

8

Requirement & Commitments Completed / Fulfilled

9

Apply for Commercial or Operational License*

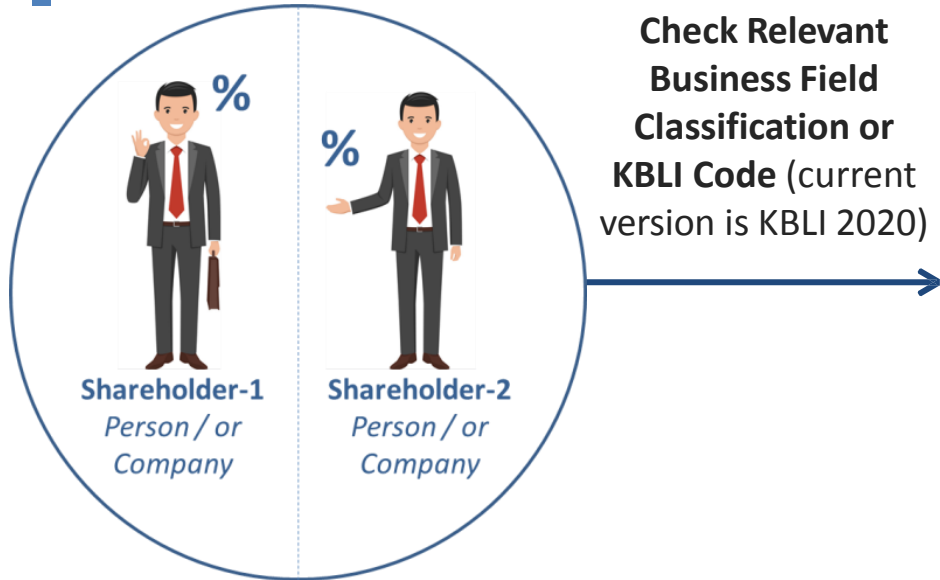
Post Audit

*Currently 14 Sectors of commercial/operational licenses served at OSS



<https://bit.ly/IndonesiaInvestmentGuidebook>

Establish Legal Entity as Foreign Owned Company in Indonesia (PT. PMA)



- Based on Indonesian Law No. 11 Article 109 Point 2 concerning Job Creation and referring to Law No. 40 Year 2007, Company in Indonesia must have **Minimum 2 shareholders.**
- Shareholder composition may consist the combination of individual/s or corporate/s.

Investment List



Priority List (245 Business Fields)

Eligible for Investment Incentives including Tax Holiday, or Tax Allowance or Investment Allowance

Presidential Regulation No. 49 Year 2021



Partnership with Local Micro & SMEs (46 Business Fields)



Reserved for Local Micro & SMEs (60 Business Fields)



Foreign Ownership Limitation (JV with Local) (37 Business Fields from previously 350 fields)

Check if there is any restriction for Foreign Investment



Closed for Investment

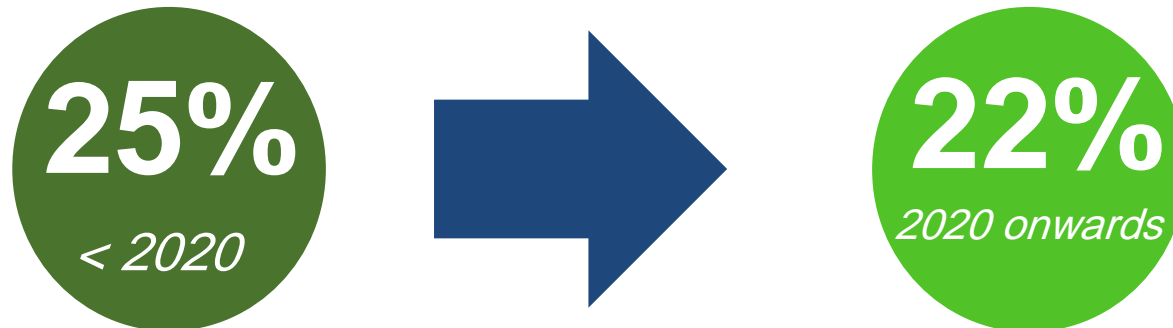
- Narcotics; Gambling / Casino; Catching Fish of Endangered Species; Coral and sea rock utilization or harvesting; Chemical weapons; Ozone depleting substances; Liquor Industry.
- Reserved only for Government (public services, strategic, defense/security)

- The minimum amount of investment for an PT. PMA is IDR 10 billion or around ± USD 700,000 (excluding land and buildings for every five-digits of KBLI per project location)**
- The minimum paid up capital to be deposited at Company's Bank Account is IDR 10 Billion

Providing Various Investment Incentives for Investors

Investment Incentives	Remarks
Import Duty Exemption Facility for Machines/Capital Goods/Materials	Import duty exemption incentives for the import of machinery and capital goods and materials for industries and service industries
Tax Holiday and Mini Tax Holiday	Exemption of 50-100% Corporate Income Tax (CIT) from 5 until 20 years provided for investment in pioneer industries
Tax Allowance	Reduction of Corporate Income Tax (CIT) by 30% of the investment value for 5 years provided for investment in certain business fields and/or areas
Tax Incentive for Labor Intensive Industry	Reduction of net income by 60% of investment value for 6 years for labor-intensive industries
Tax Incentive for Research & Development and Vocational Training	Incentives of reducing net income tax for investors conducting apprenticeship/training for Indonesian workers and/or domestic research and development

Corporate Income Tax Reduction



Tax Incentives on Investment

Tax Holiday (MoF Regulation No. 130 / 2020)

	MINI TAX HOLIDAY	TAX HOLIDAY										
Percentage Reduction	50 %	100%										
Concession Period	5 Year	<table border="1"> <tr> <td>20 Tahun</td> <td>> Rp. 30 triliun</td> </tr> <tr> <td>15 Tahun</td> <td>Rp. 15 triliun s.d 30 triliun</td> </tr> <tr> <td>10 Tahun</td> <td>Rp. 5 triliun s.d 15 triliun</td> </tr> <tr> <td>7 Tahun</td> <td>Rp. 1 triliun s.d 5 triliun</td> </tr> <tr> <td>5 Tahun</td> <td>Rp. 500 miliar s.d 1 triliun</td> </tr> </table>	20 Tahun	> Rp. 30 triliun	15 Tahun	Rp. 15 triliun s.d 30 triliun	10 Tahun	Rp. 5 triliun s.d 15 triliun	7 Tahun	Rp. 1 triliun s.d 5 triliun	5 Tahun	Rp. 500 miliar s.d 1 triliun
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Transition Period	25% for 2 years	50% selama 2 tahun										
Criteria	Minimum New Investment Rp. 100 billion	Investasi Baru Minimum Rp. 500 miliar										
Facility Application Procedure	1. Application through OSS 2. Along with the taxpayer application for a new Business License (NIB) to BKPM 3. Submission before The Start of Commercial Production and no later than 1 year after the approval of the business license											

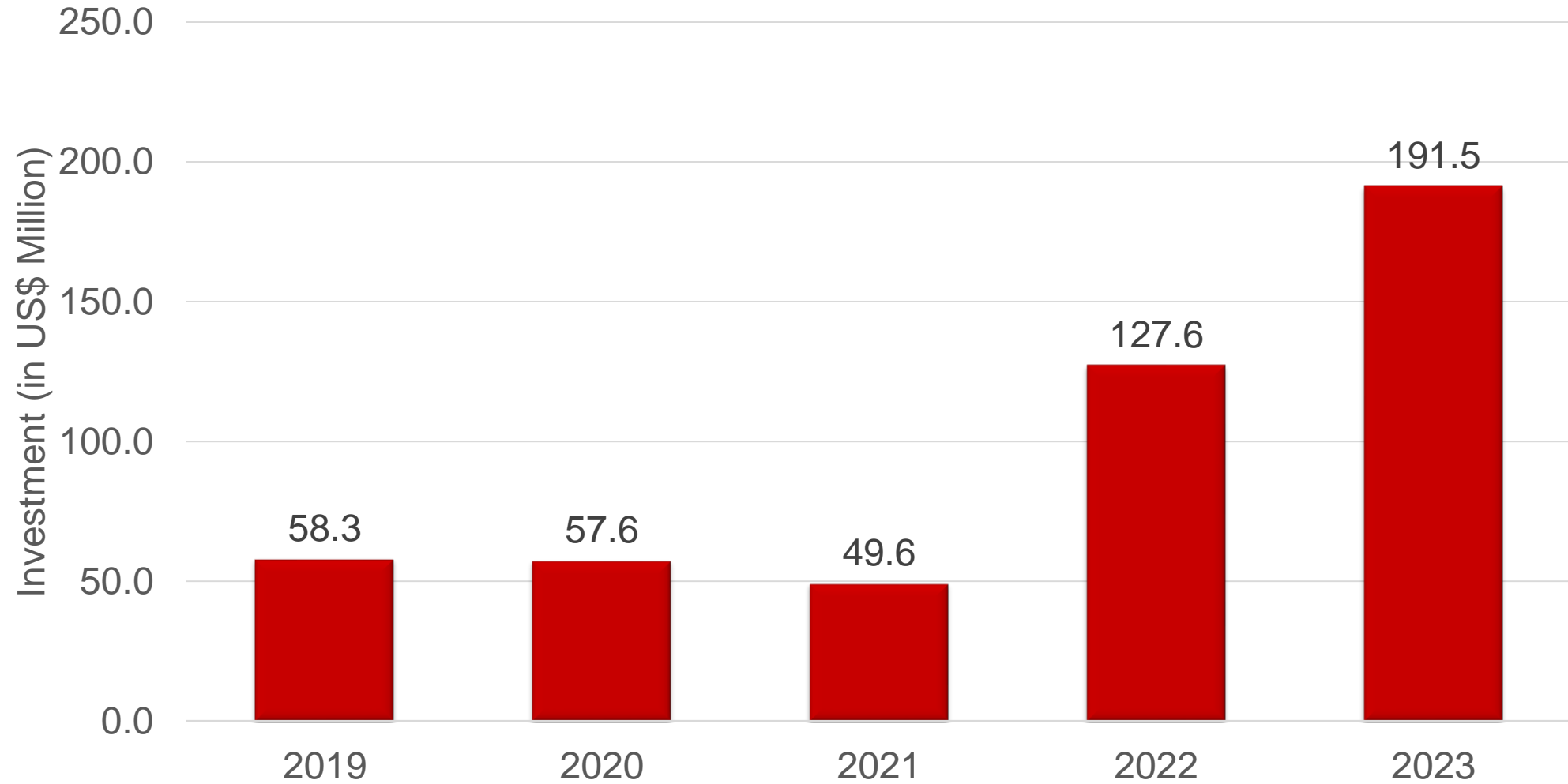
18 Pioneer Industries

Upstream base metal	Manufacture of irradiation, electromedical equipment	Shipbuilding main components
Oil refining	Manufacture of the main components of electronics	Manufacture of the main components of the railway
Oil and gas-based petrochemicals	Machine component manufacturing	Manufacture of the main components of the aircraft
Organic based chemistry	Manufacture of robotic components	Processing based on agricultural products, plantations
Anorganik based chemistry	Manufacture of the main components of power plants	Economic infrastructure
Pharmaceutical raw materials	Manufacture of motor vehicles	Digital Economy related to data management & hosting

Pioneer industry quantitative criteria Appendix A, PMK 130/2020

CRITERIA			SCORE	%
Broad Interrelationship	1.	Filling industrial trees	20	10%
	2.	The main raw materials from within the country		12%
	3.	Import substitution		10%
	4.	Number of similar companies in an area		12%
Value Added	5.	Employing a large workforce	s.d.	10%
	6.	Investment Location		7%
New Technology	7.	Using environmentally friendly technology	100	10%
	8.	Using new technology in production tools		10%
National Scale Industry	9.	Supporting National Strategic Projects	100	5%
	10.	Production Base		10%
	11.	Build infrastructure facilities independently		4%
TOTAL				100%

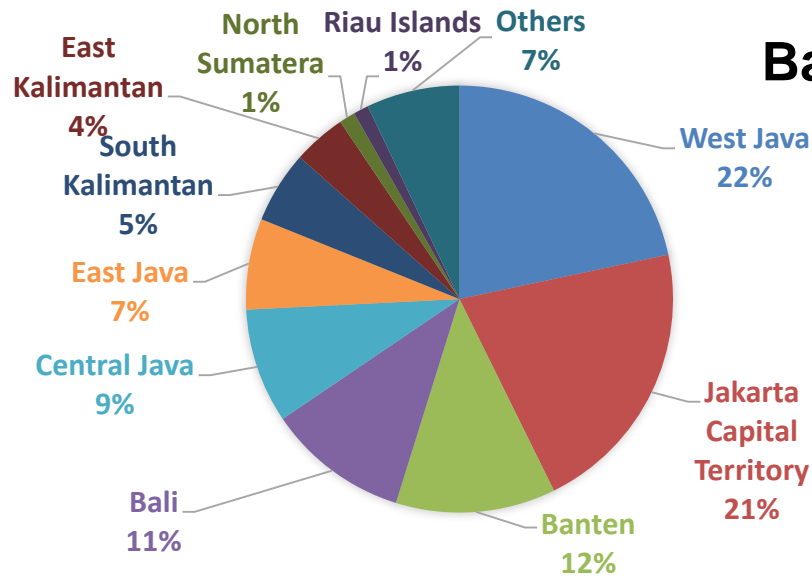
India Investment Realization 2019 – 2023 Q3



Total 2019 – 2023 Q3 = US\$ 484.5 Million

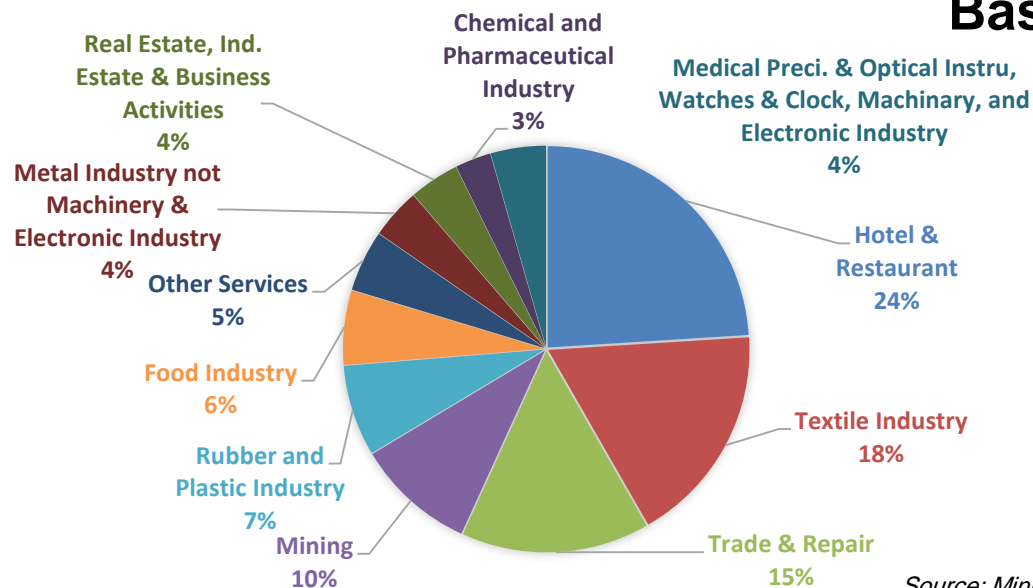
India Investment Realization 2019 - 2023 Q3

Based on Location



	Investment (US\$. Million)
West Java	105.0
Jakarta Capital Territory	101.9
Banten	58.7
Bali	51.9
Central Java	42.1
East Java	33.4
South Kalimantan	26.5
East Kalimantan	19.5
North Sumatera	5.9
Riau Islands	5.5
Others	34.2
Total	484.5

Based on Sector



	Investment (US\$. Million)
Hotel & Restaurant	116.3
Textile Industry	85.8
Trade & Repair	73.2
Mining	46.5
Rubber and Plastic Industry	35.4
Food Industry	29.0
Other Services	23.8
Metal Industry not Machinery & Electronic Industry	19.7
Real Estate, Ind. Estate & Business Activities	19.5
Chemical and Pharmaceutical Industry	14.0
Medical Preci. & Optical Instru, Watches & Clock, Machinery, and Electronic Industry	21.5
Total	484.5

India FDI Markets 2019 – 2023 Q3

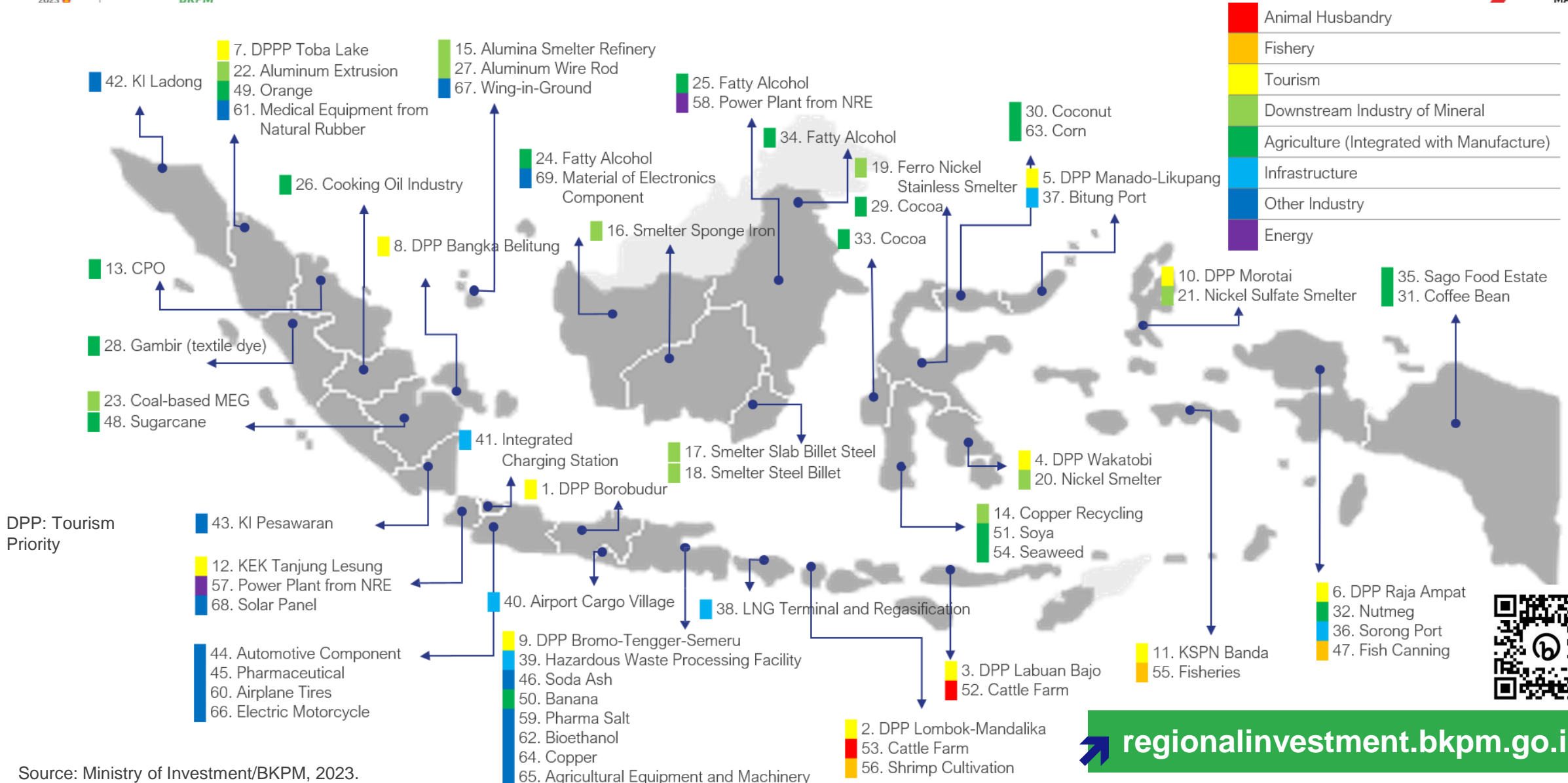
Data for companies from India investing between January 2019 and September 2023.

Destination Country	Projects	Capex	Avg capex	Jobs created	Avg jobs	Companies
UAE	461	7,230.1	15.7	21,069	45	428
United States	267	11,210.5	42.0	30,183	113	207
United Kingdom	203	10,345.0	51.0	23,426	115	156
Singapore	74	784.1	10.6	2,708	36	74
Germany	62	625.9	10.1	2,323	37	53
Canada	61	2,615.7	42.9	8,627	141	45
Australia	42	449.5	10.7	1,739	41	38
Saudi Arabia	36	4,235.6	117.7	4,503	125	33
Brazil	35	682.8	19.5	5,027	143	19
Netherlands	30	350.5	11.7	1,494	49	29
Qatar	30	243.6	8.1	1,722	57	26
Indonesia	27	760.3	28.2	2,383	88	26
Oman	27	7,396.4	273.9	8,451	313	21
France	26	512.2	19.7	1,480	56	22
South Africa	23	2,230.0	97.0	5,118	222	15
Mexico	22	627.0	28.5	6,661	302	15
Egypt	20	22,016.6	1100.8	10,347	517	19
Malaysia	18	256.1	14.2	1,738	96	17
Poland	18	646.4	35.9	3,536	196	16
Thailand	18	383.7	21.3	1,234	68	18
Philippines	16	108.8	6.8	2,813	175	16
Countries 22 to 96	383	12,113.8	31.6	54,954	143	353
Total	1,899	86,000.3	45.3	201,684	106	1,113

Notes:

- 1) © fDi Markets, from the Financial Times Ltd 2024. Data subject to terms and conditions of use
- 2) All Capex figures shown in the table are in United States Dollar millions
- 3) Capex data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
- 4) Jobs data includes estimated values Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.

69 ready-to-offer projects with pre-FS



DPP: Tourism Priority

regionalinvestment.bkpm.go.id

Source: Ministry of Investment/BKPM, 2023.



DIRGAHAYU REPUBLIK INDONESIA



THANK YOU

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